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EVALUATING A VITAL DIMENSION OF SELF-REGULATION OF NONPROFITS: THE RELATIONSHIP BETWEEN THE IOWA REGISTER OF ACCOUNTABILITY AND VOLUNTARY WEBSITE DISCLOSURE

by

Jill Kay Smith

An Abstract

Of a thesis submitted in partial fulfillment of the
requirements for the Interdisciplinary Studies-Ph.D. degree in
Community Development and Nonprofit Organization
in the Graduate College of
The University of Iowa

December 2010

Thesis Supervisors: Professor Emeritus Jude P. West
Associate Research Scientist Helen A. Schartz

ABSTRACT

This study evaluated one important dimension of nonprofit self-regulation, the relationship between the Iowa Register of Accountability and voluntary website disclosure by Iowa nonprofits. The purpose of this study was to assess the effectiveness of self-regulation in Iowa to improve accountability as measured by voluntary website disclosure and transparency. As part of the study, an instrument was developed to reliably measure nonprofit website disclosure and transparency. The disclosure score ratings from Iowa Register of Accountability nonprofit organizations were compared to those not listed on the Register. Other factors relevant to disclosure and transparency (e.g. the method to become listed on the Iowa Register of Accountability and the type and number of organization staff members who received training) were also tested.

Results indicated that nonprofit organizations listed on the Iowa Register of Accountability were more likely to have active websites and to voluntarily disclose recommended information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register. In particular, the Register group had statistically higher mean disclosure scores in four areas (Key Staff, Strategic Plan, Annual Reports, and Audit and Financial Statements) compared to the Non-Register group. Contrary to expectations, the method to become listed on the Iowa register of Accountability and the type and number of staff members who received training were not related to higher disclosure scores.

The important finding of this research is that nonprofit organizations listed on the Iowa Register of Accountability were more likely to voluntarily disclose recommended information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register. Recommendations are made in terms of ways to improve nonprofit website disclosure and transparency by enhancing and expanding training opportunities. A major contribution of this study for future research in the field was the

development of a disclosure scoring instrument to assess and compare website disclosure and transparency.

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Graduate College
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CERTIFICATE OF APPROVAL

PH.D. THESIS

This is to certify that the Ph.D. thesis of

Jill Kay Smith

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ABSTRACT

This study evaluated one important dimension of nonprofit self-regulation, the relationship between the Iowa Register of Accountability and voluntary website disclosure by Iowa nonprofits. The purpose of this study was to assess the effectiveness of self-regulation in Iowa to improve accountability as measured by voluntary website disclosure and transparency. As part of the study, an instrument was developed to reliably measure nonprofit website disclosure and transparency. The disclosure score ratings from Iowa Register of Accountability nonprofit organizations were compared to those not listed on the Register. Other factors relevant to disclosure and transparency (e.g. the method to become listed on the Iowa Register of Accountability and the type and number of organization staff members who received training) were also tested.

Results indicated that nonprofit organizations listed on the Iowa Register of Accountability were more likely to have active websites and to voluntarily disclose recommended information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register. In particular, the Register group had statistically higher mean disclosure scores in four areas (Key Staff, Strategic Plan, Annual Reports, and Audit and Financial Statements) compared to the Non-Register group. Contrary to expectations, the method to become listed on the Iowa register of Accountability and the type and number of staff members who received training were not related to higher disclosure scores.

The important finding of this research is that nonprofit organizations listed on the Iowa Register of Accountability were more likely to voluntarily disclose recommended information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register. Recommendations are made in terms of ways to improve nonprofit website disclosure and transparency by enhancing and expanding training opportunities. A major contribution of this study for future research in the field was the

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CHAPTER I. INTRODUCTION: SETTING THE STAGE

Statement of the Problem

This study addresses whether the listing of Iowa nonprofit organizations in the Iowa Register of Accountability has effectively improved the disclosure and transparency of Iowa's nonprofit organizations. Iowa Governor Tom Vilsack appointed a Governor's Task Force in 2004 to study and improve the ability of Iowa's nonprofit organizations as a means to strengthen Iowa communities. The Task Force (2005) recommended that nonprofits self-regulate by adhering to specific principles and practices. The Task Force's recommendations were published as *Iowa Principles and Practices for Charitable Nonprofit Excellence* (2008). In response to the Task Force's recommendations, the Larned A. Waterman Iowa Nonprofit Resource Center (INRC) at the University of Iowa developed a training program for Iowa's nonprofit organizations on the recommended principles and practices, *Iowa Principles and Practices for Charitable Nonprofit Excellence* (*Iowa Principles and Practices, 2008*). The INRC also created and continues to host the Iowa Register of Accountability for nonprofits. The Iowa Register of Accountability is a publicly available list of nonprofit organizations that have agreed to abide by the principles and practices recommended by the Governor's Task Force. Nonprofit organizations can be registered on the Iowa Register of Accountability under one of three methods: 1) board adoption of *Iowa Principles and Practices* by resolution, 2) training in *Iowa Principles and Practices*, or 3) licensure or accreditation.

A major component of self-regulation of nonprofit organizations is organizational accountability. Nonprofit organizations must take responsibility for their actions and demonstrate their accountability to various stakeholders (e.g. donors, clients, employees, board members, and the public) in order to promote and maintain public trust. Organizations demonstrate their accountability to stakeholders via disclosure and transparency. Transparency is achieved when organizations fully reveal relevant program

and financial information to the general public. Disclosure is the means to transparency, the methods by which relevant program and financial information are provided to the public. Transparency defines the content and disclosure defines the means to transparency. Both demonstrate organizational accountability.

The nonprofit sector continues to face the challenge of demonstrating accountability. With each natural disaster, news and government agencies caution the public and possible donors about fraudulent activity associated with a few unethical nonprofits. In 2005, the Federal Bureau of Investigation reported more than 2,300 fraudulent Internet sites that attempted to raise relief money for Hurricane Katrina victims (Aviv, 2005). On January 13, 2010, the day of the earthquake in Haiti, the FBI released a fraud alert warning potential donors to "apply a critical eye and do their due diligence" (Federal Bureau of Investigation, 2010) before donating. In 2009, the Nonprofit Imperative search of public records found $1.5 billion of established fraud, a 50% increase from the previous year (Nonprofit Imperative, 2009). Additionally, nonprofit organizations themselves may become victims of fraud. Greenlee and Keating, (2007) report that nonprofits lose an average 6% of revenue to fraud each year, translating to $40 billion annually for the nonprofit sector.

Recent scandals involving national charities (e.g., Red Cross, United Way) and corporations (e.g., Enron, Tyco) have eroded public confidence. Red Cross donors were stunned to learn that many of their donations pledged to help victims of the September 11, 2001, terrorist attacks were instead channeled to other Red Cross tasks (Mead, 2008). When the public became aware that the United Way of the National Capital Area was the victim of its own mismanagement, donations to the charity plummeted 60% (Rucker, 2007). Other United Way scandals led to widespread doubt about the entire institution. In 2003, the Nature Conservancy was investigated for apparent financial irregularities and potential conflicts of interest when a Hollywood fundraiser diverted millions of dollars of charitable donations to him and others (Mead, 2010; Stephens, 2005). The Foundation for

New Era Philanthropy was reported to have embezzled $135 million of $500 million from donors raised for Philadelphia area Christian religious organizations and charities, affecting Episcopal, Catholic, Congregational, and Baptist Churches in the area. From these reports of fraud and mismanagement, the general public concludes that the current systems are not effective at deterring or efficiently identifying and terminating corruption and fraud (Harshbarger & Netishen, 2008), and they press their legislators to do more to protect the public and the nonprofits that are acting accountably.

In the for-profit sector, Congress enacted the Sarbanes-Oxley Act (July 30, 2002) in response to accounting scandals in 2001 and 2002 at Enron, Tyco, and other corporations (Iyer and Watkins, 2008; Kipnis, 2005; Ostrower and Bobowick, 2006; Panel on Nonprofit Sector, 2007). The Sarbanes-Oxley Act (SOX) extends financial oversight responsibilities of board organizations and imposes new financial disclosure requirements. As part of the legislation, the U. S. Securities Exchange Commission (SEC) was charged with implementing controlling regulations. The SEC developed the following regulations: Retention of Records Relevant to Audits and Reviews (January 2003), Management's Reports on Internal Control Over Financial Reporting and Certification of Disclosure in Exchange Act Periodic Reports (June 2003), Attorney Conduct Rules under Sarbanes-Oxley Act (January 2003), the Internal Control Provisions (May, 2003), Amendments to Rules Regarding Management's Report on Internal Control Over Financial Reporting (June 2007), and Definition of the Term Significant Deficiency (August 2007), and others (U. S. Securities and Exchange Commission, 2003). As new rules took effect in the for-profit sector, the nonprofit sector faced the possibility of additional legislative rules imposed on them.

As an alternative to government oversight, the nonprofit sector began exploring voluntary regulation. Models of voluntary self-regulation already existed. In the early 20th century, public outcry and concern about the propriety and decency of motion pictures led to state and city censorship boards, after the U.S. Supreme Court ruled in *Mutual Film*

Corporation v. Ohio Industrial Commission (1915) that states could censor movies (Wertheimer, 1993). Possibly to avoid inevitable government oversight, the movie industry established an oversight commission to restrict which topics could and could not be shown. Movie producers and distributers voluntarily agreed to abide by the commission's regulations.

As the U.S. Senate Finance Committee and several states pursue new legislation in the post Sarbanes-Oxley era to apply fiscal oversight to the nonprofit sector (Harshbarger, 2007), there is a strong propensity within the nonprofit sector toward self-regulation, including voluntary standards and best practices (Panel on the Nonprofit Sector, 2007). At the national level, Independent Sector's Panel on the Nonprofit Sector has called for new principles of good governance and ethical practices to help reestablish public trust in the nonprofit sector.

Leaders within Iowa's nonprofit sector already advocate for best practices, including voluntary disclosure and transparency. In 2004, Iowa Governor Tom Vilsack appointed a Governor's Task Force to study and improve the ability of Iowa's nonprofit organizations to build Iowa communities. The *Report of the Governor's Task Force* (2005) recommends improving accountability by setting "charitable nonprofit educational principles and practices to promote greater effectiveness and accountability" (page 10) and the development of guidelines and best practices as an educational resource for Iowa nonprofits. In response, the Task Force developed *Iowa Principles and Practices for Charitable Nonprofit Excellence* to educate "Iowa charitable nonprofit organizations about the laws and regulations with which they must comply and also to provide guidance about good operational practices and ethical conduct" (*Report of the Governor's Task Force*, 2005, p.11). Nonprofit organizations that agreed to adhere to *Iowa Principles and Practices for Charitable Nonprofit Excellence* are included in a publicly available list. The Iowa Register of Accountability was founded and is available on the INRC website (http://inrc.continuetolearn.uiowa.edu/). Nonprofits can be included on the Iowa

Register of Accountability by 1) board adoption of *Iowa Principles and Practices* by resolution, 2) training in Iowa Principles and Practices, and 3) licensure or accreditation.

To assist Iowa nonprofits, the Larned A. Waterman Iowa Nonprofit Resource Center developed a training program based on *Iowa Principles and Practices for Charitable Nonprofit Excellence (Iowa Principles and Practices).* Organizations that complete *Iowa Principles and Practices* training are eligible to register on the Iowa Register of Accountability. The Larned A. Waterman Iowa Nonprofit Resource Center has been proactive by focusing capacity-building efforts toward developing the Iowa Register of Accountability to "promote good management practices, ethical conduct, and public accountability" (*Iowa Principles and Practices*, p. 4) for Iowa's nonprofit sector.

Need for the Study

State-level accountability registries and capacity-building training, such as *Iowa Principles and Practices*, may or may not lead to improved accountability as measured by disclosure and transparency. If the Iowa Register of Accountability is effective in improving disclosure and transparency, other states may want to replicate Iowa's model. In 2008, the Joint Subcommittee of the Corporate Governance and Nonprofit Organizations Committees of the Business Law Section of the American Bar Association suggested that many small-to-medium nonprofits are not aware of disclosure and transparency practices (Malamaut, 2008).

The current study investigates the accountability of Iowa nonprofits and the success of the Iowa's self-regulation provisions, namely the Iowa Register of Accountability, in promoting best practices of disclosure and transparency, using publicly available information. The study results will inform state and federal legislators about the utility of voluntary oversight as an effective means of promoting website disclosure and transparency for Iowa's nonprofits.

Purpose of the Study

The purpose of this study is to assess the effectiveness of self-regulation in Iowa to improve accountability as measured by voluntary website disclosure and transparency. The website disclosure and transparency of Iowa nonprofits that are listed on the Iowa Register of Accountability were compared to those not listed on the Register on disclosure of information about boards of directors and staff, strategic planning, verification of tax-exempt status, annual reports, audits or other financial statements, and program information. Comparing the degree to which these organizations abide by recommendations for voluntary disclosure and transparency provides an objective measure of the Iowa Register of Accountability's ability to improve the accountability of Iowa's nonprofits, and, therefore the effectiveness of Iowa's model of nonprofit self-regulation.

Further, testing the relationship of the method of becoming listed on the register (e.g., training, board resolution, or licensure or accreditation) and the type or number of organizational members who received training to the degree of website disclosure and transparency will define the necessary criteria for being listed on the Register and help to identify best practices. In addition, the research will develop a measure of disclosure that other researchers and stakeholders can use to objectively assess recommended website disclosure and transparency. Disclosure and transparency are measured by the information that each nonprofit organization presents on its website.

With the ubiquitous reach of the Internet, information posted on websites is a primary means of disclosure as recommended by the Governor's Task Force (*Report of the Governor's Task Force, 2005*). Disclosure via an organization's website may be the most accessible means of providing information to all stakeholders, including the general public. According to Guo, organizational accountability can be strengthened by using the internet (Guo, 2007). Providing information on an organization's website allows for free, unlimited public access. Charity Check, GuideStar, and other on-line entities that rate

nonprofits provide and verify information about nonprofit organizations based on the organizations' websites. The public relies on the Internet to access information about nonprofit organizations. Therefore, the study was based on publicly available information as posted on nonprofit websites to measure the adherence of Iowa's nonprofits to voluntary self-regulation.

Research Hypotheses

Four hypotheses were proposed. These hypotheses test group differences for website disclosure and transparency. Website disclosure and transparency was measured using a new Disclosure Scoring instrument. The disclosure score was developed based on recommendations by The Iowa Governor's Nonprofit Task Force, the Independent Sector's Panel on the Nonprofit Sector, *Iowa Principles and Practices* for Charitable Nonprofit Excellence, and The Iowa Register of Accountability on information that nonprofits should provide to the public. The four hypotheses are:

Hypothesis I: Nonprofits listed on the Iowa Register of Accountability will have higher rates of disclosure and transparency than nonprofits not listed on the Register as reflected on their websites. The purpose of the Iowa Register of Accountability is to promote principles and best practices, thereby demonstrating the sector's ability to voluntarily self-regulate. Accountability, as measured by disclosure and transparency, are key components of the recommended principles and best practices. Therefore, organizations that adhere to the principles and best practices are more likely to achieve and seek listing on the Iowa Register of Accountability.

Hypothesis II: Organizations that complete both the training in *Iowa Principles and Practices* and the adoption of *Iowa Principles and Practices* by resolution will have higher rates of website disclosure and transparency than nonprofits listed solely based on either board adoption of *Iowa Principles and Practices* by resolution or from *Iowa Principles and Practices* training.

Organizations can be registered under one of three methods: 1) board adoption of *Iowa Principles and Practices* by resolution, 2) training in *Iowa Principles and Practices*, or 3) licensure or accreditation. Boards of directors are ultimately responsible for nonprofit organizations (Herman and Renz, 2000). Board members act responsibly when they pass along information to the entire organization, set the tone by leading with example in the area of ethics and accountability, and implement an organization's disclosure and transparency policies. Therefore, organizations that complete both the training in *Iowa Principles and Practices* and the adoption of *Iowa Principles and Practices* by resolution will have higher rates of website disclosure and transparency than nonprofits listed solely based on either board adoption of *Iowa Principles and Practices* by resolution or from training in *Iowa Principles and Practices.*

Hypothesis III: Organizations in which the Chief Executive Officer (CEO) or a board member attend training have higher disclosure than organizations from which only other staff members attend training. The leadership or management level of staff is an important variable in promoting and implementing post-training voluntary disclosure activities within organizations. Specific roles within each organization have differing effect toward goals and accomplishments. Organizations in which CEOs or board members attend training are more likely to implement principles and best practices than ones that only send staff members (non CEOs, board members, or volunteers) because of the ability of CEOs and board members to affect change.

Hypothesis IV: Having more people within an organization attend the training in *Iowa Principles and Practices* is expected to result in higher disclosure and transparency. Involving co-workers, supervisors, and managers in training increases the potential for transfer of training to nonprofit organizations. Therefore, organizations that designate more staff and other organization stakeholders in *Iowa Principle and Practices* trainings are likely to implement principles and best practices.

Definitions of Terms

501(c)(3) Charitable Nonprofit Organizations. The Internal Revenue Service classifies nonprofit organizations as 501(c)(3) organizations. These organizations are distinguishable from for-profit entities in "that [they are] barred from distributing… net earnings" i.e. there can be no private inurement (Fishman and Schwarz, 2000, p.3). According to Hopkins (2005), "the term 'charitable' includes charitable, educational, scientific, and religious organizations within the meaning of Internal Revenue Code section ("IRC §") 501(c)(3). This sector thus embraces both public charities and private foundations" (Para. 1) Under 501(c)(3), organizations can be public charities or private foundations. In order to be recognized by the Internal Revenue Service (IRS), 501(c)(3) "public charities" must satisfy a variety of tests, one of which is the "public support test" as well as serve a broad public purpose. Examples of Iowa's public charities extend from churches and schools to hospitals, emergency housing shelters, and to organizations serving persons with disabilities. "One of the ways private foundations differ from public charities in that private foundations are required by the IRS to distribute a portion of assets annually to public charities or individuals" (Smith 2007, p. 8).

Accountability. *The Merriam-Webster Online Dictionary* defines accountability as "an obligation or willingness to accept responsibility or to account for one's actions." Applied in the nonprofit field, the definition is a nonprofit's acceptance of responsibility for its behaviors. This is consistent with the Panel on the Nonprofit Sector's expectations that the chief staff officer, in partnership with the board, has responsibility for overseeing or carrying out many of the activities… ." (Panel on the Nonprofit Sector, 2007, p.7). In practice, the *Iowa Principles and Practices* asserts that accountability encompasses "good management practices, legal mandates, and ethical conduct" (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 24).

Disclosure. Disclosure is the public release or provision of information by a nonprofit organization. The type of information that must or should be disclosed is determined by regulatory requirements, best practices, and recommendations of oversight committees.

Sarbanes-Oxley Act (SOX) (2002) (SOX). This federal act, put into law in 2002, mandates publicly traded companies meet governance standards, increasing the role of board members in overseeing financial matters. SOX was passed in an effort to rebuild public trust after a series of corporate scandals. While the direct impact of the act on nonprofits is only in the areas of document destruction and whistle-blower protection, the act also brought about an in-depth examination of other financial oversight possibilities for the nonprofit world.

Transfer of Training. Baldwin and Ford (1988) define transfer of training as "the degree to which trainees effectively apply the knowledge, skills, and attitudes gained in the training context to the job" (p. 63). Quinones et al. (1995) described transfer of training as the degree to which individuals display the learned behaviors at the workplace. It follows that employees must learn new job-related competencies before training can be transferred (Velada & Caetano, 2007).

Transparency. Florini (1999) provides a simple yet specific definition of transparency: "The release of information by institutions that is relevant to evaluating those institutions" (p. 5). Goldstein's (2008) working definition of transparency is to openly, honestly, and fully share information about operations with clients, members, potential donors, neighbors, elected officials, and others. This is consistent with the *Iowa Principles and Practices'* statement that transparency involves building the public's trust by making proper financial disclosures, informing the public about an organization's noteworthy contributions, and finally, providing evidence of a strong commitment to ethical behavior (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008). For this study, nonprofit transparency is defined as fully sharing information

required or recommended by regulatory agencies based on best practices and oversight organizations.

Voluntary Disclosure. The voluntary release or provision of a nonprofit organization's relevant information.

Limitations of the Study

Although addressing an important issue for Iowa's nonprofit sector and state legislators, the study is limited in terms of generalizability in three areas. First, this dissertation is exclusive to nonprofits in Iowa. Although other states use self-regulation, no other states use a voluntary Register of Accountability in the same way; therefore, the results of this study may not be generalized to self-regulation of nonprofits in other states.

Second, the comparison sample for the dissertation will be based on a random sample of Iowa nonprofits in the GuideStar database of nonprofit 501(c)(3) organizations. Using the GuideStar data emphasizes a concentration on larger nonprofit organizations because the data is derived from 501(c)(3) public charities' IRS Forms 990. Nonprofit organizations with annual gross receipts in excess of $25,000 are required to file disclosure statements (IRS Form 990/990-PF) with the Internal Revenue Service (IRS, 2010). However, small nonprofit organizations whose gross receipts are normally $25,000 or less must file a short Form 990-N with the IRS (IRS, 2010). Thus, the results may not generalize to smaller nonprofit organizations.

The data that measures disclosure and transparency are based on information that nonprofits present only on their website. As with the organizations on the GuideStar database, it is possible that large nonprofits will have more established and elaborate websites as compared to small nonprofits.

At the heart of this study is whether the Iowa Register of Accountability is effective in improving accountability or adherence to sector recommendations. Chapter 2 discusses the relevant literature and provides the historical context for the hypotheses.

Chapter 2 explores whether the Iowa Register of Accountability is effective in promoting accountability of nonprofits as measured by website disclosure and transparency. Chapter 2 also examines the effect of the Sarbanes-Oxley Act on the nonprofit sector, the Panel on Nonprofit Sector and the *Iowa Principles and Practices* recommendations, and transfer of training practices.

Chapter 3 describes the methodology and hypotheses used in this research including the participant organizations and study samples, development of the dependent variable, and the data collection method.

In Chapter 4, the Register and Non Register samples and populations are described, including the National Taxonomy of Exempt Entities (NTEE) codes for the samples and populations. Analyses and results for the four hypotheses are presented.

The final chapter, Chapter 5, addresses the implications and impact of the results and suggestions for future research. Limitations of the research project are also discussed. Finally, suggestions and recommendations to the ongoing work on Iowa's Register of Accountability are proffered as a way to further the discussion of self-regulation of nonprofit organizations.

CHAPTER II. LITERATURE REVIEW

The Effect on the Nonprofit Sector of Government Regulation of For-Profit Organizations

In this chapter, the effect of the Sarbanes-Oxley Act on the nonprofit sector, the Panel on Nonprofit Sector recommendations, the *Iowa Principles and Practices* recommendations, and transfer of training practices are further explored to ascertain whether self-regulation of nonprofit organizations in Iowa, by use of the Iowa Register of Accountability, is effective in promoting accountability of nonprofits as measured by website disclosure and transparency. The chapter provides the historical context for the hypotheses.

The passage and implementation of the Sarbanes-Oxley Act (SOX, 2002) by Congress raised concerns for Iowa's nonprofits. This federal legislation extended financial oversight responsibilities of organizations' boards while also imposing new financial disclosure requirements (Sarbanes-Oxley Act of 2002, Pub. L. No. 107-204, 116 Stat. 745; codified as scattered sections of 11, 15, 18, 28, & 29 U.S.C.). Analysts (e.g., Iyer, 2008 ; Kipnis, 2005; Ostrower and Bobowick, 2006; and Panel on Nonprofit Sector, 2007) suggest that SOX is the federal government's attempt to prevent future corporate and accounting scandals such as Enron, Tyco, and others that occurred at the turn of this century.

SOX contains seven main provisions: (1) Whistleblower Protection, (2) Document Destruction, (3) Independent and Competent Audit Committee, (4) Responsibilities of Auditors, (5) Certified Financial Statements, (6) Insider Transactions and Conflicts of Interest, and (7) Disclosure. The majority of the act pertains to publicly traded entities. However, whistleblower protection and document destruction provisions apply to nonprofit organizations as well. Since the passage of SOX, some federal legislators, state legislators, and nonprofit sector practitioners have called for extensive

voluntary or mandatory adoption of SOX-like regulations in the nonprofit sector (Iyer, 2008; Ostrower & Bobowick, 2006).

The Independent Sector (2005), a leadership forum of approximately 600 charities, foundations, and corporate giving programs, recommends that nonprofit organizations adopt all of the main provisions of SOX. Additionally, the Independent Sector (2005) suggests specific extensions of SOX for nonprofits. The forum notes that nonprofit employees are already provided whistleblower protection under federal criminal statutes. For example, Section 11(c) of the Occupational Safety and Health Act of 1970 (OSH Act) "provides protection against retaliation based on employee's exercising a variety of rights guaranteed under the OSH Act" (United States Department of Labor, Section 3). However, the Independent Sector advocates that nonprofits expand this coverage by having a formal process for dealing with complaints and by providing guarantees against retaliation. Although document destruction is mandated by law for nonprofits (Board Source, 2006; Independent Sector, 2006), the Independent Sector advocates that nonprofits address this action in written policies, specifying that important, relevant, and legal documents (such as contracts and employment files) are kept available and that unnecessary or outdated documents are securely destroyed.

As further extensions of SOX auditing provisions, the Independent Sector suggests that nonprofits establish competent, independent audit committees. Such committees would be tasked with financial oversight of the nonprofit, reviewing full audits, participating in and sponsoring financial literacy training for board members, conducting audit committee meetings with the auditor, and participating in the board review of any audit. Independent Sector cautions that audit committees should be free from undue influence and have reasonable expertise in financial and auditing practices. In addition, the Independent Sector advocates for changing auditors every five years, restricting auditing firms to conducting only auditing services, and disclosing all accounting policies to the audit committee. The Independent Sector suggests that

nonprofits adhere to SOX requirements for board of directors to certify financial statements, attesting that the head of the organization understands the report and that the board of directors approves the report and attests to its accuracy.

Under SOX Insider Transactions and Conflicts of Interest provisions, nonprofits would be barred from loaning to executives, preventing even the appearance of fiscal impropriety. Nonprofits would require disclosure of any potential conflicts of interest by board members to protect against the appearance or actuality of a lack of independent decision making.

Either voluntary or government mandated disclosure would provide general public access to information about adherence to these provisions. Currently, nonprofit organizations with annual gross receipts in excess of $25,000 are required to file disclosure statements (IRS Form 990) with the Internal Revenue Service (IRS). As of 2008, small nonprofit organizations whose gross receipts are normally $25,000 or less are required to file Form 990-N with the IRS (IRS, 2010).

IRS Form 990 affords one method of disclosure, providing a basis for stakeholder trust in nonprofit organizations (Behn, 2007). Donors are more likely to trust organizations (Behn, 2007) and to donate when information about an organization's fiscal soundness is presented directly (Parsons, 2007) than when information is not forthcoming. SOX legislation provides the historical landscape for governance standards, and disclosure and transparency as the means to assess nonprofit organization adherence to accountability standards.

Disclosure, Accountability, and Transparency

The existing studies on disclosure, accountability, and transparency should provide the framework to assess nonprofit accountability and, therefore, the effectiveness of the Iowa Register of Accountability. Unfortunately, the literature on disclosure, accountability, and transparency by nonprofit organizations is hampered by two issues:

definitions and motivation. First, the terms (a) disclosure, (b) accountability, and (c) transparency are often not defined, defined too broadly to operationalize, or used interchangeably in nonprofit literature (Florini, 1999). For example, Brewer's Politics very broadly defines transparency as "the catchword for the openness of the operation of the European Community to the public gaze" (Safire 1998). Similarly, Loong (2009) states that transparency is the "visibility into the government-making process" (Para. 3). Neither definition can be clearly translated to an operational definition that could be applied across studies.

In a Working Paper from the Federal Reserve Board, transparency is defined as consequential, "the public's understanding of the various aspects of policy making" (Carpenter, 2004, p. 2). In contrast, Florini (1999) defines transparency as an organizational action, "the release of information by institutions that is relevant to evaluating those institutions" (p. 5) but fails to distinguish transparency from disclosure. In contrast to nonprofit literature, government agencies provide some insight into working definitions. For example, the Center for Disease Control (2003) defines disclosure as "the release, transfer, provision of, access to, or divulging in any other manner of information outside the entity holding the information." Thus, disclosure is measured by whether the organization has provided information to external entities. For nonprofits, the definition translates to whether nonprofits provide information to the general public.

The Working Group on Transparency and Accountability defines transparency as "a process by which information about existing conditions, decisions and actions is made accessible, visible and understandable" (Working Group 1998, p. V). In terms of nonprofits, transparency is a measure of the quality (i.e., the accessibility, visibility, and understandability) of the information disclosed. More specifically, Goldstein (2008) suggests a working definition that grasps the quality component of transparency; he

defines transparency as openly, honestly, and fully sharing information about operations with clients, members, potential donors, neighbors, elected officials, and others.

An examination of the common definitions of these terms provides a basis for distinguishing their usage. The *Merriam-Webster Online Dictionary* (2010) defines:

(a) accountability as "an obligation or willingness to accept responsibility or to account for one's actions";

(b) disclosure as "an act of revealing to view or making known";

(c) transparency as "characterized by visibility or accessibility of information especially concerning business practices."

Applying these definitions to nonprofits, nonprofit accountability refers to the willingness of each nonprofit to accept responsibility for its behavior. Disclosure is the behavior of revealing information that demonstrates accountability. Finally, transparency is a measure of the quality of the information that a nonprofit discloses or reveals. Accountability is the result that is measured by disclosure and transparency. Disclosure is the behavior or action, and transparency is a measure of the quality of that behavior.

The current study focuses on assessing disclosure and transparency as measures of nonprofit accountability. Disclosure is defined as the organizational behavior of providing information as recommended by the nonprofit self-regulation and oversight committees to the public. Transparency is a measure of the quality of that disclosure. Best practices in transparency result in fully sharing relevant information with the general public. Transparency will be measured by the completeness and accessibility of the information disclosed.

The second issue that hinders nonprofit research of accountability is that previous research has examined the effect of disclosure and transparency on donations and economic impact, rather than as a measure of adherence to regulatory or ethical imperatives. Thus, the implication is that nonprofit organizations are motivated to increase charitable giving, not necessarily to advance accountability.

A great deal of research has been published in the past decade on disclosure and transparency activities in light of financial reports used by various stakeholders to make investment decisions. Research suggests that disclosure activities by nonprofits are associated with increased trust as measured by higher donations. In a study of nonprofits from 1982 to1994, Okten and Weisbrod (2000) report that donors' ratings of an organization's trustworthiness was positively associated with organizational disclosure of revenue information, including receipt of government grants and amount of revenue from the organization's programs and services. Other factors that have been reported to enhance donations include higher program spending ratios (Parsons, 2003) and organizational reporting of improvements in governance (Bradley, 2003). With the advent of independent ratings of nonprofits for the general public (e.g., Wise Giving Alliance, 2007), Sloan (2009) finds that nonprofits that receive pass ratings by Wise Giving Alliance received significantly more donations than those that did not receive pass ratings. Finally, relevant to SOX provisions, Krishnan and Yetman (2006) conclude that nonprofit organizations that use outside accountants are less likely to make errors reporting expenses.

As of 2008, GuideStar, an online register, reports on the nonprofit sector's maintenance of relevant financial information in publicly accessible formats. GuideStar provides information on approximately two million IRS-recognized tax-exempt organizations gathered from data on IRS Form 990 records as well as other voluntarily disclosed resources. GuideStar makes available basic information about nonprofits at no charge, while more detailed information is available for a fee. Basic information includes the Employer Identification Number, telephone number, National Taxonomy of Exempt Entities (NTEE) code, NTEE description, mailing address, total revenue, and contact information (including name and title of current officers, directors, trustees, and key employees) as reported on Form 990, Part-V-A or Form 990PF, Part VIII. An important GuideStar service is that it provides data on the percentage of nonprofit budgets utilizing

employee compensation and other overhead expenses versus the percentage attributed to the provision of programs and services.

Based on GuideStar information, Behn and Lin (2007) reviewed the audited financial statements from the 300 largest nonprofit organizations in the United States. Behn and Lin (2007) report that the amount of information a nonprofit provides to GuideStar positively correlates with contribution ratio as well as level of debt, organizational size, and compensation expense ratio. In other words, organizations that provide information to GuideStar are more likely to have high debt, high contributions, large organizational size and high compensation expenses. However, organizations with lobbying expenses were found to be less likely to disclose audited financial statements to GuideStar.

Behn and Lin (2007) is consistent with previous research findings that state that large corporations are significantly more likely to disclose in a transparent fashion (e.g., Bushman, 2004). However, these findings may be confounded by legislative requirements for disclosure. Tax-exempt organizations with gross receipts of more than $25,000 are required by the IRS to file annual information returns, Form 990, reporting the mission of the organization, and program and financial information. Indeed, the Joint Subcommittee of the Corporate Governance, and Nonprofit Organizations Committees of the Business Law Section of the American Bar Association suggest that many small-to-medium nonprofits may not even be aware of best practices in terms of disclosure and transparency (Malamaut, 2008).

Although initial studies about disclosure focused on accountability ratings and disclosures' effect on donations (Wise Giving Alliance, 2007, Sloan 2007), recent studies have investigated organizational size and lobbying activities (e.g., Behn, 2007). By researching variables associated with voluntary disclosure of operational and financial information, researchers may be able to identify characteristics and practices that nonprofit leaders can use to improve or enhance voluntary disclosure and transparency.

Enhancing transparent disclosure may improve stakeholder trust (Behn, 2007), and address the reason for self-regulation in the first place. In Iowa, the question remains whether the nonprofit characteristic of being listed on the Iowa Register of Accountability and other characteristics (e.g., the method by which each organization becomes listed, transfer of training in the organization, etc.) are associated with higher levels of disclosure and transparency. If so, Iowa's nonprofits and policy makers need to be aware of these characteristics and to consider how other nonprofits can improve accountability and restore donor trust by acquiring or attaining best accountability practices.

Independent Sector's Panel on the Nonprofit Sector

The road to the *Iowa Principles and Practices for Charitable Nonprofit Excellence* (2008) began at the ground level in Iowa. Nonprofit leaders as well as technical experts have argued for years that investment in nonprofit capacity building is vital (Backer, 2000). The movement gained momentum with the corporate and nonprofit scandals, resulting in emphasis on organizational accountability, disclosure, and transparency to preserve the integrity of the nonprofit community (Bothwell, 2001; Irvin, 2005; McCarthy, 2007; Morrison, 2007; Smith, 2007; and Gugerty 2009). After the corporate and nonprofit scandals at the beginning of the 21st century, Independent Sector convened a panel of nonprofit organizations in October 2004 to form the Panel on the Nonprofit Sector. This Panel of 24 nonprofit and philanthropic leaders initially provided recommendations to the U.S. Senate Finance Committee on nonprofit disclosure, transparency, and financial accountability. The Panel commissioned two studies of existing systems of self-regulation, reviewed more than 50 existing systems of self-regulation from both the nonprofit and for-profit sectors, and drafted principles and practices for good nonprofit governance. After much public feedback, the Panel's final report, *The Principles for Good Governance and Ethical Practice: A Guide for Charities*

and Foundations (October 2007), provided 150 recommendations to Congress and the Internal Revenue Service, and 33 principles to guide nonprofit organizations.

The Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations organizes the 33 principles in four main categories: (1) legal compliance and public disclosure, (2) effective governance, (3) strong financial oversight, and (4) responsible fundraising. Under Legal Compliance and Public Disclosure (the first category), the seventh principle defines best practices in terms of disclosure and transparency.

> A charitable organization should make information about its operations, including its governance, finances, programs and activities, widely available to the public. Charitable organizations also should consider making information available on the methods they use to evaluate the outcomes of their work and sharing the results of those evaluations. (Panel on the Nonprofit Sector, 2007, pg. 12).

It is this seventh and final principle that calls for nonprofit organizations to voluntarily disclose information about the organization and addresses the transparency of that information in terms of the type of information (e.g., governance, financial, programs, activities, and evaluations) and the scope of disclosure (e.g., "widely available to the public"). The Principles for Good Governance recommends that nonprofits post information (i.e., disclosure) on the organization's website (i.e., transparency) "to demonstrate their commitment to accountability and transparency" (p. 12). Pertinent to transparency, the Principles for Good Governance lists the information that should be disclosed on the website:

a) board and staff names,
b) the most recent annual report,
c) a mission statement,

d) program activities,

e) web links to IRS Form 990 return, and

f) other financial statements.

The Panel's recommended list of website disclosures is a practical checklist of key organizational information for transparency.

The Iowa Governor's Nonprofit Task Force

In 2004, Iowa Governor Tom Vilsack appointed a task force to study and improve the ability of Iowa's nonprofit organizations to build Iowa communities. The task force culminated its findings in *The Report of the Governor's Task Force* (2005), which, in turn, led to the list of recommendations in *Iowa Principles and Practices for Charitable Nonprofit Excellence* (2008). Willard Boyd, taskforce leader, said at the time, "You'll get a sense of what an organization ought to be doing" (Gravelle, 2005, p. 6B). *The Report of the Governor's Task Force* (2005) identifies nonprofit barriers, provides recommendations, and establishes guidelines for improved voluntary oversight and self-regulation of Iowa's nonprofit organizations. The report includes recommendations that "enhance the effectiveness and services of Iowa's charitable nonprofit organizations" (p. 22). Recommendations are organized in five categories:

1) Sector Identify/Communications,

2) Collaboration,

3) Philanthropy,

4) Effectiveness, and

5) Accountability.

The Accountability section frames the issue of disclosure and transparency as an ethical mandate rather than an economic motive. As the report states:

> In 2004, Iowa enacted the Revised Model Nonprofit Corporation Act which describes the fiduciary duties of the board members and officers of Iowa nonprofit corporations. All

> charitable nonprofit organizations must be aware of and comply with applicable law and regulations.
>
> Compliance with the law is not enough. Charitable nonprofit organizations must also function well and ethically. Early in the deliberations of the Task Force, it was agreed to develop a set of Iowa Nonprofit Principles and Practices for Charitable Nonprofit Excellence as a means of educating Iowa charitable nonprofit organizations about the laws and regulations with which they must comply and also to provide guidance about good operational practices and ethical conduct. (*Report of the Governor's Task Force*, 2005, p. 11)

Rather than providing specific recommendations for accountability, however, the task force, in collaboration with INRC, developed an accountability guide, the *Iowa Principles and Practices for Charitable Nonprofit Excellence (Iowa Principles and Practices, 2008).* The task force report describes the guide as "a set of annotations which cites applicable provisions of Iowa and federal law governing charitable nonprofit organizations and also amplifies how the *Iowa Principles and Practices* can be applied to achieve excellence in the operations of charitable nonprofit organizations" (*Report of the Governor's Task Force, 2005*, p. 11).

Iowa Principles and Practices for Charitable Nonprofit Excellence and The Iowa Register of Accountability

Included in the Governor's Task Force final report (2005) is a call for initiating guidelines for improved oversight and governance of Iowa's nonprofit organizations. Of the report's five categories of recommendations (1-Sector Identify/Communications, 2-Collaboration, 3-Philanthropy, 4-Effectiveness, and 5-Accountability), organizational disclosure and transparency is discussed in the effectiveness and accountability sections. The report ultimately resulted in the development of *Iowa Principles and Practices for Charitable Nonprofit Excellence* by INRC (2008).

The *Iowa Principles and Practices* was developed "to promote good management practices, ethical conduct, and public accountability for Iowa charitable nonprofit

organizations as they perform their crucial community services" (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p.4). The *Iowa Principles and Practices* (2008) is "intended to be primarily an educational process designed to improve efficiency and accountability" (p. 4). The *Iowa Principles and Practices* frames the ethical mandate for Iowa's nonprofits:

> Charitable nonprofit organizations are chartered and granted tax exempt status by government to serve the public. With this public privilege comes the obligation of accountability. This accountability takes a variety of forms: good management practices, legal mandates, and ethical conduct. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 24)

To reach this mandate, *Iowa Principles and Practices* describes best practices, organized in thirteen sections of guidance:

I. Role of Charitable Nonprofit Organizations

II. Starting the Charitable Nonprofit

III. Mission Statement

IV. Strategic Planning

V. Board of Directors

VI. Executive Director

VII. Human Resources

VIII. Financing and Funding

IX. Communication

X. Information Technology

XI. Advocacy

XII. Collaboration

XIII. Accountability and Compliance

Woven into the principles are a series of disclosure requirements and best practices. Under Section I. Role of Charitable Nonprofit Organizations, Practices:

> 1. Charitable nonprofits must be publicly open and accountable, must be well managed, and must continually build trust with the public by appropriate financial reporting, communications with the public about significant contributions to the community with the charity's funds and programs, and strongly evident commitment to ethical behavior. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 5)

Under Section II. Starting the Charitable Nonprofit, E. Principle-Government Filings:

> 2. Nonprofits must file the reports required by taxing authorities: a. Annual informational report to US Internal Revenue Service. A 501(c)(3) organization with public charity status must annually file a Form 990 report if its annual gross revenue is $25,000 or more. Churches are not required to file the Form, 990 even if the church's revenue is above that amount. 501(c)(3) entities that are private foundations file Form 990PF. Nonprofits with less than $25,000 gross receipts must file Form 990-N. There is no required Iowa tax filing (*Iowa Principles and Practices for Charitable Nonprofit Excellence*. 2008, p. 7).

Under Section III. Mission Statement, Principle-Developing the Mission Statement:

> The Mission Statement sets forth the organization's basic service … the Mission Statement should be set forth simply and clearly in language which can be understood by the general public. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 7)

Under Section IV. Strategic Planning, Practices:

> 10. Boards should consider making a final version of the strategic plan which can be shared with the public. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 9)

Under Section VIII. Financing and Funding, B. Principle-Financial Accountability:

> A charitable organization is accountable to its funders, its constituencies, and the public, both as to the sources and uses of funding. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 17)

Under Section VIII. Financing and Funding, B. Principle-Financial Accountability:

> 1. Financial Audits: a. The board has a responsibility to have an annual audit. It is desirable to have a board audit committee which is separate from the board finance/budget committee(s).... The audit or financial statement should be available to all funders, government regulators and the public. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 17)

Under Section VIII. Financing and Funding, B. Principle-Financial Accountability, Practices:

> 4. Regulatory, Donor and Public Reports: c. Every organization should make available to its constituents and the public an annual report of its finances, program, current board members and officers in printed and/or Website form. Disclosure of the last three years of I.R.S. Form 990 to anyone requesting it is required by law. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 17)

Under Section IX. Communication, A. Principle – Importance of Communication, Practices:

> 2. A goal of a charitable nonprofit's communication should be transparency, which includes: a. Continually building trust with the public by appropriate financial reporting. b. Communications with the public about significant contributions to the community with the charity's funds and programs. c. Strongly evident commitment to ethical behavior. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 19)

Under Section IX. Communication, C. Principle – Communication to External Constituency, Practices:

> 3. There are several external communication objectives: a. Visibility – Do your publics know who you are? b. Reputation – Are you trusted? c. Accessibility – Can your publics get information quickly from you through a live and knowledgeable staff member? (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 20)

Under Section IX. Communication, C. Principle – Communication to External Constituency, Practices:

> 4. Some of the more important external communication methods are: Website, annual report, advertising, public service announcements, promotion brochures and flyers, news releases, press conferences, feature stories, special events and promotions. (*Iowa Principles and Practices for Charitable Nonprofit Excellence*, 2008, p. 20)

From Iowa Principles and Practices, a checklist of website disclosure and transparency can be developed. This checklist would include a mission statement in clear language, a strategic plan, annual audits, annual report of its finances, programs and contributions to the community, current board members and officers, and the last three years of IRS Form 990, as well as means for this disclosure, including in print or on the organization's website.

Self-Regulation and the Iowa Register of Accountability

Nonprofit boards that adopt *Iowa Principles and Practices* by resolution, have staff trained on the *Iowa Principles and Practices*, or are licensed by a state agency or accredited by a national organization can have their nonprofit organization listed on the Iowa Register of Accountability. Based on a task force recommendation, the Iowa Register of Accountability is "a voluntary listing of charitable nonprofits that have committed themselves to continuous improvement through the *Iowa Principles and Practices* as general guidelines. The purpose of the Iowa Register of Accountability is to show Iowa and the nation that Iowa nonprofits make a concerted effort to operate efficiently, effectively and ethically" (*Iowa Principles and Practices for Charitable*

Nonprofit Excellence, 2008, p. 1). The Iowa Register of Accountability is the means of self-regulation for Iowa's nonprofits. The *Iowa Principles and Practices* (either from attending training or resolution) is the primary means to the Iowa Register of Accountability.

The Iowa Register of Accountability is housed on the Larned A. Waterman Iowa Nonprofit Resource Center website (http://inrc.continuetolearn.uiowa.edu). Although Congress has held hearings proposing a national accreditation system for all nonprofits (Charities and Charitable Giving, 2005), the Iowa Register of Accountability is already in place, a demonstration of Iowa's commitment to efficient, effective, and ethical operation. As of April 2010, 844 organizations have registered on the Iowa Register of Accountability. Organizations can become registered under one of three methods:

1) Board adoption of the *Iowa Principles and Practices* by resolution,
2) Training in the *Iowa Principles and Practices*, or
3) Licensure or accreditation.

Training in Principles and Practices

A certificate of completion may be awarded after an organizational representative completes a minimum of six hours of training on *Iowa Principles and Practices*. Currently, courses at the University of Iowa (Nonprofit Organizational Effectiveness I and/or II) satisfy the requirements for listing on the Iowa Register of Accountability. Other nonprofit training programs or classes may be submitted to the INRC for review. To be included on the Iowa Register of Accountability, organizational representatives attending the training must be board members, executive level paid staff, or a designated person.

Board Adoption of Principles and Practices by Resolution

An Iowa nonprofit organization may be added to the Iowa Register of Accountability by a board review of the *Iowa Principles and Practices* and passing a

resolution adopting *Iowa Principles & Practices* as guidelines for institutional operations. Upon receiving a copy of the resolution, the INRC will add the organization to the Iowa Register of Accountability.

Licensure or Accreditation

Accreditation by a national organization or licensure by a state agency also qualifies organizations to be listed on the Iowa Register of Accountability. For example, the American Association of Museums, Association of Theological Schools, and the Council on Foundations, provide systems for accreditation of educational institutions, health organizations, and libraries that, in turn, permit nonprofit organizations to be listed on the Iowa Register of Accountability. State agency licenses that lead to listing on the Iowa Register of Accountability include adult daycare services, animal shelters, childcare centers, and other specific licenses granted by the State Code of Iowa (e.g. Adult day services programs, 27 Iowa Administrative Code 321 – 27; Childcare center, licensed under Iowa Care 237A; Substance abuse programs, licensed under Iowa Code 125.13).

Board Members and Transfer of Training

The overarching reason for becoming listed on the register is "good management practice, ethical conduct, and public accountability" (*Iowa Principles and Practices*, 2008, page 2). Capacity building activities to improve organizational effectiveness have extensive research support (McKinsey, 2001; De Vita & Fleming, 2001; Light, 2004). These capacity building activities are almost exclusively carried out or linked to board and staff performance (Herman & Renz, 1998; Green & Griesinger, 1996; and Stone & Cutcher-Gershenfeld, 2002). As Herman concludes, "using different kinds of [nonprofit organizations] NPOs and different conceptions and measures of board and organizational effectiveness … board effectiveness is positively correlated to organizational effectiveness" (Herman Conference Paper, 2004, p. 6). In simplistic terms, the central

task of any nonprofit executive is to take the mission statement of the organization and turn it into specifics (Drucker, 1992).

The Iowa Register of Accountability requires that a board member, executive level paid staff member, or designated person receive training on *Iowa Principles and Practices* or that the entire board review and approve a formal resolution to abide by *Iowa Principles and Practices* guidelines. The presumption is that the role of trained individuals is important in the passage of information to the nonprofit and in the incorporation of these principles and practices into the functioning of the nonprofit. Board members and executive level paid staff are presumed to have more organizational ability to pass along information to the entire organization, and to assimilate and implement principles and practices into the organization's culture.

Board Members

The board, as well as the Executive Director, is legally and managerially responsible to assure accountability. Therefore, the level of staff (e.g. leadership) is an important variable in assessing transfer of training from individuals to organizations. Specific roles within each organization have specific meaning toward accomplishing goals (Werther, Merman, & Echols, 2005). According to Wether et al. (2005), "the leader's focus on the organization's vision and mission is, ultimately, meaningless without execution … At some point, managerial decisions are needed, lest the organization fail to move in any direction" (pg. 23). Lewis and Gilman (2005) contend that nonprofit executive decision making and ethics are entwined and "apply rigorous ethical standards to decisions and behavior" (p. 21). Herman and Heimovics state, "Effective executives provided significantly more leadership to their boards … took responsibility for supporting and facilitating their board's work … [and] value and respect their boards" (Herman-Jossey Bass, 2004, p.157). Successful nonprofit organizations are those that have effective executive directors who can provide direct guidance to their boards.

Young (2002) states that nonprofit executives are answerable to stakeholders for accountability in the organization.

> The ultimate test of accountability for a nonprofit organization is whether its leadership can responsibly interpret, and honestly and energetically promote, the organization's mission, even when environmental, stakeholder, and governance pressures make other paths more comfortable and secure. The degree to which nonprofits have become entwined with the business sector in recent years has brought new urgency to this challenge. (Young, 2001, p. 3)

Most notably, Young is to some extent critical of the effectiveness of board of directors because they are not always fully attentive of their roles and responsibilities within the organization. To this end, this places additional responsibility on the executive director to carry out such organizational activities as voluntary disclosure and transparency.

In addition to effective executive directors, effective boards breed effective organizations. Studies show that board effectiveness positively correlates to organizational effectiveness (Herman Conference Paper, 2004.) For example, Green and Griesinger (1996) used board questionnaires and interviews to reveal relationships between board performance and organizational effectiveness. They found that board activities regarding "policy formation, strategic planning, program, monitoring, financial planning and control, resource, development, board development, and dispute resolution" most highly correlate with organizational effectiveness (Green & Griesinger, 1996). Herman and Renz state that ultimate responsibility for the affairs of organizations falls to their boards of directors, not only by public sentiment but also by the law (Herman & Renz, 2000). The Herman and Renz study looked at both effective and ineffective nonprofit organizations and found that effective boards had chief executives who facilitate leadership for the boards. The Panel on the Nonprofit Sector (2005) offers that a

main duty of the board of any nonprofit organization is to guarantee that all financial matters are in order and to follow generally accepted accountancy principles.

Transfer of Training

The importance that organizations place on training is demonstrated by the commitment of resources, both time and money, toward training to increase job-related skills among employees (Cascio, 2000; Noe et al., 2006). With the federal government's new-found commitment to strengthening the capacity of nonprofit organizations as well as a state-level focus within the nonprofit sector on self-regulation, there is renewed focus on training and development needs for the nonprofit sector. With a constantly increasing investment in training, it is critical to determine the extent to which training leads to improved outcomes (Cascio, 2000; Dowling & Welch, 2005).

However, training is only effective if the information learned in the training is transferred to the organization, either by improved individual performance or organizational practices. Transfer of training is defined by Baldwin and Ford (1988) as "the degree to which trainees effectively apply the knowledge, skills, and attitudes gained in the training context to the job" (p. 63). Transfer of training occurs when individuals display learned behaviors in the workplace (Quinones et al., 1995). Thus, employees must learn new job-related competencies and then use them in the workplace for training to be effective (Velada & Caetano, 2007).

According to Baldwin and Ford (1988) few, only 10 percent, of all training experiences successfully transfer from training to the job. For some, time passes between training and implementation opportunities, and employees forget the information from the training program. Wexley and Latham (2002) estimate that the amount of content transferred from training to implementation falls from about 40 percent immediately following training to 25 percent after 6 months and 15 percent after 1 year. Thus, much of

the investment in training time and money is effectively wasted because of limited long-term impact on the workplace.

In addition to time, trainee characteristics also affect the impact of training at an organizational level. For nonprofits, characteristics of boards and staff may impact organizational effectiveness. Herman (2000) suggests that the skills of boards of directors are critical to the success of their organizations. Nonprofit executives can be instrumental in setting the tone by leading with example in the area of ethics and accountability (Lewis & Gilman, 2005). Board members and executives have the authority and leadership to define and implement an organization's disclosure and transparency policies. Although any individual who receives training on voluntary disclosure and transparency (e.g., *Iowa Principles and Practices*) may understand the best practices, only the board members and executives have the authority to implement those practices post-training.

Research on training transfer also suggests that transfer is influenced by work environment and which individuals are involved in training (e.g. Baldwin & Ford, 1988; Holton, 1996, 2005; Tracey et al., 1995). Transfer may be enhanced with supervisory and peer involvement both in training and post-training support within the work environment (Hutchins, 2009). Peer support is critical for cooperation and collaboration; supervisor support is necessary for implementation (Lim & Johnson, 2002; Hawley & Barnard, 2005). By involving co-workers, supervisors, and managers in training, nonprofit culture can be efficiently modified. Facteau et al. (1995) found that training transfer is improved and more consistent when trainees receive support from peers and colleagues. This finding supports earlier work by Rouiller and Goldstein (1993) that receiving feedback and social support from peers and supervisors enhances training transfer. Burke and Hutchins (2008) indicate that work performance is enhanced when there is a supportive supervisor. Supervisors or managers are key to training transfer activities because they "make available the following: tools, time, reinforce use of new knowledge and skills on the job" (p. 117). Thus, post-training implementation of voluntary disclosure and

transparency is likely to be affected both by the organizational status of trained individuals and by the number of individuals who are trained.

In some ways the new models of disclosure practices for nonprofits are being developed because of pressure from Sarbanes Oxley legislation. None to date have systematically researched whether a state-level Register of Accountability affects the accountability practices of nonprofit organizations, nor whether completing capacity building trainings affect voluntary disclosure practices of nonprofit organizations. Furthermore, because of the variety of people who attend Iowa Principles and Practices trainings, it is not clear whether the organizational role or the number of people from the same organization who attend capacity building trainings is associated with voluntary disclosure and transparency. Thus, this dissertation is designed to determine (1) whether a register improves accountability by enhancing voluntary website disclosure and transparency, (2) whether the method to be listed on a register makes a difference (e.g., completing trainings, a formal resolution by the board, or licensure or accreditation) and (3) whether website disclosure and transparency is affected by the type or number of organizational members who receive training.

Criteria for Measuring Website Disclosure and Transparency

Nonprofit sector leaders concur that organizational assessment is increasingly important in the nonprofit sector (MacPherson 2001; Light, 2004). The literature suggests that nonprofit stakeholders are calling for new models of performance measurement because of the insufficiencies of current performance measures (Kaplan, 2001). However, performance measurement "means different things to different people" (Forbes, 1998, p. 198), resulting in disagreement about which financial standards should be used by nonprofit organizations for reporting purposes.

The lack of agreement about sector-wide standards makes it particularly difficult to evaluate organizations. Light (2004) questions the ability to measure organizational success "in the absence of a hard bottom line against which to compare organizations before and after an improvement effort" (p. 8). It follows that it is imperative to establish objective performance measures that are effective in providing reliable and valid strong empirical evidence of accountability.

Performance data can come from a wide range of resources. Performance data should be "reliable, unbiased, and with a high degree of statistical validity" (Poister, 2007, p. 86). As Guo suggests (2007), "the Internet carries tremendous potential for permitting nonprofit organizations to respond to accountability challenges and bolster the public's trust in their activities" (p. 1). GuideStar extols that posting information on a website is the best way for nonprofit organizations to disclose financial information (GuideStar, 2008).

The use of website information to evaluate performance has support in the literature, as well. In a study jointly sponsored by the Defense Technical Information Center, the Energy Information Administration, and the Government Printing Office, performance measures were developed to assist agencies "to assess the quality and usefulness of their websites and to improve public information access services of those websites" (McClure, 2007).

If transparency is interpreted as fully sharing relevant information and disclosure is the action of making it available, then an organization's website is the most accessible means for fully disclosing freely available information to the public. As opposed to stakeholders and other interested parties searching for information and being directed to other sites, a link on an organization's website to key information, available 24 hours a day, seven days a week, and 365 days a year at no charge provides an easy and accessible means to share relevant information.

For example, tax-exempt organizations with gross receipts of more than $25,000 are required by the IRS to complete a Form 990 (annual information returns). The IRS disclosure rules, in turn, require that those organizations make available the 990s for no more than a nominal fee. Although providing the 990 upon request fulfills the legal requirement, effectively hiding information by making it available only on request and for a fee meets legally required disclosure requirements but not transparency.

Early studies have demonstrated advantages of fully sharing information. Alvarado (2000) points out that establishing web links to information frees up staff time, especially for small volunteer-run organizations. According to Independent Sector (2005), making IRS 990 forms and other relevant information easily accessible via an organization's website results in strengthened relationships among community nonprofits. Additionally, public trust in nonprofit organizations is greatly enhanced with disclosure via an organization's website.

The question remains of what should be provided on an organization's website. It would be easy to assume that posting the information required by the IRS on Form 990 would be sufficient. Posting a copy of the Form 990 is relatively simple because the information is already compiled and organized in a standard form. Goldstein (2008), however, suggests that to be transparent nonprofits should consider additional information, including audits, summaries of board activity, blogs, and contact information. In the 2008 *The State of Nonprofit Transparency* report, GuideStar recommends five specific disclosure activities that involve posting financial and other organizational information on the Internet as necessary steps toward transparency. GuideStar recommends:

- Current, detailed program and evaluation information
- Brief biographical information and names of board members and key staffs names and titles
- Annual reports

- Audited financial statements
- IRS letter of determination

Recent research demonstrates the possibility of measuring web content, giving surety that viable measures of volunteer disclosure activities could be developed from the GuideStar recommendations (McClure, 2000).

Similar to GuideStar recommendations, the Panel on Nonprofit Sector's Principles for Good Governance recommends disclosing board and staff names, most recent annual reports, mission statements, program activities, and web links to IRS Form 990 returns, and other pertinent financial statements. As previously mentioned, the *Iowa Principles and Practices* contain recommendations as well.

This dissertation focuses on whether the Iowa Register of Accountability is effective in improving accountability or adherence to sector recommendations. Thus, the basis for scoring disclosure (e.g. whether Iowa nonprofits are adhering to those self-governing recommendations in the absence of legislation) has been developed from the *Iowa Principles and Practices*, GuideStar, and the Panel on Nonprofit recommendations. See Table 1 Iowa Principles and Practices**,** Panel on Nonprofits, and GuideStar Recommended for Disclosure Activities, page 38.

Table 1 *Iowa Principles and Practices*, Panel on Nonprofit Sector, and GuideStar Recommended for Disclosure Activities

Iowa Principles and Practices (2008)	**Panel on the Nonprofit Sector's Principles for Good Governance (2007)**	**GuideStar (2008)**
General organizational information should be available through a printed or web site annual organizational report.		
Communications with the public about significant contributions to the community with the charity's funds and programs.	Program Activities	Nonprofits should regularly update their websites with current, detailed program and evaluation information.
The Mission Statement should be set forth simply and clearly.	A mission statement	
Every organization should make available … [a list of] current board members and officers.	Board and staff names	In addition to posting names of board members and key staff names and titles, nonprofits should post brief biographic information for these important leaders.
Every organization should make available to its constituents and the public an annual report of its finances, program, current board members and officers in printed and/or Website form.	Most recent annual report	Every nonprofit that produces an annual report should post the report on its website.
The audit or financial statement should be available to all funders, government regulators and the public	Web links to IRS Form 990 returns and other financial statements	Every nonprofit that has an audited financial statement should post it on its website.
		Every nonprofit that has an IRS letter of determination should post it on its Website.
Boards should consider making a final version of the strategic plan which can be shared with the public.		

Description of Iowa's Nonprofit Sector

Iowa's 501(c)(3) Nonprofit Organizations: Public Charities and Private Foundations encompass both public charities and private foundations. Under 501(c)(3), organizations can be public charities or private foundations. In order to be recognized by the Internal Revenue Service (IRS), 501(c)(3) "public charities" must satisfy the "public support test" as well as serve a broad public purpose. Examples of Iowa's public charities include churches and schools, hospitals, emergency housing shelters, and organizations serving persons with disabilities. "Private foundations differ from public charities in that private foundations are required by the IRS to distribute a portion of assets annually to public charities or individuals" (Smith 2007).

In 2008, Iowa reported 14,203 nonprofit organizations based on IRS filings as 501(c)(3) Nonprofit Corporations. Under the 501(c)(3) classification, organizations are sub-classified as public charities or private foundations. The majority of Iowa 501(c)(3) nonprofits are public charities. Of the 14,203 Iowa nonprofit organizations in 2008, 13,114 (92 percent) were public charities and 1,089 (8 percent) were private foundations.

Iowa's 501(c)(3) Charitable Nonprofit Organizations Public Charities benefit communities across Iowa by providing services that relate to arts and culture, education, environment, health care, human service, and housing and community improvement (Smith, 2007). See Table 2 Number of Nonprofit Organizations in Iowa (2008), page 40.

Table 2 Number of Nonprofit Organizations in Iowa (2008)

Tax Exempt Organizations	Registered with the IRS	Number Filing IRS 990
501 (c)(3)s:		
Public Charities	13,114	6,134
Private Foundations	1,089	1,089
Other 501 (c) Subsections:	14,818	6,980
Total Number of Nonprofit Organizations	29,021	

Source: The National Center for Charitable Statistics, IRS Business Master File 04/2009 http://nccsdataweb.urban.org/PubApps/profile1.php?state=IA

All 501(c)(3) organizations with gross receipts of more than $5,000 are required to register with the IRS. The 501(c)(3) organizations with gross receipts of more than $25,000 are required to file Form 990 with the IRS. As of 2008, small nonprofit organizations whose gross receipts are normally $25,000 or less must file Form 990-N with the IRS (IRS, 2010). In 2008, 13,114 public charities were registered with the IRS, while only 6,134 (or 43 percent) were required to file annual IRS 990 reports. Recognizing that fewer than half of Iowa's 501(c)(3) nonprofit organizations are reporting public charities demonstrates the extent of work yet required. In response to concerns about fraud and mismanagement in corporations and nonprofits in other states, Iowa's organizations should be further examined in order to understand the improvements needed within the state.

In summary, the effect of the Sarbanes-Oxley Act sets the stage for this study because it provided the historical landscape for governance standards, and disclosure and transparency as the means to assess nonprofit organization adherence to accountability standards. GuideStar, the Panel on the Nonprofit Sector, and the Iowa Governor's Nonprofit Task Force performed important groundwork for this study. GuideStar, an

online Register, reports on the nonprofit sector's maintenance of relevant financial information in publicly accessible formats. The Panel on the Nonprofit Sector provided recommendations on nonprofit disclosure, transparency, and financial accountability. The Iowa Governor's Nonprofit Task Force's *The Report of the Governor's Task Force* (2005) identifies nonprofit barriers, provides recommendations, and establishes guidelines for improved voluntary oversight and self-regulation of Iowa's nonprofit organizations. The task force culminated its findings in *The Report of the Governor's Task Force* (2005), which in turn led to the list of recommendations in *Iowa Principles and Practices for Charitable Nonprofit Excellence* (2008). Nonprofit boards that adopt *Iowa Principles and Practices* by resolution, have staff trained on the Principles and Practices, or licensed by a state agency or accredited by a national organization can have their nonprofit organization listed on the Iowa Register of Accountability.

This dissertation focuses on whether the Iowa Register of Accountability is effective in improving accountability or adherence to sector recommendations. Additionally, two important variables are the organizational role of the training attendee and the number of people from the same organization who attend trainings. First, Lewis and Gilman (2005) suggest that nonprofit executives can be instrumental in setting the tone by leading with example in the area of ethics and accountability. Therefore, it is important to consider whether the level of staff (e.g. leadership) is a significant variable in assessing post-training voluntary disclosure activities within an organization. Second, training is only effective if the information learned in the training is transferred to the organization. Facteau et al. (1995) found that training transfer is improved and more consistent when trainees receive support from peers and colleagues. Thus, post-training implementation of voluntary disclosure and transparency is likely to be affected both by the organizational status of trained individuals and by the number of individuals who are trained.

Chapter 3 describes the methodology and hypotheses used in this research including the participant organizations and study samples, the dependent variable descriptions, and data collection method.

CHAPTER III. METHODOLOGY

Purpose of the Study

The purpose of the study was to assess the effectiveness of self-regulation of nonprofit organizations in Iowa (i.e., the Register of Accountability) in promoting accountability of nonprofits as measured by website disclosure and transparency. Based on the reviewed literature, it was expected that Iowa nonprofits on the Iowa Register of Accountability would demonstrate more disclosure and transparency than Iowa nonprofits not listed on the Register. The measure of disclosure was based on recommendations from four influential organizations for the types of information that nonprofits should disclose to the public. The Iowa Governor's Nonprofit Task Force, The Larned A. Waterman Iowa Nonprofit Resource Center (*Iowa Principles and Practices)*, the Independent Sector's Panel on the Nonprofit Sector, and GuideStar recommend disclosing board and staff names, most recent annual reports, mission statements, program activities, and web links to IRS Form 990 returns, and other pertinent financial statements. The dissertation tests the effectiveness of the Register by comparing the degree to which these organizations adhere to recommendations for voluntary disclosure and transparency.

Nonprofits can be included on the Iowa Register of Accountability by 1) board adoption of Iowa Principles and Practices by resolution, 2) training in *Iowa Principles and Practices*, and 3) licensure or accreditation. Accountability, as measured by disclosure and transparency, are key components of the *Iowa Principles and Practices* trainings. Therefore, organizations that received *Iowa Principles and Practices* training are expected to be aware of these recommendations and, therefore, demonstrate higher rates of disclosure and transparency than nonprofits not trained in *Iowa Principles and Practices.*

Entering the Iowa Register of Accountability by way of board resolution, however, was also expected to result in website disclosure and transparency. Board members not only are legally and managerially responsible, but they have the authority and leadership to define and implement an organization's disclosure and transparency policies. Although individuals who receive training on voluntary disclosure and transparency (e.g., *Iowa Principles and Practices* training) may understand the best practices, it is the board members and executives who have the authority to implement those practices post-training. Therefore, organizations that adopt *Iowa Principles and Practices* by resolution are likely to have higher rates of disclosure and transparency than organizations that have not adopted these recommendations.

Finally, accreditation by a national organization or licensure by a state agency also qualifies an organization to be listed on the Iowa Register of Accountability. Organizations that are accredited or licensed by an independent or external organization are more apt to conform to certain standards of excellence, but it was not known whether those standards of excellence incorporate best practices toward transparency and accountability.

Organizations can be registered by meeting more than one of these criteria. Thus, organizations that both complete training in *Iowa Principles and Practices* as well as adopt *Iowa Principles and Practices* by resolution should be at an advantage of being aware of the recommendations for disclosure and transparency and having the authority to implement the recommendations. Therefore, these organizations would be most likely to have the highest rates of disclosure and transparency.

The dissertation tests the following hypotheses:

Hypothesis I Comparing the Mean Disclosure Score of the Register and Non-Register Groups

Nonprofits listed on the Iowa Register of Accountability will have higher rates of disclosure and transparency than nonprofits not listed on the Register. The purpose of the Iowa Register of Accountability is to promote principles and best practices. Accountability, as measured by disclosure and transparency, is a key component of the recommended principles and best practices. Therefore, organizations that adhere to the principles and best practices are likely to achieve and seek listing on the Iowa Register of Accountability.

Hypothesis II Mean Disclosure Score of Training Group Compared to Training & Resolution Group

The methods organizations use to become listed on the Iowa Register of Accountability will be associated with varying levels of disclosure. The ultimate responsibility for the affairs of organizations falls to their boards of directors, not only by public sentiment but also by the law (Herman and Renz, 2000). Board members fulfill these responsibilities to the organization by passing along information to the entire organization, setting the tone by leading with example in the area of ethics and accountability, and implementing an organization's disclosure and transparency policies. Organizations that complete training in *Iowa Principles and Practices* as well as adopting *Iowa Principles and Practices* by resolution are likely to have higher rates of disclosure and transparency than nonprofits listed solely from board adoption of *Iowa Principles and Practices* by resolution or from training in *Iowa Principles and Practices.*

Hypothesis III Mean Disclosure Score Comparison by Type of Staff Who Attend Training

Organizations in which the CEO or board member attends the training will have higher disclosure rates than organizations in which only other designated staff attend the

training. The level of staff (e.g. leadership) is a significant variable in assessing post-training voluntary disclosure activities within an organization. The specific roles within an organization have specific meaning toward accomplishing goals. Therefore, organizations in which the CEO or Board member attended the training are more likely to implement principles and best practices.

Hypothesis IV Mean Disclosure Score by Number of Staff Who Attended Training

Having more people within an organization attend the training in *Iowa Principles and Practices* will result in higher disclosure and transparency. By involving co-workers, supervisors, and managers in training, nonprofit culture has greater potential to be efficiently modified. Organizations that designate more staff and other organization stakeholders to attend Iowa Principle and Practices trainings are likely to implement principles and best practices.

Participant Organizations and Study Samples

The samples of Iowa nonprofit organizations for this study are derived from three sources: The Iowa Register of Accountability, GuideStar, and the list of Iowa Principles and Practices workshop attendees. All of the organizations sampled are charitable organizations, classified as 501(c)(3)s including public charities and private foundations.

The Iowa Register of Accountability

Housed on the INRC website, the Iowa Register of Accountability listed 844 registered organizations as of April 2010. The list was reduced to 738 nonprofit organizations by removing non-Iowa organizations (23), duplicate organizations (25), government agencies (30), for-profit entities (18), and state institutions (10). From this list of 738 nonprofit organizations, 100 organizations listed on the Iowa Register were

randomly sampled to create the "Register" group. See Table 3 The Iowa Register of Accountability List Reduced by Category for Study.

Table 3 The Iowa Register of Accountability List Reduced by Category for Study

Register Status	Frequency	Percentage of Original Total (i.e., 844)
Organizations listed on Register as of April 2010	844	100%
Non-Iowa Organizations	23	2.7%
Duplicates	25	3.0%
Government Agencies	30	3.6%
For Profit Organizations	18	2.1%
State Educational Institutions	10	1.2%
Remaining Organizations for Study	738	87.4%

Of the 738 remaining organizations, 559 are solely based on attending trainings, 39 are solely based on a board resolution, and 6 are solely listed because of licensure or accreditation. An additional 125 are listed because they both attended trainings and adopted a resolution, five attended trainings and were licensed or accredited, and one adopted a resolution and was licensed or accredited. Finally, three organizations are listed because they attended trainings, adopted a resolution, and were licensed or accredited. See Table 4 The Iowa Register of Accountability - Number of Organizations by the Means Organizations Use to Become Listed on the Iowa Register of Accountability, page 48.

Table 4 The Iowa Register of Accountability - Number of Organizations by the Means Organizations Use to Become Listed on the Iowa Register of Accountability

Means of Entry on the Register	Number of Organizations	Percentage of Organizations Studied
Training Only	559	75.7%
Resolution Only	39	5.3%
Licensure or accreditation Only	6	0.8%
Training & Resolution Only	125	16.9%
Training & Licensure or accreditation Only	5	0.7%
Licensure or accreditation & Resolution Only	1	0.1%
Training, Licensure or accreditation, & Resolution Only	3	0.4%
Total number of Organizations Studied	738	

The National Taxonomy of Exempt Entities (NTEE) code associated with each nonprofit organization describes the type of charitable nonprofit organizations listed on the Iowa Register of Accountability. Setting aside the Unknown category, the five most frequent categories on the Iowa Register of Accountability nonprofit organizations are (1) Human Services (133 organizations, 18%); (2) Arts, Culture, and Humanities (83 organizations, 11%); (3) Education (73 organizations, 10%); (4) Philanthropy, Voluntarism, and Grantmaking Foundations (54 organizations, 7%); and (5) Health (46 organizations, 6%) (Table 5, page 50). Combined, these organizations make up the majority (52%) of nonprofits on the Iowa Register of Accountability.

GuideStar Compilation

A database of 6,829 Iowa nonprofit organizations (charities and private foundations) was purchased from GuideStar on April 2, 2010. The database contains the

following nine fields: (1) EIN telephone, (2) organization's National Taxonomy of Exempt Entities (NTEE) code, (3) NTEE description, (4) mailing address, (5) total revenue, (6) city, (7) state, (8) zip code, (9) name, title, and contact information for current officers, directors, trustees, and key employees as reported on Form 990, Part-V-A (Current Officers, Directors, Trustees, and Key Employees) or Form 990PF, Part VIII (Information about Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors). This GuideStar Iowa-custom data set was compiled from the IRS list of Section 501(c)(3) organizations and from annual IRS 990 tax forms that nonprofit entities with annual revenues of $25,000 or more file.

The NTEE codes for this statewide sample reveals that the same five categories as on the Iowa Register of Accountability list are the most prevalent: (1) Philanthropy, Voluntarism, and Grantmaking Foundations (907 organizations, 13%); (2) Education (843 organizations, 12%); (3) Human Services (793 organizations, 12%); (4) Arts, Culture, and Humanities (516 organizations, 8%); and (5) Health (470 organizations, 7%) (Table 5, page 50). These five categories make up almost half (48 percent) the nonprofits on the Iowa GuideStar list. The GuideStar list provides the basis for the comparison group of nonprofits not listed on the Iowa Register of Accountability: Not Register group. The following Table 5, page 50, details both the number and percentage of nonprofit organizations from the GuideStar compilation and the Iowa Register of Accountability according to the organization National Taxonomy of Exempt Entities (NTEE code). See Table 5 Number and Percentage of Public Charities in Iowa Listed by National Taxonomy of Exempt Entities (NTEE) Code, 2010, page 50-51.

Table 5 Number and Percentage of Public Charities in Iowa Listed by National Taxonomy of Exempt Entities (NTEE) Code, 2010

NTEE Code	Description	Number of Organizations listed in GuideStar	Percent in NTEE Category	Number of Register Organizations	Percent in NTEE Category
A	Arts, Culture, and Humanities	516	8%	83	11%
B	Education	843	12%	73	10%
C	Environmental Quality, Protection, and Beautification	107	2%	16	2%
D	Animal-Related	68	1%	9	1%
E	Health	470	7%	46	6%
F	Mental Health, Crisis Intervention	128	2%	21	3%
G	Diseases, Disorders, Medical Disciplines	32	0%	6	1%
H	Medical Research	23	0%	1	0%
I	Crime, Legal Related	91	1%	13	2%
J	Employment, Job Related	66	1%	11	1%
K	Food, Agriculture, and Nutrition	67	1%	2	0%
L	Housing, Shelter	269	4%	27	4%
M	Public Safety	66	1%	3	0%
N	Recreation, Sports, Leisure, Athletics	429	6%	12	2%
O	Youth Development	125	2%	20	3%
P	Human Services - Multipurpose and Other	793	12%	133	18%

Table 5 Continued

Q	International, Foreign Affairs, and National Security	37	1%	13	2%
R	Civil Rights, Social Action, Advocacy	18	0%	5	1%
S	Community Improvement, Capacity Building	317	5%	38	5%
T	Philanthropy, Voluntarism, and Grantmaking Foundations	907	13%	54	7%
U	Science and Technology Research Institutes, Services	15	0%	1	0%
V	Social Science Research Institutes, Services	4	0%	0	0%
W	Public, Society Benefit - Multipurpose and Other	60	1%	5	1%
X	Religion Related, Spiritual Development	232	3%	25	3%
Y	Mutual & Membership Benefit	47	1%	0	0
Z	Unknown	1099	16%	122	16 %
Total		**6829**	**100%**	**734**	**100%**

Source: GuideStar Premium downloads completed 5/18/2010.www.guidestar.org

The Iowa Register of Accountability - Method to be Listed

There are three methods that an organization can use to become listed on the Iowa Register of Accountability. Nonprofit organizations can be listed on the Iowa Register of Accountability by (1) attending training, (2) adopting a formal resolution by the board, (3) licensure or accreditation, or a combination of these ways. Most commonly, an organization attends a training on the *Iowa Principles and Practices*. Of the organizations on the register, 692 (93.8%) were registered based on attendance at a training only, or in combination with a board resolution or licensure or accreditation. See Table 6 Iowa Register of Accountability - Number and Percent of Organizations by the Methods Organizations Use to Become Listed on the Iowa Register of Accountability.

Table 6 The Iowa Register of Accountability - Number and Percent of Organizations by the Methods Organizations Use to Become Listed on the Iowa Register of Accountability

Entered on Register List	Number of Organizations	Percent
Training Only	559	75.75%
Resolution Only	39	5.28%
Licensure or accreditation Only	6	0.81%
Training & Resolution Only	125	16.94%
Training & Licensure or accreditation Only	5	0.68%
Licensure or accreditation & Resolution Only	1	0.14%
Training, Licensure or accreditation, & Resolution Only	3	0.41%
Total number of Organizations Studied	738	100%

Dependent Variable Description – Disclosure Score

Accountability is defined as the degree to which an organization adheres to recommendations by the Panel on Nonprofits, GuideStar, and *Iowa Principles and Practices* for disclosure and transparency, for the purposes of this dissertation. The dependent variable for analyses is the Disclosure Score. Disclosure Score is operationally defined as the number of recommended indicators of disclosure and transparency that can be found on an organization's website. Based on recommendations from the *Iowa Principles and Practices***,** Panel on Nonprofit Sector, and GuideStar, eight categories of disclosure are identified with 25 specific indicators of disclosure and transparency: (1) About the Organization, (2) Key Staff, (3) Board of Directors, (4) Strategic Plan, (5) Claims 501(c)(3) Status, (6) Annual report, (7) Audit and Financial Statements, and (8) Program and Service Information. Each of the eight categories was weighted and assigned disclosure point values based on the extent of recommendations by the *Iowa Principles and Practices***,** Panel on Nonprofit Sector, and GuideStar, as well as discussions with nonprofit experts. Following is the operational definition and weighted scores for each indicator. See also Table 7 Key Disclosure Indicators and Points, page 58 and page 103, Appendix A.

Organizational Information (3 points): The *Iowa Principles and Practices*, GuideStar, and the Panel of Nonprofits recommend that organizations provide basic information for the general public on their website. For scoring purposes, organizational information must include the organization's purpose and history, as well as information on how to contact the organization.

a. Purpose (1 point): Must clearly state the purpose of the organization.

b. History/background (1 point): Must include the circumstances and date of the organization's founding, as well as how the organization has changed or developed over time.

c. Contact (1 point): Necessary information to reach the organization through mail, telephone, or email. Any one contact mode (mailing address, telephone number, or email address) is sufficient. The address should include the street address, city, state, and zip code, as well as a post office box number if appropriate. The telephone number should include the area code. The email address should be included or an email form to be completed on line.

Key Staff (2 points): The *Iowa Principles and Practices*, GuideStar, and the Panel of Nonprofits all recommend that organizations provide information about key staff for individuals to understand who is running the organization, as well as how to reach staff with questions or concerns. For scoring purposes, a minimum of one staff member at director level or in charge of program area information must be listed. Information must include:

a. Name (.5 point): First and last name.

b. Title (.5 point): The job or position held in the organization.

c. Contact (1 point): Necessary information to reach the staff member(s) by mail, telephone, or email. Any one contact mode (mailing address, telephone number, or email address) is sufficient. The address should include the street address, city, state, and zip code, as well as a post office box number if appropriate. The telephone number should include the area code. The email address should be included or an email form to be completed on line.

Board of Directors (2 points): Ultimately, an organization's board of directors is responsible for setting and enforcing policies and procedures. Therefore, the *Iowa Principles and Practices*, GuideStar, and the Panel of Nonprofits recommend that information about an organization's board of directors be made available. For scoring purposes, this information must include a complete list of board member names, positions held on the board of directors, and a minimum of one board member contact and affiliation must be included.

a. Name (.5 point): First and last for each board member.

b. Title (.5 point): The job or position held on the board of directors (minimum: President/Chair, Treasurer, and Secretary).

c. Affiliation (1 point): An indication of association or relationship with a place of employment or organization.

Program/Service Information (2 points): For the general public to understand who a nonprofit serves and what a nonprofit organization does, the *Iowa Principles and Practices* and GuideStar recommends that organizations include detailed program information. For scoring purposes, the following information is required:

a. List of programs or services (.5 point): A list of programs or services currently (within the last year) offered by the organization.

b. Descriptions for each program or service, including content, frequency, and duration of each program or service (.5 point).

c. Information on how to access or enroll in programs or services, including who to contact (.5 point).

d. Costs to individuals for programs or services and whether there is a cost for each program for participants. If there is a cost, the amount that the participant is expected to pay (.5 point).

Strategic Plan Information (4 points): An organization's strategic plan is a formal document that details the steps to achieve long term organizational growth, including Mission Statement, Vision, Values, and Goals. The *Iowa Principles and Practices* and the Panel on Nonprofit recommends that the board sets an organization's mission and vision, establish strategic direction, and develop broad policies. For scoring purposes, the following information is required:

a. Mission Statement (1 point): The organization mission, including a brief description explaining why the organization exists, what service the organization provides, and the geographic service area.

b. Vision (1 point): A description of what the organization sets out to accomplish by carrying out its mission.

c. Values (1 point): Guiding values or principles of the organization to carry out its mission.

d. Goals or Objectives (1 point): At least one short-term or long-term goal or objective.

Claims Tax Exempt Status (4 points): GuideStar recommends that organizations provide verification of their tax exempt status by posting or linking to their IRS letter of determination. Donors will want to confirm the tax exempt status of the organization. For scoring purposes, the following information is required:

a. Statement (2 points): Statement stating their organization is tax- exempt, a gift is tax-deductible, their organization is a qualified 501(c)(3), or a link to their organizational listing on Charity Navigator or GuideStar Charity Check.

b. Verification (2 points): A copy of or link to the Internal Revenue Service 501 (c)(3) exemption letter, which is formal recognition by the federal government of nonprofit status.

Annual report (4 points): The *Iowa Principles and Practices*, GuideStar, and the Panel of Nonprofits all recommend that nonprofit organizations provide their most recent annual reports. Therefore, for scoring purposes, the website should contain access to:

a. The organizations' most current Annual Report (2008 or beyond) (4 points).

Financial Statements/Audit (4 points): The *Iowa Principles and Practices*, GuideStar, and the Panel of Nonprofits recommend that nonprofit organizations provide their IRS Form 990 returns and/or audited financial statements. Therefore, for scoring purposes, the website should contain access to:

a. Recent financial statements or reports (2008 or beyond) (2 points): Financial statements must include (i) a balance sheet or (ii) financial reports that specifically

state what percentage of gifts and donations are used directly in the work of the organization.

b. Audit (2008 or beyond) (2 points): Access to the actual audit report, which includes the date of the audit and performed by whom or a statement stating who completed the audit, date, and where the audit report can be accessed.

See Table 7: Key Disclosure Indicators and Points, page 58.

Table 7 Key Disclosure Indicators and Points

Disclosure/Transparency	**Measure - Website**	**Points**
Organization Information	a. Purpose (1 pt.) b. History/background (1 pt.) c. Contact information (address, phone and/or email) (1 pt.)	3 Points
Key Staff	a. Name (.5 pt.) b. Title (.5 pt.) c. Contact information (address, phone and/or email) (1 pt.)	2 Points
Board of Directors	a. Name (.5 pt.) b. Title (.5 pt.) c. Affiliation (1 pt.)	2 Points
Program/Service Information	Detailed Program Information (.5 pt each.): a. List of programs or services b. Descriptions for each program or service c. Information on how to access or enroll in programs or services (including dates or times) d. Costs to individuals for programs or services	2 Points
Strategic Plan Information	a. Mission (1 pt.) b. Vision (1 pt.) c. Values (1 pt.) d. Goals (1 pt.)	4 Points
Claims Tax Exempt Status	a. Statement stating their organization is tax- exempt (2 pts.) b. Internal Revenue Service 501 (c)(3) exemption letter (2 pts.)	4 Points
Current Annual Report	a. Annual report (2008 or beyond) (4 pts.)	4 Points
Current Financial Statements/Audit	a. Recent financial statements (2008 or beyond (2 pts.) b. Recent audit (2008 or beyond) (2 pts.)	4 Points
Total		**25**

Data Collection Method

To measure disclosure and transparency, each nonprofit website was identified and reviewed for the relevant information. A Disclosure Score Reporting form (see Appendix B., page 104) was developed for reviewers to assign points and record the URL Web address for each of the 25 indicators present on the organization's website. A Disclosure Score was calculated for each nonprofit organization, as a tally of the possible 25 indicators present on the organization's website.

In the development of the scoring criteria, a subsample of 20 nonprofit organizations (10 from the Iowa Register of Accountability sample and 10 from the Non-Register sample) was independently scored by two raters to determine the consistency and reliability of the criteria definitions across raters (e.g. agreement among different scorers). The scores of the two raters were compared to assess inter-rater reliability and consistent use of the scoring criteria. One means of assessing inter-rater agreement is calculating a correlation coefficient, a Pearson's R or Cohen's Kappa. Correlations can range from -1.0 to 1.0. If the two raters agree on their ratings, then the correlation should be closer to 1.0 than to zero. For the first subsample of 20 nonprofit organizations, the inter-rater reliability (e.g. inter-scorer agreement) for the Disclosure Score was modest. The eight individual scoring criteria groups were analyzed for agreement to determine if agreement varied across the groups. Cohen's Kappa coefficients, a statistical measure of inter-rater reliability for categorical data, were calculated. Cohen's Kappa ranges from -1.0 to 1.0, with larger positive values indicating better reliability. For the seven categories for which it could be calculated, Cohen's Kappa coefficients ranged from 0.48 (Current Financial Statements/Audit) to 1.0 (Key Staff, Board of Directors, and Claims Tax Exempt Status). Cohen's Kappa could not be calculated for the Board of Directors category because the categories from the two raters were not symmetrical. Therefore,

Pearson correlations were calculated as well. See Table 8 Inter-Rater Reliability Agreement for Disclosure Scores.

Table 8 Inter-Rater Reliability Agreement for Disclosure Scores

Key Disclosure Indicators	Cohen's Kappa Coefficients	Pearson's R
Organization Information	1.00	1.00
Key Staff	1.00	1.00
Board of Directors	Cannot be calculated	0.90
Program/Service Information	0.54	0.89
Strategic Plan Information	0.70	0.92
Claims Tax Exempt Status	1.00	1.00
Current Annual Report	0.79	0.81
Current Financial Statements/Audit	0.48	0.74

The two raters discussed discrepancies, and the definitions were reviewed and revised as necessary in the five lowest categories to clarify the codings:

Board of Directors: A minimum number of board position titles were added.

Revised description: b. Title (.5 point): The job or position held on the board of directors (minimum required: President/Chair, Treasurer, and Secretary).

Program/Service Information: No further clarification needed.

Strategic Plan Information: The geographic service area requirement was deleted

Revised description: a. Mission Statement (1 point): The organization mission, including a brief description explaining why the organization exists and what service the organization provides.

Current Annual Report: No further clarification needed.

Current Financial Statements/Audit: A statement stating who completed the audit, date, and where the audit report can be accessed was added to the description. Revised description: b. Audit (2008 or beyond) (2 points): Access to the actual audit report, which includes the date of the audit and performed by whom or a statement stating who completed the audit, date, and where the audit report can be accessed.

An additional subsample of 20 nonprofit organizations was drawn and independently scored by the two separate raters. For these 20 websites, the raters had perfect agreement using the revised definitions.

In summary, Chapter 3 described the participant organizations (the Iowa Register of Accountability and GuideStar Compilation), the dependent variables, and the data collection method. Housed on the INRC website, the Iowa Register of Accountability listed 844 registered organizations as of April 2010. The list was reduced to 738 nonprofit organizations by removing non-Iowa organizations, duplicate organizations, government agencies, for-profit entities, and state institutions. The GuideStar list provides the basis for the comparison group of nonprofits not listed on the Iowa Register of Accountability: Not Register group. By removing organizations on the Iowa Register of Accountability from the GuideStar listing, a list of organizations not on the Register was developed. The dependent variable for analyses is the Disclosure Score. Disclosure Score is operationally defined as the number of recommended indicators of disclosure and transparency that can be found on an organization's website. Based on recommendations from the *Iowa Principles and Practices***,** the Panel on Nonprofit Sector, and GuideStar, eight categories of disclosure are identified with 25 specific indictors of disclosure and transparency.

In chapter 4, the study samples are described and compared to the populations. The analysis and results of the tests of the four hypotheses are presented.

CHAPTER IV. RESULTS

This study compared the voluntary website disclosure and transparency of Iowa nonprofits listed on the Iowa Register of Accountability to those not listed on the Iowa Register of Accountability, as well as exploring characteristics of the organizations (i.e. National Taxonomy of Exempt Entities categories, assets, and urban/rural designation). Disclosure scores were computed for each organization, based on website disclosure of key information, including information about boards of directors and staff, strategic planning, verification of tax-exempt status, annual reports, audits or other financial statements, and program information. Disclosure scores of nonprofits on the Register were compared to a comparison sample of nonprofits not on the Register. The Iowa Register of Accountability was found to be effective in improving the accountability of Iowa's nonprofits. Chapter 3 included details about the Register of Accountability, the GuideStar list, and the development of the Disclosure Score scoring guide. This chapter begins with a description of the samples that were used in the analyses. Next, each hypothesis is tested and the analyses and results presented.

The Register Group and Non-Register Group Samples

To create the Register Group, 100 organizations listed on the Iowa Register of Accountability were randomly sampled using statistical software, Statistical Package for the Social Sciences (SPSS Inc.), version PASW Statistics 18.0.0. The Iowa Register of Accountability listed 844 registered organizations as of April 2010. However, the list was reduced by removing non-Iowa organizations (23), duplicate organizations (25), government agencies (30), for-profit entities (18), and state institutions (10). From the remaining 738 nonprofit organizations, the 100 organizations for the Register Group were randomly selected.

The Non-Register Group was created from the purchased GuideStar list and provided the comparison group of nonprofits not listed on the Iowa Register of

Accountability. By removing organizations listed on the Iowa Register of Accountability from the GuideStar listing, a list of organizations not on the Iowa Register of Accountability was developed. From this list, 100 organizations were randomly sampled using statistical software (i.e., Statistical Package for the Social Sciences, SPSS Inc., PASW Statistics 18.0.0) to create the Non-Register Group. The original GuideStar list included 6,829 Iowa nonprofits. Of the 6,829, 512 were also contained on the Iowa Register of Accountability. From the remaining 6,317 organizations, the 100 organizations for the Non-Register Group were randomly selected.

For a list of the organizations in the samples, see Appendix C: List of Organizations in Register of Accountability Sample and Appendix D: List of Organizations in Non-Register Sample, pages 107 and 114.

Comparing the National Taxonomy of Exempt Entities

Based on National Taxonomy of Exempt Entities (NTEE) categories, the Register Group random sample (100 organizations) reasonably approximated the population of nonprofits listed on the Iowa Register of Accountability (738 organizations). In both the Register population and sample, the greatest percent of organizations were in the Human Services - Multipurpose and Other category (Population 18%, Sample 22%). The second and third largest groupings of organizations were in the Arts, Culture, and Humanities (Population 11%, Sample 13%) and Education (Population 10%, Sample 8%) NTEE categories. These top three categories make up well over one-third of the total number of numbers within the population and the sample from the Iowa Register of Accountability (Population 39%, Sample 43%). Among the less frequent categories, there were some small discrepancies. For example, the Philanthropy, Voluntarism, and Grantmaking Foundations category was the 4th most frequent category for the population but the 8th in the sample (Population 7%, Sample 2%). In contrast, the Youth Development category, which was the 9th most frequent in the population, was the

4th in the sample (Population 3%, Sample 7%). Both the Population and Sample had high percentages of organizations in the unknown category, 16% in the Population and 18% in the Sample. See Table 9 NTEE Categories - Complete Iowa Register of Accountability and the Register Sample, page 65.

Table 9 NTEE Categories - Complete Iowa Register of Accountability and the Register Sample

	Register Population		**Register Sample**	
NTEE Description in Order of Most Frequent to Least Frequent in the Population	**Frequency**	**Percent**	**Frequency**	**Percent**
Human Services - Multipurpose and Other	133	18%	22	22%
Arts, Culture, and Humanities	83	11%	13	13%
Education	73	10%	8	8%
Philanthropy, Voluntarism, and Grantmaking Foundations	54	7%	2	2%
Health	46	6%	6	6%
Community Improvement, Capacity Building	38	5%	6	6%
Housing, Shelter	27	4%	2	2%
Religion Related, Spiritual Development	25	3%	1	1%
Mental Health, Crisis Intervention	21	3%	2	2%
Youth Development	20	3%	7	7%
Environmental Quality, Protection, and Beautification	16	2%	1	1%
Crime, Legal Related	13	2%	2	2%
International, Foreign Affairs, and National Security	13	2%	0	0%
Recreation, Sports, Leisure, Athletics	12	2%	3	3%
Employment, Job Related	11	1%	1	1%
Animal-Related	9	1%	2	2%
Diseases, Disorders, Medical Disciplines	6	1%	0	0%
Civil Rights, Social Action, Advocacy	5	1%	1	1%
Public, Society Benefit - Multipurpose and Other	5	1%	1	1%
Public Safety	3	0%	1	1%

Table 9 Continued

Food, Agriculture, and Nutrition	2	0%	1	1%
Medical Research	1	0%	0	0%
Science and Technology Research Institutes, Services	1	0%	0	0%
Social Science Research Institutes, Services	0	0%	0	0%
Mutual & Membership Benefit	0	0%	0	0%
Unknown	121	16%	18	18%
Totals	738	100%	100	100%

Based on National Taxonomy of Exempt Entities (NTEE) categories, the Non-Register Group random sample (100 organizations) reasonably approximated the population of nonprofits listed on the GuideStar list (6,829 organizations). In both the GuideStar population and the Non-Register Group, over half of the organizations were represented by five categories: Philanthropy, Voluntarism, and Grantmaking Foundations (Population 13%, Non-Register Group 10%), Education (Population 12%, Non-Register Group 17%), Human Services - Multipurpose and Other (Population 12%, Non-Register Group 7%), Arts, Culture, and Humanities (Population 8% , Non-Register Group 10%), and Health (Population 7% , Non-Register Sample 5%). Both the GuideStar list and Non-Register Sample had high percentages of organizations in the unknown category, 16% in the population and 23% in the Non-Register Group. See Table 10 NTEE Categories - Complete GuideStar List and the Non-Register Sample, page 67.

Table 10 NTEE Categories - Complete GuideStar List and the Non-Register Sample

	GuideStar Population		**Non-Register Sample**	
NTEE Description in Order from Most Frequent to Least Frequent in the Population	**Frequency**	**Percent**	**Frequency**	**Percent**
Philanthropy, Voluntarism, and Grantmaking Foundations	907	13%	10	10%
Education	843	12%	17	17%
Human Services - Multipurpose and Other	793	12%	7	7%
Arts, Culture, and Humanities	516	8%	10	10%
Health	470	7%	5	5%
Recreation, Sports, Leisure, Athletics	429	6%	5	5%
Community Improvement, Capacity Building	317	5%	6	6%
Housing, Shelter	269	4%	3	3%
Religion Related, Spiritual Development	232	3%	6	6%
Mental Health, Crisis Intervention	128	2%	2	2%
Youth Development	125	2%	0	0%
Environmental Quality, Protection, and Beautification	107	2%	0	0%
Crime, Legal Related	91	1%	1	1%
Animal-Related	68	1%	2	2%
Food, Agriculture, and Nutrition	67	1%	0	0%
Employment, Job Related	66	1%	0	0%
Public Safety	66	1%	1	1%
Public, Society Benefit - Multipurpose and Other	60	1%	2	2%
Mutual & Membership Benefit	47	1%	0	0%
International, Foreign Affairs, and National Security	37	1%	0	0%
Diseases, Disorders, Medical Disciplines	32	0%	0	0%

Table 10 Continued

Medical Research	23	0%	0	0%
Civil Rights, Social Action, Advocacy	18	0%	0	0%
Science and Technology Research Institutes, Services	15	0%	0	0%
Social Science Research Institutes, Services	4	0%	0	0%
Unknown	1099	16%	23	23%
Totals	**6829**	**100%**	**100**	**100%**

Comparing the Total Assets of the Register and Non-Register Samples

The total amount of assets held by the Register Sample was $945,264,087 and by the Non-Register Sample was $242,502,898. The range of Total Assets was $26,895 to $646,838,104 in the Register Sample and $182 to $142,552,402 in the Non-Register Sample. However, one of the organizations (a foundation) in the Register Sample included total assets equaling $646, 838,104. Total assets amounts were not available for 11 organizations in the Register of Accountability Sample and 24 organizations in the Non-Register Sample. Using an independent groups *t*-test, the difference in means of the Total Assets of the Register Sample and the Non-Register Sample was not statistically significant (t (148) = 1.08, n.s.). See Tables 11 and 12, pages 68-69.

Table 11 Total Asset Levels - Iowa Register of Accountability and Non-Register Samples

	Register Sample	Non-Register Sample
Mean	$1,2700,000	$3,180,000
Median	$1,170,000	$351,024
Minimum	$26,895	$182
Maximum	$646,838,104	$142,552,402

Table 12 Level of Total Assets in Register and Non-Register Samples

	Register Sample	Non-Register Sample
0 - $100,000	8	18
$100,000 - $500,000	15	25
$500,000 - $1,000,000	15	11
$1,000,000 - $5,000,000	18	16
$5,000,000 - $10,000,000	13	3
$10,000,000 or more	7	3
Unknown	11	24
Total Number of Organizations	100	100

Almost half of the organizations for which asset information was available in the Register Sample (43%) and close to three-fourths (71%) of the Non-Register Sample have less than $1 million in assets. Although the total amount of assets held by the organizations is substantial, on an individual basis the majority of the organizations in both the Iowa Register of Accountability Sample and Non-Register Sample groups do not hold a large amount of assets.

Comparing the Geographic Distribution by County and Urban/Rural Designation of Register and Non-Register Samples

The Register and Non-Register Samples were examined to determine the home county of each organization. In addition, the U.S. Department of Agriculture Rural-Urban Continuum Codes (RUCC) classification scheme was used to further classify counties as urban or rural. This designation distinguishes metropolitan counties by size and nonmetropolitan counties by degree of urbanization and proximity to metro areas.

The Iowa Register of Accountability Sample (100 organizations) are located in 36 out of 99 Iowa counties. Twenty-nine of the Register Sample organizations are located in Polk County, followed by eight in Linn County, six in Black Hawk County, and five in Woodbury, Johnson and Pottawattamie counties. One explanation for the higher concentration of organizations in these counties is that the *Iowa Principles and Practices* trainings were held in these locations.

The Non-Register Sample (100 organizations) are dispersed among 48 of Iowa's 99 counties. Nineteen of the Non-Register Sample organizations are located in Polk County, followed by six in Woodbury County, five in Linn County, and four in Marshall County. See Table 13 Number of Iowa Counties Represented by Iowa Register of Accountability and Non-Register Samples.

Table 13 Number of Iowa Counties Represented by Iowa Register of Accountability and Non-Register Samples

	Register Sample	Non-Register Sample
Number of Iowa Counties Represented	36	48

According to the U.S. Department of Agriculture Economic Research Service, a vast majority (97 out of 100 organizations) of the Register Sample organizations are located in urban designated areas, with over one-third of the organizations in the largest counties in Iowa counties with metro areas of 250,000 to 1 million population. Similarly, a vast majority of the Non-Register Sample organizations are also located in those same urban designated areas (95 out of 100 organizations). Nearly one-third of the Non-Register Sample organizations are located in the largest counties in Iowa e.g. counties with metro areas of 250,000 to 1 million population. See Table 14 Number of

Organizations Located in Rural or Urban Subcategories in Iowa - Iowa Register of Accountability and Non-Register Samples, page 72.

Table 14 Number of Organizations Located in Rural or Urban Subcategories in Iowa - Iowa Register of Accountability and Non-Register Samples

RUCC	Description	Register Sample	Non-Register Sample
1	Counties in metro areas of 1 million population or more	0	0
2	Counties in metro areas of 250,000 to 1 million population	37	31
3	Counties in metro areas of fewer than 250,000 population	36	26
4	Urban population of 20,000 or more, adjacent to a metro area	0	10
5	Urban population of 20,000 or more, not adjacent to a metro area	5	4
6	Urban population of 2,500 to 19,999, adjacent to a metro area	11	9
7	Urban population of 2,500 to 19,999, not adjacent to a metro area	8	15
8	Completely rural or less than 2,500 urban population, adjacent to a metro area	1	2
9	Completely rural or less than 2,500 urban population, not adjacent to a metro area	2	3
	Total Number of Organizations in Samples	100	100

For a complete county list, see Appendix E Number of Organizations Located in Rural or Urban Iowa Counties - Iowa Register of Accountability and Non-Register Samples, Page 121.

Comparing the Number of Organizations with Websites in the Register and Non-Register Samples

Organizations in the Register Sample were found to be more likely to have active websites than those in the Non-Register Sample. Of the 100 organizations in the Register

Sample, 95 (95%) had active websites. Of the 100 organizations in the Non-Register Sample, 56 (56%) had active websites. Statistically significantly more organizations in the Register Sample had websites than organizations in the Non-Register Sample ($p < .001$, Fisher's exact test). See Table 15 Number of Organizations in Register of Accountability and Non-Register Samples with Websites.

Table 15 Number of Organizations in Register of Accountability and Non-Register Samples with Websites

	Register Sample	Non-Register Sample
With Websites	95	56
Without Websites	5	44
Total Number of Organizations	100	100

A statistical power analysis using G*Power 3.1 software (Faul, 2007) was completed to assess whether the research design with 95 Register websites and 56 Non-Register websites was sufficiently sensitive. As proposed, the analysis was to compare the mean Disclosure Score of the Register Group to the Non-Register Group using an independent groups t-test. Assuming a significance criterion of 0.05, the power analysis indicates that the study design had sufficient sensitivity (power of 0.80) to detect an effect size of 0.48 or greater using an independent groups t-test. Thus the research design would be able to detect half a standard deviation or greater differences between the two group means. Cohen (1992) describes effect sizes of 0.2 as small, 0.5 as medium effects and 0.8 as large. The research design was robust enough to identify medium or large effects. See Table 16 Statistical Power Analysis Results, page 74.

Table 16 Statistical Power Analysis Results

t tests - Difference between two independent means (two groups)		
Analysis:	Sensitivity: Compute required effect size	
Input:	Tail(s)	Two
	α err prob	0.05
	Power (1-β err prob)	0.80
	Sample size group 1	95
	Sample size group 2	56
Output:	Noncentrality parameter δ	2.82
	Critical t	1.98
	Df	149
	Effect size d	0.48

Source: Output from statistical power analyses using G*Power 3.1: Tests for correlation and regression analyses.

Disclosure Scores

The dependent variable for the analyses is the Disclosure Score. The Disclosure Score is defined as the number of recommended indicators of disclosure and transparency presented on an organization's website. The score is composed of eight categories of disclosure and transparency, with a total of 25 specific indictors of disclosure and transparency: (1) About the Organization, (2) Key Staff, (3) Board of Directors, (4) Strategic Plan, (5) Claims 501(c)(3) Status, (6) Annual report, (7) Audit and Financial Statements, and (8) Program and Service Information. As described in Chapter 3, the eight categories were weighted and assigned values based on the extent of recommendations by the *Iowa Principles and Practices*, Panel on Nonprofit Sector, and GuideStar, and discussions with nonprofit experts.

Hypothesis I: Comparing the Mean Disclosure Score of the Register and Non-Register Groups

The purpose of the Iowa Register of Accountability is to promote principles and best practices, thereby demonstrating the sector's ability to voluntarily self-regulate. Accountability, as measured by disclosure and transparency, is a key component of the recommended principles and best practices. Therefore, organizations listed on the Iowa Register of Accountability were expected to demonstrate higher rates of disclosure and transparency than nonprofits not listed on the Register. This hypothesis was tested by comparing the mean Disclosure Score of the Register Group (n = 95, M = 11.37, range 2.0 to 24.0) to the mean Disclosure Score of the Non-Register Group (n = 56, M = 8.50, range 1.0 to 19.0). Using an independent groups *t*-test, the Register Group was found to have a significantly higher mean Disclosure Score than the Non-Register Group (t (149) =3.94, $p < .001$). See Table 17 Comparison of Register and Non-Register Groups' Means for Disclosure Scores.

Table 17 Comparison of Register and Non-Register Groups' Means for Disclosure Scores

Hypothesis I Register/ Non-Register	Disclosure Score Mean	Disclosure Score Range	*t*	*p*
Register Sample (n=95)	11.37	2.0 to 24.0	3.94	< 0.001
Non-Register Sample (n=56)	8.50	1.0 to 19.0		

The results support the hypothesis that nonprofit organizations listed on the Iowa Register of Accountability are more likely to voluntarily disclose recommended

information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register.

To understand the Disclosure Score differences between the Register and Non-Register group, the subcategories of the Disclosure Score were tested for differences between the groups. The Disclosure Score is the sum of disclosures within the eight Key Areas of information about (1) the Organization, (2) Key Staff, (3) Board of Directors, (4) Programs and Services, (5) Strategic Plan, (6) Claims 501(c)(3) Status, (7) Annual Report, and (8) Audit and Financial Statements. Means of the scores within each area were calculated for the Register Group and the Non-Register Group. Table 18 displays the Register and Non-Register Sample means and disclosure score ranges in the eight Key Areas of the Disclosure Score.

Table 18 Comparison of Register and Non-Register Samples' Means for Disclosure Scores in the Eight Key Areas.

Eight Key Disclosure Areas	Possible Points	Register Group Mean	Register Group Range	Non-Register Group Mean	Non-Register Group Range	*t*	*p*
Organization Information	3	2.66	1-3	2.66	1-3	.027	n.s.
Key Staff	2	1.42	0-2	1.13	0-2	2.06	< 0.05
Board of Directors	2	1.14	0-2	.96	0-2	1.31	n.s.
Program/Service Information	2	1.58	0-2	1.46	0-2	1.43	n.s
Strategic Plan	4	1.62	0-4	.89	0-4	4.09	< 0.001
Claims 501(c)(3) status	4	1.18	0-4	.91	0-4	1.54	n.s.
Annual Report	4	1.14	0-4	.36	0-4	2.89	< 0.01
Audit/Financial Statements	4	.63	0-4	.14	0-2	2.94	< 0.01

For all of the eight Key Areas, the Register Group's means were higher than the Non-Register Group. In four areas, the Register Group had statistically significantly higher mean Key Area Disclosure Scores compared to the Non-Register Group: Key Staff (t (149) = 2.06, $p < .05$), Strategic Plan ($t(149) = 4.10$, $p < .001$), Annual Report ($t(149) = 2.89$, $p < .01$), and Audit and Financial Statements ($t(149) = 2.94$, $p < .01$). Not only did nonprofit organizations on the Iowa Register of Accountability demonstrate more website disclosure and transparency in general than nonprofits not on the Register, they were particularly more disclosing about information on names and information about key staff, providing strategic plans, annual reports, and audit or financial statements.

Hypothesis II: Mean Disclosure Score of Training Group Compared to Training & Resolution Group

The Register Group was categorized by the means which organizations used to become listed on the Iowa Register of Accountability. Nonprofit organizations can be registered on the Iowa Register of Accountability under one of three methods, or a combination of the methods: 1) board adoption of *Iowa Principles and Practices* by resolution, 2) training in *Iowa Principles and Practices*, or 3) licensure or accreditation. Of the 95 organizations in the Register Group, 70 organizations completed the training only (Training Only Group), 24 organizations completed the training and board adoption of the *Iowa Principles and Practices* by resolution (Training & Resolution Group), and one organization was listed on the Register based on licensure only (Licensure Group). See Table 19 Number and Percent of Organizations Entry on the Register, page 78.

Table 19 Number and Percent of Organizations Entry on the Register

Means of Entry on the Register	**Number and Percentage of Organizations in Population (N-738)**	**Number and Percent of Organizations in Sample (n=95)**
Training Only	559 (75.8%)	70 (73.7%)
Resolution Only	39 (5.3%)	
Licensure or Accreditation Only	6 (0.8%)	1 (1.1%)
Training & Resolution	125 (16.9%)	24 (25.3%)
Training & Licensure or Accreditation	5 (0.7%)	
Licensure or Accreditation & Resolution	1 (0.1%)	
Training, Resolution, & Licensure or Accreditation	3 (0.4%)	

Boards of directors are ultimately responsible for nonprofit organizations (Herman and Renz, 2000). Board members act responsibly when they pass along information to the entire organization, set the tone by leading with example in the area of ethics and accountability, and implement an organization's disclosure and transparency policies. Therefore, organizations that complete both the training in *Iowa Principles and Practices* and the adoption of *Iowa Principles and Practices* by resolution were expected to have higher rates of website disclosure and transparency than nonprofits listed solely based on either board adoption of *Iowa Principles and Practices* by resolution or from training in *Iowa Principles and Practices.* The hypothesis was tested by comparing the mean Disclosure Score for the Training Only Group (n = 70, M=11.81, range 2.0 to 22.0) to the mean Disclosure Score for the Training & Resolution Group (n = 24, M=10.10, range 5.0 to 24.0). Using an independent groups *t*-test, the difference in means was not

statistically significant (*t* (92) = 1.57, n.s.). See Table 20 Comparison of Mean Disclosure Score for Training Only and Training & Resolution Groups.

Table 20 Comparison of Mean Disclosure Score for Training Only and Training & Resolution Groups

Hypothesis II: Training Only/ Training & Resolution	Possible Points	Training Only Group (n=70) Mean	Training Only Group Range	Training & Resolution Group (n=24) Mean	Training & Resolution Group Range	*t*	*p*
Disclosure Score	25	11.81	2.0 to 22.0	10.10	5.0 to 24.0	1.57	n.s.

Nonprofit organizations that completed both the training in *Iowa Principles and Practices* and the adoption of *Iowa Principles and Practices* by resolution did not demonstrate higher rates of website disclosure and transparency than nonprofits listed solely based on either board adoption of *Iowa Principles and Practices* by resolution or from training in *Iowa Principles and Practices*. Therefore, Hypothesis II was not supported.

Hypothesis III: Mean Disclosure Score Comparison by Type of Staff Who Attend Training

The level of staff (e.g., leadership) involved in training is an important variable in assessing post-training voluntary disclosure activities within an organization. Roles within an organization have differing abilities to implement goals and policies. Organizations in which the CEO or Board members are trained on policies and procedures are more likely to implement those recommended principles and best practices. Therefore, organizations in which the CEO or Board member attended the *Iowa*

Principles and Practices trainings were expected to demonstrate higher disclosure rates than organizations in which only other designates staff attended the training.

To test this hypothesis, the Register Group was further categorized by the type of staff that attended the training in *Iowa Principles and Practices*. Within the Register Group, 95 organizations had websites, five did not have websites. Of those 95 organizations with websites, 94 organizations were on the Register because a CEO, board member, or designated staff member attended an *Iowa Principles and Practices* training. The remaining organization was listed on the Register because of Licensure.

Of those 94 organizations in which at least one representative attended a training, CEOs or board members attended the training for 54 organizations (57%) and only other designated staff attended the training for 35 organizations (37%). For the remaining 5 organizations (5%), information about the organizational representative that attended the training was not available in order to classify the attendee as a CEO, board member, or other designated staff. See Table 21 Description of the Number and Percent of Organizations Categorized as CEO or Board and Other Staff.

Table 21 Description of the Number and Percent of Organizations Categorized as CEO or Board and Other Staff

Staff Who Attended Training	Number of Organizations	Percent of Organizations
CEO or Board Group	54	57%
Other Staff Group	35	37%
Unknown	5	5%
Total Organizations	94	

To test the hypothesis that organizations in which the CEO or board member attends training will have higher disclosure rates than organizations in which only other

designated staff attend the training, the mean Disclosure Score of the CEO/Board Member Group (n = 54, M=11.07, range 2.0 to 20.5) was compared to the mean Disclosure Score of Other Staff Group (n = 35, M=11.34, range 3.5 to 22.0). Using an independent groups *t*-test, the difference in means was not statistically significant (*t* (87) = -0.273, n.s.). See Table 22 Comparison of CEO or Board and Other Staff Groups.

Table 22 Comparison of CEO or Board and Other Staff Groups

Hypothesis III CEO or Board/ Other Staff	Possible Points	CEO or Board Group (n=54) Mean	CEO or Board Group Range	Other Staff Group (n=35) Mean	Other Staff Group Range	*t*	*p*
Disclosure Score	25	11.07	2.0 to 20.5	11.34	3.5 to 22.0	-0.27	n.s.

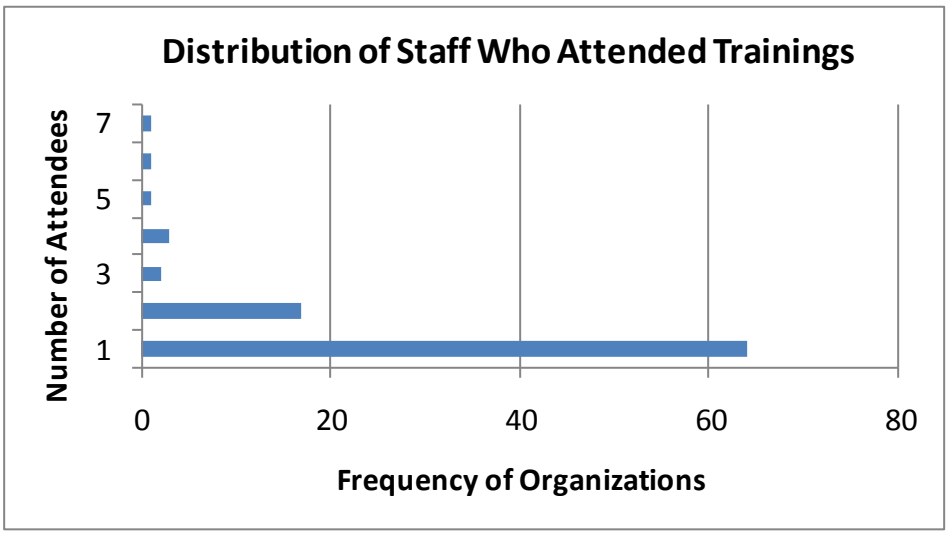
Organizations in which the CEO or board member attended training did not result in higher website disclosure rates than organizations in which only other designated staff attended the training. Therefore, Hypothesis III was not supported.

Hypothesis IV: Mean Disclosure Score by Number of Staff Who Attended Training

Involving co-workers, supervisors, and managers in training increases the potential for transfer of training to nonprofit organizations. Organizations that designate more staff and other organization stakeholders in *Iowa Principle and Practices* trainings are likely to implement principles and best practices. Therefore, having more people within an organization attend the training in *Iowa Principles and Practices* is expected to result in higher disclosure and transparency.

Nonprofit Organizations varied in the number of staff members who attended the training in *Iowa Principles and Practices.* Of the 94 organizations on the register because a representative attended a training, information on the number of staff who attended was available for 89 organizations. For these nonprofits, the number of staff attending ranged from one to seven with a mean of 1.51. See Figure 1 Distribution of Staff Who Attended Training.

Figure 1 Distribution of Staff Who Attended Training



The number of staff attending the *Iowa Principles and Practices* training was expected to be positively associated with higher rates of website disclosure and transparency. To test the hypothesis, the organizations that sent staff members to attend trainings were categorized into two groups, based on a median split on the number of staff who attended trainings: One Staff Attended Group (N=64) compared to the More

than One Staff Attended Group (N=25). Using an independent groups *t*-test, the mean Disclosure Score of the One Staff Attended Group (n = 64, M=11.06, range 3.5 to 22.0) was compared to the mean Disclosure Score of the More Than One Staff Attended Group (n = 25, M=11.48, range 2.0 to 20.0). The difference was not statistically significant (t (87) = -0.391, n.s.). See Table 23 Comparison of One Attendee Group and More than one Attendee Group Means for Disclosure Scores.

Table 23 Comparison of One Attendee Group and More than one Attendee Group Means for Disclosure Scores

Hypothesis IV One Attendee/ More than one Attendee	Possible Points	One Attendee Group (n=64) Mean	One Attendee Group Range	More than one Attendee Group Mean	More than one Attendee Group (n=25) Range	*t*	*p*
Disclosure Score	25	11.06	3.5 to 22.0	11.48	2.0 to 20.0	-0.39	n.s.

Having more than one staff member attend *the Iowa Principles and Practices* training did not result in higher rates of website disclosure and transparency. Therefore, Hypothesis IV was not supported.

In summary, Hypothesis I was supported by the data. Iowa nonprofits listed on the Iowa Register of Accountability were found to have active websites and engaged in voluntary website disclosure and transparency at rates higher than Iowa nonprofits not listed on the Register. Nonprofits on the Register were found to have higher rates of website disclosure in four key areas: information on Key Staff, Strategic Plans, Annual Reports, and Audit and Financial Statements.

However, Hypotheses II, III and IV were not supported by the data. The majority of Iowa nonprofits attended *Iowa Principles and Practices* trainings. Most were on the Register because of the training, or because of the training and a subsequent board resolution to adopt the principles and practices. However, having a resolution by the board, in addition to the training, did not result in higher website disclosure than those organizations that attended the training but did not pass a resolution. In addition, having designated staff attend the training resulted in website disclosure at similar rates to having a CEO or board member attend. Finally, the number of staff attending the trainings was not related to the degree of website disclosure and transparency. The implications of these results for the nonprofit sector are discussed in the next chapter.

CHAPTER V. DISCUSSION

Newspapers, television news shows, and internet news sites report on scandals involving charities on both national and local levels. For example, the national Red Cross was reported to have diverted funds donated in response to the September 11, 2001, terrorist attacks to other Red Cross projects and missions. Nonprofit accountability and ethical transgressions occur on the local level as well. In Iowa, the nonprofit Iowa Student Loan Corporation was reported to have received excess U.S. Department of Education subsidies through false pretenses and required to repay the U.S. Department of Education (Burd, 2009).

Conversely, the nonprofit sector is coming together to "promote good management practices, ethical conduct, and public accountability," i.e. in essence, self-regulation (Iowa Principles and Practices, 2008, p. 4). Nonprofit practitioners are increasingly focused on disclosure and transparency. In Iowa, the nonprofit sector has promoted self-regulation, demonstrated by the public listing of Iowa nonprofits that have been trained on or are committed to recommended principles and best practices. These *Iowa Principles and Practices (2008)* emphasize that "Every organization should make available to its constituents and the public an annual report of its finances, program, current board members and officers in printed and/or web site form" (p. 17).

Although rhetoric may be convincing, it is important to determine the success of Iowa's model of self-regulation based on empirical data. Thus, this dissertation evaluated one important dimension of nonprofit self-regulation, the relationship between the Iowa Register of Accountability and voluntary website disclosure by nonprofits. This study supports the effectiveness of the Iowa Register of Accountability in promoting website disclosure and transparency of Iowa nonprofits.

The concern with potential government regulation of the nonprofit sector has been increasingly evident since the Sarbanes-Oxley Act imposed new financial disclosure

requirements. Nonprofit organizations have also felt the pressure to meet other SOX-like regulations (Iyer, 2008; Ostrower & Bobowick, 2006; Center for Nonprofit Advancement, 2004). This pressure and efforts to inform donors continues to push Iowa nonprofit organizations toward greater disclosure and transparency. Nonprofits provide vital services and are an integral part of the economy. Nonprofit research is important to inform the public, policymaker, and other stakeholders, so as to maintain the strength of Iowa's nonprofits, and, therefore, their economic and social contributions to the state.

Findings

Key findings from the current study suggest that the Iowa Register of Accountability and Iowa's training on best practices have been effective in promoting website disclosure and transparency. Given the success of this model, stakeholders may want to consider ways to promote and enhance this approach throughout Iowa and in other, similar states.

The first important finding of the current research is that the Register Group nonprofits were found to be more likely to have active websites than those in the Non-Register Group (Register Sample 95%; Non-Register Sample 56%). The samples of Iowa nonprofit organizations for this study were derived from two sources: The Iowa Register of Accountability, and GuideStar. All of the organizations are charitable organizations classified as 501(c)(3)s, including public charities and private foundations. An organization's website is the most accessible means for fully disclosing freely available relevant information to the public. Organizational accountability can be strengthened by using the internet (Guo, 2007). Because the public relies on the Internet to access information about nonprofit organizations, organizations with active, up-to-date websites are in the best position to keep the public informed about key aspects of their organization.

In addition to having active websites (i.e., the means for disclosure), nonprofit organizations listed on the Iowa Register of Accountability were more likely to voluntarily disclose recommended information on their websites than those Iowa nonprofits that have not sought or achieved listing on the Register. In particular, the Register Group excelled above the Non-Register Group in the areas of Key Staff, Strategic Plan, Annual Report, and Audit and Financial Statements. Many of these areas are stressed in the *Iowa Principles and Practices* training. For example, the training materials state unequivocally that nonprofits should provide information about current board members and officers to the public. Strategic planning as well as reporting requirements is also stressed in the *Iowa Principles and Practices* training. Including an organization's strategic plan increases the public's confidence that the nonprofit has established goals and objectives to shape and guide its mission to match its vision for the future.

Both the Register Group and the Non-Register Group were likely to disclose general information about the organization including an organization's purpose, history or background, and contact information. For the Register Group, this is not surprising given the *Iowa Principles and Practice* (2008) recommendation that "[g]eneral organizational information should be available through a printed or web site annual organizational report" (p. 19). Even without the training (e.g., Non-Register Group), nonprofits are aware that they need to provide information about their organization to the public, particularly if they are going to seek donations. See Table 24 Comparison of Register Group and Non-Register Group Means for Disclosure Scores for Eight Key Disclosure Areas, page 88.

Table 24 Comparison of Register Group and Non-Register Group Means for Disclosure Scores for Eight Key Disclosure Areas

Eight Key Disclosure Areas	Possible Points	Register Group Mean	Register Group Mean as Percent of Maximum Points Possible	Non-Register Group Mean	Non-Register Group Mean as Percent of Maximum Points Possible
Organization Information	3	2.66	88.7%	2.66	88.7%
Key Staff	2	1.42	71.0%	1.13	56.5%
Board of Directors	2	1.14	57.0%	0.96	48.0%
Program / Service Information	2	1.58	79.0%	1.46	73.0%
Strategic Plan	4	1.62	40.5%	0.89	22.3%
Claims 501(c)(3) status	4	1.18	29.5%	0.91	22.8%
Annual Report	4	1.14	28.5%	0.36	9.0%
Audit/Financial Statements	4	0.63	15.8%	0.14	3.5%

For both Register and Non-Register Groups, audits and financial statements were the least likely to be disclosed. Even though the Register Group was significantly more likely to disclose than the Non-Register, there is room for improvement for both. Notifying website visitors that the organization is a 501(c)(3) and providing the evidence to support that, as well as providing annual reports, were areas that were lean in terms of disclosure, with almost 3 of every 4 organizations not providing this information. Thus, the results of the research suggest specific areas that may need to be targeted for training or information to improve nonprofit accountability.

Secondly, it was hypothesized that organizations that complete both the training in *Iowa Principles and Practices* and the adoption of *Iowa Principles and Practices* by resolution would have higher rates of website disclosure and transparency than nonprofits listed solely based on either board adoption of *Iowa Principles and Practices* by resolution or from training in *Iowa Principles and Practices.* However, this hypothesis was not supported based on the data. See Table 20, pages 79. Board Resolution appears to have been designed as an alternative to the face-to-face training. However, the findings suggest that adoption of *Iowa Principles and Practices* by resolution is being utilized to augment participation in the face-to-face training. Of organizations on the Register, only a small percentage (5%) of organizations were on the registry solely because of a board resolution. More than three times as many (17%) had both attended the training and adopted a resolution by the board. As a result, the random sample for the study did not contain any organizations that were on the register based solely on a board resolution. Consequently, the idea of a self-study of the *Iowa Principles and Practice,* followed by a board resolution, was not tested. While this may have been anticipated as an alternative to training, this research tells us that it is not the case. Thus, the training alone seems to be as effective as the combination of training and resolution in promoting website disclosure and transparency.

Third, assuming the CEO or Board's power to implement an organization's disclosure and transparency policies, it was proposed in Hypothesis III that CEO or Board attendance would be associated with higher rates of disclosure. However, this hypothesis was also not supported. See Table 22, page 81. Because capacity building activities to improve organizational effectiveness are almost exclusively carried out or linked to board and staff performance (Herman & Renz, 1998; Green & Griesinger, 1996; Stone and Cutcher-Gershenfeld, 2002), it was expected that organizations in which the CEO or Board member attends the *Iowa Principles and Practices* trainings would have higher disclosure rates than organizations in which only other designates staff attend the

training. However, participation in the *Iowa Principles and Practices* training by board members or CEOs showed no advantage. It is possible that Iowa nonprofits are particularly effective in designating the key staff to be trained. Selecting effective training participants may be more important than selection by title. Stakeholders may want to consider whether the current requirement that CEO or Board members must be the organizational representatives to attend the training is necessary.

Finally, having more people within an organization attend the training in *Iowa Principles and Practices* was hypothesized to result in higher disclosure and transparency. This hypothesis was not supported. See Table 23, page 83. Other research suggests that peer support is critical for cooperation and collaboration, and supervisor support is necessary for implementation (Lim & Johnson, 2002; Hawley & Barnard, 2005). By involving co-workers, supervisors, and managers in training, nonprofit culture can be efficiently modified. Facteau et al. (1995) found that training transfer is improved and more consistent when trainees receive support from peers and colleagues. Although the number of training attendees from an organization was not found to be associated with higher disclosure, the study is limited because the size of the organizations was not known. The effect of a single staff member is likely to be greater in a smaller organization than in a large organization unless the representative is a CEO/Board. To truly test this hypothesis, future research should study other characteristics of organizations (e.g., size, number of staff, etc.) to better understand the transfer of training for website disclosure and transparency.

Future Research

One expected limitation of the study was that the GuideStar sample would be limited to larger organizations, ones with assets greater than $25,000. Nonprofit organizations with assets less than $25,000 are not required to file Form 990, which is the basis of GuideStar's data. However, the GuideStar data appears to include the smaller

nonprofits while the Register sample was limited to larger nonprofits. The Total Asset levels of the Non-Register Guidestar Group evidenced lower minimum (i.e., $182.00 compared to $26,895, respectively) and maximum (i.e., $142,552,402 compared to $646,838,104, respectively) reported assets. Previous research (e.g., Behn & Lin, 2007) report that the amount of information a nonprofit provides to GuideStar positively correlates with contribution ratio as well as level of debt, organizational size, and compensation expense ratio. Using the newly developed Disclosure Score, future research may want to examine how website disclosure and transparency is associated with the information that nonprofits provide to GuideStar. For example, the methodology of this study could be used to determine whether GuideStar reported data (such as Total Revenues, Program Expenses, Administrative Expenses, Funding Expenses, Total Expenses, Total Liabilities, etc.) is correlated with website disclosure. This information might help stakeholders to identify types or characteristics of organizations to target for training or information on website disclosure. Although the study was limited to Iowa nonprofits, other states in the region may want to consider Iowa's model, especially ones that have significant rural areas and want to demonstrate self-regulation. The research findings suggest that the training and the Register are effective in promoting self-regulation. Additional research on the types of organizations that have been able to attend the trainings in terms of geographic location, access for rural organizations, and size of organization will enable trainers, such as the INRC, to target outreach more precisely toward those organizations not yet on the Iowa Register of Accountability.

The current study was limited to website disclosure and transparency. Websites as the means to disclosure and transparency were chosen because credible organizations that work to strengthen nonprofits locally as well as nationally (the Larned A. Watermen Iowa Nonprofit Resource Center, GuideStar, and the Panel of Nonprofits) put emphasis on posting information on a website to disclose organizational information (GuideStar, 2008). However, there are other approaches to disclosure, including brochures and social

media (e.g., Face Book). *Iowa Principles and Practices* instructors report that they encourage small organizations to create brochures as disclosure means and to have those brochures available to the public. Additionally, the website reviewers noted that a number of Iowa nonprofits had Facebook pages. Facebook can be a critical tool for nonprofit organizations because it provides a simple platform at no cost to share their message and inform constituents about upcoming events. Facebook also dovetails with other social media tools, including blogs, Twitter, and Flickr (Techsoup, 2010). Given the ease of use with its simple and familiar interface, Facebook could be incorporated into trainings as a valuable tool to promote disclosure and transparency among Iowa's nonprofit organizations.

A major contribution of this study for future research in the field is the development of a means to assess and compare website disclosure and transparency. Although the INRC's *Iowa Principles and Practices*, the Independent Sector's Panel on the Nonprofit Sector, and GuideStar recommend disclosing key facets of their organization, a standardized instrument or methodology did not exist. As part of this study, a disclosure scoring instrument was developed by identifying and weighting criteria recommended by the Iowa Governor's Nonprofit Task Force, the Independent Sector's Panel on the Nonprofit Sector, *Iowa Principles and Practices for Charitable Nonprofit Excellence* and GuideStar. In addition to face validity, the disclosure scoring criteria and instrument were found to be inter-rater reliable. Because the disclosure scoring instrument is based on the *Iowa Principles and Practices* as well as national recommendations, nonprofit researchers have an important instrument to evaluate website disclosure and transparency of any nonprofit, nationally and internationally.

Conclusions and Recommendations

This study validates the effectiveness of the Iowa Register of Accountability and the *Iowa Principles and Practices* training in promoting accountability of nonprofits as measured by website disclosure and transparency. Although the results speak to the effectiveness of the *Iowa Principles and Practices* capacity building trainings, the results also suggest areas for improvement. Notifying website visitors that the organization is a 501(c)(3) and providing the evidence to support that, as well as providing annual reports, were found to be lean in terms of disclosure. Almost 3 of every 4 organizations did not provide this information on their website. Less than 16% of the Register group had Audits or Financial Statements available on their website compared to only 3.5% of the Non-Register Group. Thus, the results of the research suggest specific areas that may need to be targeted for training or information to improve nonprofit accountability.

During these economically challenging times, many nonprofits find it difficult to fund the cost of training and travel for staff to attend trainings. Therefore, distance learning or online trainings may be cost-effective means to reach more nonprofits. In view of the fact that the *Iowa Principles and Practice* trainings are effective in improving the accountability of Iowa's nonprofits, the Larned A. Waterman Iowa Nonprofit Resource Center may want to consider creating distance learning opportunities, such as online training, to make this resource available to a wider range of Iowa nonprofits. Research suggests that online instruction is as effective as traditional instruction methods, and has additional benefits, including: 1) learners have unfettered access; 2) time and location barriers are eliminated; and 3) relevant teaching and training materials are more easily kept up to date (DeNeui and Dodge, 2006; The United States Distance Learning Association, 2010; and Ally 2004).

Although the Iowa Register of Accountability is effective in promoting disclosure and transparency, there are a limited number of organizations on the Register compared to the number of nonprofits across the state. Iowa's nonprofit leaders may want to

consider expanding efforts to reach more nonprofits. One limitation of the Register appears to be the limited number of organizations on the list based on licensure or accreditation. Of the organizations on the Register, nonprofits listed solely based on licensure or accreditation made up less than 1% of the listed organizations. Increased participation on the Register by licensed or accredited nonprofits will strengthen the Register and, consequently, increase awareness of disclosure and transparency best practices. Given the effectiveness of the Iowa Register of Accountability, the nonprofit sector may want to reach out to licensed or accredited organizations to make sure that they are aware of the Register and its role in self-regulation of Iowa nonprofits.

A major contribution of this study was the development of a Disclosure scoring instrument that provides researchers a tool to test Iowa's model of self-regulation by comparing website disclosure and transparency of organizations. Nonprofit researchers have an important instrument to evaluate website disclosure and transparency of any nonprofit, nationally and internationally, resulting in a broader understanding of accountability of nonprofits throughout the nation. Defining what disclosure looks like provides an objective measure of any organization's openness, which, in turn, leads to improved public trust.

Finally, this research serves as a practical guide with regard to the specific content that should be on a nonprofit organization’s website to improve nonprofit accountability. Based on recommendations from the *Iowa Principles and Practices* as well the Panel on Nonprofit Sector and GuideStar, a well-designed website should incorporate specific information in eight key areas. First, general information should be included about the organization's purpose, history, and how to contact the organization. Second, the names, titles, and contact information for key staff members should be listed. Third, the names of all board members, along with their positions held on the board of directors, and affiliations (an indication of association or relationship with a place of employment or organization) should be listed. Additionally, information on how to contact at least one

of the board members should be included. Fourth, the website should list and describe programs or services currently (within the last year) offered by the organization. These descriptions should specify the content, frequency, and duration of each program or service, information on how to access or enroll in programs or services, who to contact about the programs or services, and the costs to enroll or participate in each program or service.

Fifth, the key elements of an organization's strategic plan (mission, visions and values statements) and goals or objectives should be provided. Sixth, organizations should clearly state whether they qualify as a 501(c)(3), have tax exempt status, gifts are tax-deductible, or link to their organizational listing on Charity Navigator or GuideStar Charity Check. This claim should be verified by a copy of or link to the Internal Revenue Service 501(c)(3) exemption letter. Seventh, an organization's website should contain the organizations' most current Annual Report. Finally, recent financial statements or reports, or recent audit information should also be included. The financial statements or reports should include a balance sheet or financial reports that specifically state what percentage of gifts and donations are used directly in the work of the organization. The Audit information should include the date of the audit, the company that performed the audit, and how to access the audit report. By posting information in these eight key areas, a nonprofit organization demonstrates its commitment to accountability and helps to maintain public trust in the organization and the nonprofit sector.

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APPENDIX A: KEY DISCLOSURE INDICATORS AND POINTS

Disclosure/Transparency	**Measure - Website**	**Points**
Organization Information	a. Purpose (1 pt.) b. History/background (1 pt.) c. Contact information (address, phone and/or email) (1 pt.)	3 Points
Key Staff	a. Name (.5 pt.) b. Title (.5 pt.) c. Contact information (address, phone and/or email) (1 pt.)	2 Points
Board of Directors	a. Name (.5 pt.) b. Title (.5 pt.) c. Affiliation (1 pt.)	2 Points
Program/Service Information	Detailed Program Information (.5 pt each.): a. List of programs or services b. Descriptions for each program or service c. Information on how to access or enroll in programs or services (including dates or times) d. Costs to individuals for programs or services	2 Points
Strategic Plan Information	a. Mission (1 pt.) b. Vision (1 pt.) c. Values (1 pt.) d. Goals (1 pt.)	4 Points
Claims Tax Exempt Status	a. Statement stating their organization is tax- exempt (2 pts.) b. Internal Revenue Service 501 (c)(3) exemption letter (2 pts.)	4 Points
Current Annual Report	a. Annual report (2008 or beyond) (4 pts.)	4 Points
Current Financial Statements/Audit	a. Recent financial statements (2008 or beyond (2 pts.) b. Recent audit (2008 or beyond) (2 pts.)	4 Points
Total		**25**

APPENDIX B: DISCLOSURE SCORE REPORTING FORM

Org. Name: Website:			POINTS = X
Disclosure/Transparency	Measure - Website	Website URL Address of Indicator	Points
Organization Information	a. Purpose (1 pt.) b. History/background (1 pt.) c. Contact information (address, phone and/or email) (1 pt.)	a.	/3 Possible
		b.	
		c.	
Key Staff	a. Name (.5 pt.) b. Title (.5 pt.) c. Contact information (address, phone and/or email) (1 pt.)	a.	/2 Possible
		b.	
		c.	
Board of Directors	a. Name (.5 pt.) b. Title (.5 pt.) c. Affiliation (1 pt.)	a.	/2 Possible
		b.	
		c.	
Program/Service Information	Detailed Program Information (.5 pt each.): a. List of programs or services b. Descriptions for each program or service c. Information on how to access or enroll in programs or services (including dates or times) d. Costs to individuals for programs or services	a.	/2 Possible
		b.	
		c.	
		d.	

Strategic Plan Information	a. Mission (1 pt.) b. Vision (1 pt.) c. Values (1 pt.) d. Goals (1 pt.)	a.	/4 Possible
		b.	
		c.	
		d.	
Claims Tax Exempt Status	a. Statement stating their organization is tax- exempt (2 pts.) b. Internal Revenue Service 501 (c)(3) exemption letter (2 pts.)	a.	/4 Possible
		b.	
Current Annual Report	a. Annual report (2008 or beyond) (4 pts.)	a.	/4 Possible
Current Financial Statements/Audit	a. Recent financial statements (2008 or beyond (2 pts.) b. Recent audit (2008 or beyond) (2 pts.)	a.	/4 Possible
		b.	
Total			**/25**

APPENDIX C: LIST OF ORGANIZATIONS IN REGISTER OF ACCOUNTABILITY SAMPLE

Organization Name	NTEE Code	City	State
Agrisafe Network	E02 (Management & Technical Assistance)	Spencer	IA
Albia Area Chamber Of Commerce		Albia	IA
Ankeny Art Center	A60 (Performing Arts)	Ankeny	IA
Area Substance Abuse Council (Asac)	F22 (Alcohol, Drug Abuse (Treatment Only))	Cedar Rapids	IA
Area Xiv Agency On Aging	P81 (Senior Centers/Services)	Creston	IA
Baum Harmon Mercy Hospital & Clinics	E11 (Single Organization Support)	Primghar	IA
Best Buddies Iowa		Des Moines	IA
Big Brothers Big Sisters Of Johnson County		Iowa City	IA
Big Brothers Big Sisters Of Siouxland	O31 (Big Brothers, Big Sisters)	Sioux City	IA
Blank Park Zoo	D11 (Single Organization Support)	Des Moines	IA
Boy Scouts Of America, Hawkeye Area Council	O41 (Boy Scouts)	Cedar Rapids	IA
Camp Hertko Hollow	O50 (Youth Development Programs)	Des Moines	IA
Capstone Behavioral Healthcare	B99 (Education N.E.C.)	Newton	IA
Cedar Rapids Joint Apprenticeship Training Center & Educ. Trust (International Brotherhood of Electrical Workers Local Union 405)		Cedar Rapids	IA
Cedar Valley Barracudas		Waterloo	IA
Center For Siouxland	P51 (Financial Counseling, Money Management)	Sioux City	IA
Cherokee County Work Services Inc	P82 (Developmentally Disabled Services/Centers)	Cherokee	IA
Children And Families Of Iowa	P20 (Human Service Organizations)	Des Moines	IA
Chrysalis Foundation	B25 (Secondary/High School)	Des Moines	IA

Clean Air For Everyone (Cafe)(Clean Air For Everyone Iowa Citizens Action Network)		Solon	IA
Clifton Heights Presbyterian Church Of Easter Lake		Des Moines	IA
Consumer Credit Counseling Service Northeastern Iowa Inc	P51 (Financial Counseling, Money Management)	Waterloo	IA
Des Moines Community Playhouse	A65 (Theater)	Des Moines	IA
Des Moines Metro Opera Inc	A6A (Opera)	Indianola	IA
Des Moines Pastoral Counseling Center Foundation	E11 (Single Organization Support)	West Des Moines	IA
Diocese Of Sioux City		Sioux City	IA
Dubuque Area Labor-Management Council	J40 (Labor Unions/Organizations)	Dubuque	IA
Dubuque County Fine Arts Society	A26 (Arts Council/Agency)	Dubuque	IA
Elderbridge Agency On Aging	P81 (Senior Centers/Services)	Mason City	IA
Elderbridge Agency On Aging (Areas 5 & 14)		Des Moines	IA
Employee & Family Resources (Efr)	F20 (Alcohol, Drug and Substance Abuse, Dependency Prevention and Treatment)	Des Moines	IA
Englert Civic Theatre	A61 (Performing Arts Centers)	Iowa City	IA
Enhance Hamilton County Foundation		Webster City	IA
Family & Children's Council (Fcc) Of Black Hawk County	I72 (Child Abuse, Prevention of)	Waterloo	IA
Fort Madison Area United Way	T70 (Fund Raising Organizations That Cross Categories includes Community Funds/Trusts and Federated Giving Programs) e.g. United Way)	Fort Madison	IA
Four Oaks	P40 (Family Services)	Cedar Rapids	IA

Friends Of Iowa Library For The Blind	A12 (Fund Raising and/or Fund Distribution)	Des Moines	IA
Girl Scouts - Dubuque Area Service Center	O42 (Girl Scouts)	Dubuque	IA
Girl Scouts Of Greater Iowa	O42 (Girl Scouts)	Des Moines	IA
Girls Incorporated (Girls) Of Sioux City	O22 (Girls Clubs)	Sioux City	IA
Goodwill Industries Of Northeast Iowa	P20 (Human Service Organizations)	Waterloo	IA
Grout Museum District	A50 (Museum & Museum Activities)	Waterloo	IA
Hope Ministries	P85 (Homeless Services/Centers)	Des Moines	IA
Humane Society Of Northwest Iowa	D20 (Animal Protection and Welfare (includes Humane Societies and SPCAs))	Milford	IA
Independent Child Advocate Services	P40 (Family Services)	Vinton	IA
Institute For Social & Economic Development (Ised) Ventures	S30 (Economic Development)	Des Moines	IA
Iowa City Hospice	P74 (Hospice)	Iowa City	IA
Iowa Homeless Youth Centers		Des Moines	IA
Iowa Shares	S01 (Alliance/Advocacy Organizations)	Iowa City	IA
Iowa State University Alumni Association (Isuaa)	B84 (Alumni Associations)	Ames	IA
Iowa State University Foundation	B42 (Undergraduate College (4-year))	Ames	IA
Iowa Takraw Foundation	N40 (Sports Training Facilities)	Des Moines	IA
Iowa Volleyball Association	N40 (Sports Training Facilities)	Des Moines	IA
Jewish Federation Of Greater Des Moines	T70 (Fund Raising Organizations That Cross Categories includes Community Funds/Trusts and Federated Giving Programs) e.g. United Way)	Des Moines	IA
John Lewis Community Services (John Lewis Coffee Shop Inc)	L99 (Other Housing, Shelter N.E.C.)	Davenport	IA
Kossuth County Genealogical Society		Algona	IA

Latinos Unidos Of Iowa	B99 (Education N.E.C.)	Des Moines	IA
Legal Center For Special Education	R99 (Civil Rights, Social Action, and Advocacy N.E.C.)	Des Moines	IA
Legion Arts Csps	W30 (Military/Veterans' Organizations)	Cedar Rapids	IA
Linking Families & Communities	P84 (Ethnic/Immigrant Services)	Fort Dodge	IA
Linn-Mar School Foundation	B99 (Education N.E.C.)	Marion	IA
Lutheran Services In Iowa	P20 (Human Service Organizations)	Des Moines	IA
Lynn Community Food Bank	K31 (Food Banks, Food Pantries)	Cedar Rapids	IA
Macedonia Historical Preservation Society	A99 (Other Art, Culture, Humanities Organizations/Services N.E.C.)	MacEdonia	IA
Mason City Convention & Visitors Bureau		Mason City	IA
Matura Action Corp.	S20 (Community, Neighborhood Development, Improvement)	Creston	IA
Mental Health Clinic Of Tama County Iowa Inc	E32 (Ambulatory Health Center, Community Clinic)	Toledo	IA
Mid-Sioux Opportunity	P20 (Human Service Organizations)	Remsen	IA
Midwest Opportunities	P82 (Developmentally Disabled Services/Centers)	Corning	IA
Muslim American Society (Mas) Iowa		Cedar Rapids	IA
Neola Area Community Center (Nacc)	P20 (Human Service Organizations)	Neola	IA
Nishna Productions	P73 (Group Home (Long Term)	Shenandoah	IA
Northeast Iowa Retired Senior Volunteer Program (Rsvp)		Decorah	IA
Octagon Center For Arts	A20 (Arts, Cultural Organizations - Multipurpose)	Ames	IA
Old Creamery Theatre Company	A65 (Theater)	Amana	IA
Ottumwa Community Outreach Ministry	X20 (Christian)	Ottumwa	IA

Palmer Home Care (Palmer Lutheran Health Center Inc)	E22 (Hospital (General))	West Union	IA
Performing Arts & Education Association Of Southwest Iowa (Paea)	A60 (Performing Arts)	Red Oak	IA
Pioneer Hi-Bred Corporate Giving Program		Johnston	IA
Plymouth County Historical Museum	A80 (Historical Societies and Related Activities)	Le Mars	IA
Polk County Housing Trust Fund	L20 (Housing Development, Construction, Management)	Des Moines	IA
Positive Parenting (Decatur County Positive Parenting Inc)	I72 (Child Abuse, Prevention of)	Leon	IA
Prairie Rivers Of Iowa Resource Conservation & Development (Rc&D)	B99 (Education N.E.C.)	Ames	IA
Promise Partners	O01 (Alliance/Advocacy Organizations)	Council Bluffs	IA
Quad City Minority Partnership		Davenport	IA
Red Rock Area Community Action Program	S20 (Community, Neighborhood Development, Improvement)	Indianola	IA
Safeguard Iowa Partnership	M01 (Alliance/Advocacy Organizations)	Des Moines	IA
Salvation Army Waterloo (Iowa Corps)		waterloo	IA
Sioux City Symphony Orchestra Association	A69 (Symphony Orchestras)	Sioux City	IA
Spectrum Resource Program	S21 (Community Coalitions)	Des Moines	IA
Tenco Industries Inc	P80 (Services to Promote the Independence of Specific Populations)	Ottumwa	IA
Underwood Memorial Building Association	N99 (Other Recreation, Sports, or Leisure Activities N.E.C.)	Underwood	IA
United Presbyterian Home	P75 (Senior Continuing Care Communities)	Washington	IA

Visiting Nurse Services	E92 (Home Health Care (includes Visiting Nurse Associations))	Des Moines	IA
Washington County Empowerment		Washington	IA
Washington Neighborhood Association	C50 (Environmental Beautification)	Dubuque	IA
Waverly Community Foundation (Waverly Community Fund)		Waverly	IA
William Penn University	B43 (University or Technological)	Oskaloosa	IA
Women's Development Connection (Foundation For Children And Families Of Iowa)	P11 (Single Organization Support)	Des Moines	IA
Ymca (Young Men's Christian Association Of Council Bluffs, Iowa)		Council Bluffs	IA

APPENDIX D: LIST OF ORGANIZATIONS IN NON-REGISTER SAMPLE

Algona Family Young Mens Christian Association	P27 (YMCA, YWCA, YWHA, YMHA)	Algona	IA
Alta Community Education Foundation	B99 (Education N.E.C.)	Alta	IA
American Institute For The Pres Of Miltry Hist & Edu Resrch Cntr Inc	A52 (Children's Museums)	Waterloo	IA
Ames Chi Omega Alumnae Association		Ames	IA
Anderson Family Scholarship Trust Under Will Of Barbara Olson (DeWitt Bank & Trust Co.)	B82 (Scholarships, Student Financial Aid, Awards)	Dewitt	IA
Arts Connection Inc		Newton	IA
Association Of Iowa Fairs	S41 (Promotion of Business (Chambers of Commerce))	Cresco	IA
Beaverdale Place, Inc. Dba Frank W. Smith Retirement Center	P75 (Senior Continuing Care Communities)	Des Moines	IA
Berenstein Family Foundation	T22 (Private Independent Foundations)	Sioux City	IA
Blanche Carey Martin Charitable Trust Mrs. Paula Petersburg		Clear Lake	IA
Boys And Girls Home Residential Treatment Centers Inc	F30 (Mental Health Treatment)	Sioux City	IA
Carleen And Eugene Grandon Charitable Foundation	T22 (Private Independent Foundations)	Cedar Rapids	IA
Cedar County Work Shop Inc	B28 (Specialized Education Institutions/Schools for Visually or Hearing Impaired, Learning Disabled)	Lisbon	IA
Central Iowa Family Planning Inc	E42 (Family Planning Centers)	Marshalltown	IA
Charity Ball (Pella)	T99 (Other Philanthropy, Voluntarism, and Grantmaking Foundations N.E.C.)	Pella	IA

Cherokee Community Foundation	T31 (Community Foundations)	Cherokee	IA
Child Evangelism Fellowship Inc	I21 (Delinquency Prevention)	Des Moines	IA
Coe College	B42 (Undergraduate College (4-year))	Cedar Rapids	IA
Community Hospital Inc	E22 (Hospital (General))	Hamburg	IA
Crescent Community Care Inc	P33 (Child Day Care)	Crescent	IA
Dallas County Care Facility Inc	E91 (Nursing, Convalescent (Geriatric and Nursing))	Adel	IA
Dare Iowa Inc	F21 (Alcohol, Drug Abuse (Prevention Only))	Denver	IA
Delhi Volunteer Fire Department & First Responders	M24 (Fire Prevention / Protection / Control)	Delhi	IA
Delta Chi Fraternity		Iowa City	IA
Eagle Grove Community School District Foundation	X99 (Religion Related, Spiritual Development N.E.C.)	Eagle Grove	IA
Elim Christian Fellowship Of Des Moines Iowa Incorporated	X20 (Christian)	Des Moines	IA
Fair And Exposition Society Of Jones County Inc	N52 (County / Street / Civic / Multi-Arts Fairs and Festivals)	Monticello	IA
Fairfield Educational Radio Station	A32 (Television)	Fairfield	IA
Faith Hope & Charity Foundation Inc	X21 (Protestant)	Storm Lake	IA
Families United For Our Troops And Their Mission Inc	W30 (Military/Veterans' Organizations)	Cedar Rapids	IA
Fort Dodge Senior High Choir Boosters Inc	P30 (Children's and Youth Services)	Fort Dodge	IA
Freestore	W99 (Public, Society Benefit - Multipurpose and Other N.E.C.)	W Des Moines	IA
Gateways To Home	E91 (Nursing, Convalescent (Geriatric and Nursing))	Dubuque	IA
Horizon Homes Of Davenport Iowa		Davenport	IA

Hospice With Heart Inc	P74 (Hospice)	Council Bluff	IA
Hughes Memorial Tr	T22 (Private Independent Foundations)	Manchester	IA
Ibew Local 347 Death Benefit Plan		W Des Moines	IA
Ilpa Scholarships Forever Inc	B82 (Scholarships, Student Financial Aid, Awards)	Des Moines	IA
Iowa Art Works Inc	A25 (Arts Education/Schools)	Cedar Rapids	IA
Iowa Council Of Teachers Of English	B03 (Professional Societies & Associations)	Le Claire	IA
Iowa For Jesus	X99 (Religion Related, Spiritual Development N.E.C.)	Des Moines	IA
Iowa Historical Foundation	A80 (Historical Societies and Related Activities)	Des Moines	IA
Iowa Independent Auto Dealers Assoc Inc		Panora	IA
Iowa Scholarship Fund Inc	B82 (Scholarships, Student Financial Aid, Awards)	Iowa City	IA
Iowa Tahf	L21 (Public Housing)	Waterloo	IA
Jacobs Place	L22 (Senior Citizens' Housing/Retirement Communities)	Des Moines	IA
James W Hubbell Jr And Helen H Hubbell Foundation		Des Moines	IA
John H. & Ann Ghrist Family Foundation	T20 (Private Grantmaking Foundations)	Wdm	IA
Little League Baseball Inc	N63 (Baseball, Softball (includes Little Leagues))	Sioux City	IA
Madison Elementary School Parent-Teacher Organization	B94 (Parent Teacher Group)	Mason City	IA
Mahaska County Historical Society	A80 (Historical Societies and Related Activities)	Oskaloosa	IA

Marek Trust Fund		Muscatine	IA
Marian Home	E91 (Nursing, Convalescent (Geriatric and Nursing))	Fort Dodge	IA
Marshalltown Community Concertassociation	A68 (Music)	Marshalltown	IA
Marshalltown Rotary Foundation	S80 (Community Service Clubs (Kiwanis, Lions, Jaycees, etc.))	Marshalltown	IA
Marshalltown Ymca-Ywca Heritage Club Trust	P27 (YMCA, YWCA, YWHA, YMHA)	Marshalltown	IA
Max And Helen Guernsey Charitable Foundation	T20 (Private Grantmaking Foundations)	Waterloo	IA
Mayflower Homes Foundation	P11 (Single Organization Support)	Grinnell	IA
Midwest Central Railroad	A54 (History Museums)	Mt Pleasant	IA
Mormon Trail Community Services Corporation	S12 (Fund Raising and/or Fund Distribution)	Humeston	IA
Mulberry School Parent Teacher Organization Inc	B94 (Parent Teacher Group)	Muscatine	IA
Muscatine-Beyond 2000	S99 (Community Improvement, Capacity Building N.E.C.)	Muscatine	IA
National Society Daughters Of The American Colonists	A80 (Historical Societies and Related Activities	Prole	IA
Northeast Iowa Hospital Council		West Union	IA
Northeast Iowa School Of Music	A6E (Performing Arts Schools)	Dubuque	IA
O G Powell Scholarship Fund Of The Gtr Des Moines Of Realtors		Clive	IA
Oak Hill Cemetery Association		Belle Plaine	IA
Obrien County Economic Development	S41 (Promotion of Business (Chambers of Commerce))	Primghar	IA
Osceola County Conservation League	D30 (Wildlife Preservation/Protection)	Sibley	IA

Oskaloosa Public Library Foundation Inc	B11 (Single Organization Support)	Oskaloosa	IA
Paul & Janet Auterman Charitable Educational Tr		Dubuque	IA
Peo Sisterhood 56 Nc State Chapter		Des Moines	IA
Peo Sisterhood International Chapter		Des Moines	IA
Plumbers And Steamfitters Education Fund		Des Moines	IA
Prairie Ecosystems Research Group	D05 (Research Institutes and/or Public Policy Analysis)	Farmersburg	IA
Pta Iowa Congress	B94 (Parent Teacher Group)	Altoona	IA
Pta Iowa Congress (Pta Iowa Congress Eagle Heights Pta)		Clinton	IA
Public Benefit Holding Corporation	T20 (Private Grantmaking Foundations)	Spencer	IA
Quill & Scroll Corporation	B99 (Education N.E.C.)	Iowa City	IA
Rainbows And Friends Christian Preschool Of Bloomfield Iowa	X20 (Christian)	Bloomfield	IA
Robbins Scholarship Trust		Sioux City	IA
Rock Valley Christian School Fndtn	B12 (Fund Raising and/or Fund Distribution)	Rock Valley	IA
Rockwell City Public Library Foundation	B70 (Libraries, Library Science)	Rockwell City	IA
Roland Story Community School District Foundation	B99 (Education N.E.C.)	Story City	IA
Roswell And Elizabeth Garst Foundation		Carroll	IA
Sigma Phi Epsilon Fraternity Inc		Des Moines	IA
Siouxland Trails Foundation	N30 (Physical Fitness/Community Recreational Facilities)	Sioux City	IA
Siouxland Youth Chorus Inc	A6B (Singing Choral)	Sioux City	IA

St Gabriel Communications (KFHC 88.1FM Catholic Radio)	X84 (Religious Radio)	Norwalk	IA
The Kruse Family Foundation	T99 (Other Philanthropy, Voluntarism, and Grantmaking Foundations N.E.C.)	Iowa Falls	IA
Top Of Iowa Welcome Center	S80 (Community Service Clubs (Kiwanis, Lions, Jaycees, etc.))	Northwood	IA
United Christian Campus Ministry At Iowa State University		Ames	IA
United Fund Of Creston	T70 (Fund Raising Organizations That Cross Categories includes Community Funds/Trusts and Federated Giving Programs) e.g. United Way)	Creston	IA
United States Bowling Congress Inc	N70 (Amateur Sports Competitions)	Altoona	IA
Vidmar Foundation For Crippled Children		Winterset	IA
Waukee Happy Time Preschool	B21 (Kindergarten, Nursery Schools, Preschool, Early Admissions)	Waukee	IA
Weathertop Foundation F/K/A Thomas Nelson	T20 (Private Grantmaking Foundations)	Des Moines	IA
Western Iowa Housing Corporation	L22 (Senior Citizens' Housing/Retirement Communities)	Missouri Vly	IA
Willowbrook Bible Camp	N20 (Recreational and Sporting Camps (Day, Overnight, etc.))	Des Moines	IA
Winnebago Industries Foundation		Forest City	IA

APPENDIX E: NUMBER OF ORGANIZATIONS LOCATED IN RURAL OR URBAN IOWA COUNTIES-IOWA REGISTER OF ACCOUNTABILITY AND NON-REGISTER SAMPLES

Iowa County Name	Iowa Register Sample: Number of Orgs	Iowa Non-Register Sample: Number of Orgs	Rural-Urban Continuum Codes (RUCC) [1]	Description for 2003 codes
Adair County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Adams County	1		9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Allamakee County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Appanoose County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Audubon County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Benton County	1	1	3	County in metro area of fewer than 250,000 population
Black Hawk County	6	3	3	County in metro area of fewer than 250,000 population
Boone County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Bremer County	1	1	3	County in metro area of fewer than 250,000 population
Buchanan County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Buena Vista County		2	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Butler County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Calhoun County		1	9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area

[1] The U.S. Department of Agriculture Rural-Urban Continuum Codes (RUCC) classification distinguishes metropolitan counties by size and nonmetropolitan counties by degree of urbanization and proximity to metro areas. Retrieved from http://www.ers.usda.gov/Briefing/Rurality/RuralUrbCon/

Carroll County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Cass County	1		6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Cedar County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Cerro Gordo County	2	2	5	Nonmetro county with urban population of 20,000 or more, not adjacent to a metro area
Cherokee County	1	1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Chickasaw County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Clarke County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Clay County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Clayton County	1	1	8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Clinton County		3	4	Nonmetro county with urban population of 20,000 or more, adjacent to a metro area
Crawford County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Dallas County		2	2	County in metro area of 250,000 to 1 million population
Davis County		1	9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Decatur County	1		9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Delaware County		2	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Des Moines County			5	Nonmetro county with urban population of 20,000 or more, not adjacent to a metro area
Dickinson County	1		7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Dubuque County	4	3	3	County in metro area of fewer than 250,000 population
Emmet County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Fayette County	1	1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Floyd County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Franklin County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Fremont County		1	8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Greene County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Grundy County			3	County in metro area of fewer than 250,000 population
Guthrie County		1	2	County in metro area of 250,000 to 1 million population
Hamilton County	1		6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area

Hancock County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Hardin County		1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Harrison County		1	2	County in metro area of 250,000 to 1 million population
Henry County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Howard County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Humboldt County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Ida County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Iowa County	1		8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Jackson County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Jasper County	1	1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Jefferson County	1	3	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Johnson County	5	3	3	County in metro area of fewer than 250,000 population
Jones County		1	3	County in metro area of fewer than 250,000 population
Keokuk County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Kossuth County	1	1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Lee County			5	Nonmetro county with urban population of 20,000 or more, not adjacent to a metro area
Linn County	8	5	3	County in metro area of fewer than 250,000 population
Louisa County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Lucas County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Lyon County			8	Nonmetro county completely rural or less than 2,500 urban population, adj. to metro area
Madison County		1	2	County in metro area of 250,000 to 1 million population
Mahaska County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Marion County		1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Marshall County		4	4	Nonmetro county with urban population of 20,000 or more, adjacent to a metro area
Mills County			2	County in metro area of 250,000 to 1 million population
Mitchell County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Monona County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area

Monroe County	1		7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Montgomery County	1		6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Muscatine County		3	4	Nonmetro county with urban population of 20,000 or more, adjacent to a metro area
O'Brien County	1	1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Osceola County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Page County	1		7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Palo Alto County			7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Plymouth County	2		6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Pocahontas County			9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Polk County	29	19	2	County in metro area of 250,000 to 1 million population
Pottawattamie County	5	2	2	County in metro area of 250,000 to 1 million population
Poweshiek County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Ringgold County			9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Sac County			9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Scott County	2	2	2	County in metro area of 250,000 to 1 million population
Shelby County			6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Sioux County		1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Story County	4	3	3	County in metro area of fewer than 250,000 population
Tama County	1		6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Taylor County			9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Union County	2	1	6	Nonmetro county with urban population of 2,500-19,999, adjacent to a metro area
Van Buren County			9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Wapello County	2		5	Nonmetro county with urban population of 20,000 or more, not adjacent to a metro area
Warren County	1	2	2	County in metro area of 250,000 to 1 million population
Washington County	2		3	County in metro area of fewer than 250,000 population
Wayne County		1	9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Webster County	1	2	5	Nonmetro county with urban population of 20,000 or more, not adjacent to a metro area

Winnebago County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Winneshiek County	1		7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Woodbury County	5	6	3	County in metro area of fewer than 250,000 population
Worth County		1	9	Nonmetro county completely rural or less than 2,500 urban population, not adj. to metro area
Wright County		1	7	Nonmetro county with urban population of 2,500-19,999, not adjacent to a metro area
Total Number of Organizations	100	100		

Data Source: County Rural-Urban Continuum Codes http://www.ers.usda.gov/Data/RuralUrbanContinuumCodes/
U.S. Department of Agriculture Economic Research Service