



California's nonprofits &
the communities we serve

MAIN OFFICE
400 Montgomery Street, Suite 500
San Francisco, CA 94104
(800) 776 4226

SACRAMENTO
1029 H Street, Suite 104
Sacramento, CA 95814

LOS ANGELES
1000 North Alameda, Suite 240
Los Angeles, CA 90012
(213) 500 2274

**CALNONPROFITS INSURANCE
SERVICES (CIS)**
1500 41st Avenue, Suite 280
Capitola, CA 95010
(888) 427 5222

March 23, 2016

The Honorable Jim Frazier
State Capitol
Sacramento, CA 95814

RE: Opposition to Assembly Bill 2855

Dear Assemblymember Frazier:

California Association of Nonprofits (CalNonprofits), a statewide policy alliance of more than 10,000 organizations representing and promoting California's growing nonprofit sector, works to bring the full power of nonprofits to strengthening communities by speaking with the voice of California nonprofits to the legislature, government agencies, philanthropy and the public. We are pleased to count Network of Care as one of our members. I am writing to express our opposition to AB 2855 which would require disclosure of administrative and overhead expenses and a copy of the most recent Internal Revenue Service Form 990 filing on a nonprofit's webpage, and make violations of these requirements a crime.

These provisions are duplicative and burdensome, both for nonprofits and the state. For example, the IRS Form 990 is already a public and readily available document, and the Attorney General's office maintains a public Registry of Charities that provides information about whether a nonprofit is complying with state rules. Overhead expenses are not necessarily a negative. For example, overhead includes necessary costs that charities incur including utilities, insurance, legal compliance and health care benefits. And while a high overhead percentage could theoretically be cause for concern, it is also that case that organizations like PTAs and food pantries often have high overhead percentages merely by virtue of their high reliance on volunteers.

While we share your concern about transparency for donors, we feel the existing requirements work well for donors seeking such information. Many, many small nonprofits don't even have web sites and many others who do already provide access to the information that AB 2855 seeks to compel. While it is not clear what problems AB 2855 would solve, it does strike us that it would create problems for the vast majority of charities which are well-run and conscientious.

CalNonprofits' seminal report, *Causes Count: The Economic Power of California's Nonprofit Sector*, a copy of which is enclosed, notes that respondents to our *Individual Perspectives Survey* found that Californians hold nonprofits in high esteem compared to other sectors, and are confident that nonprofits are working on the public's behalf. It is in everyone's interest to protect this public trust, and we would welcome a meeting with you to explore the most beneficial way to do this.

Sincerely,

Jan Masaoka

CEO, California Association of Nonprofits

cc: Jennifer Fearing, Sacramento Advocate, California Association of Nonprofits

Enclosure