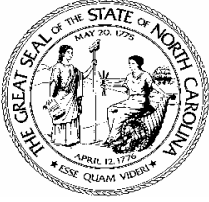


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Auditor Leslie Merritt notifies more than half of nonprofit groups required to file reports on State grants that they are out of compliance

RALEIGH _ Over 1,000 nonprofit organizations, more than half of those required to file reports in connection with State grants, have been notified by State Auditor Leslie Merritt that their paperwork is overdue at the Office of the State Auditor.

Letters were mailed Monday to 57 groups which received over \$300,000 in State grants, but have failed to file a required audit report by March 31. Letters to 142 groups receiving more than \$300,000 cited their failure to file an activities and accomplishments report, which lists what the organization has done in the fiscal year.

Groups that receive between \$15,000 and \$300,000 in State funds are required to file an activities and accomplishments report along with a sworn statement of receipts and expenditures for the year. Letters to 928 groups asked them to promptly file an activities and accomplishment report, while 851 organizations were notified they have not filed a sworn statement of receipts and expenditures.

Allowing for duplications, just over 1,000 private organizations that received State funds were notified they had failed to meet State reporting requirements. That amounts to about 55 percent of the 1,816 organizations required to submit reports for the fiscal year that ended June 30, 2004. Copies of the letters also were sent to the State agencies which disbursed the grants. Another 1,184 groups received less than \$15,000 in State funds and were not required to file any reports under existing regulations.

The General Assembly tightened reporting requirements for private organizations receiving State funds in 2003. Those rules required groups receiving more than \$300,000 a year to file an audit report by a private CPA firm and the activities report with both the State agency that issued the grant and the Office of the State Auditor. Groups receiving \$15,000 to \$300,000 must file a sworn statement and activities report with the granting State agency and the Office of the State Auditor.

In some cases, the private groups may have filed the required reports with the State agency that issued the grants, but not with the State Auditor.



“Legislators and taxpayers want the oversight and accountability of these grants improved,” Merritt said Monday. “We are trying to do our part in that effort through increased monitoring of these grants, a database available to the public that tracks these grants and recipients, and a greater effort to educate private groups of their reporting requirements.

“I am convinced that most of the nonprofit groups that receive State aid are doing good work for their communities and fail to file their reports properly through a lack of knowledge,” Merritt said. “That’s why we have asked the Legislature for four additional people to form an assistance team that can help both the nonprofit groups and the State agencies that issue grants better understand what is required of them.”

As a result of legislation adopted by the General Assembly in 2004, the Office of the State Auditor, the Office of Management and Budget and the Attorney General’s Office have developed even tougher reporting rules that would cover every organization which receives State funds, regardless of the amount. Those rules, if adopted, would take effect July 1.

“When these new rules take effect, it will provide even better scrutiny of what these organizations are doing with State tax funds,” Merritt said. “But they also will require more assistance for private organizations that receive funds so we can be sure that they are complying with their obligations to taxpayers.”

The database showing which organizations are receiving State funds, and how much they are getting, is available at the web site of the Office of the State Auditor, www.ncauditor.net, under Nonprofits.

