

## DO-GOODERS DOING MISCHIEF

Call it too much of a good thing. The rapid growth of U.S. non-profits—revenues in the sector went from \$678 billion in 1994 to \$1.4 trillion in 2004—has brought with it a decline in ethical standards. That’s the finding of the Ethics Resource Center’s latest national survey of workers. Indeed, observations of fraud, including doctored financial records and lying to stakeholders, are now about as prevalent in nonprofits (with 55% of respondents saying they’ve seen examples) as they are in the for-profit (56%) and public (57%) sectors. “More nonprofits are larger in size, and with that you would expect to see organizations establishing ethics and compliance systems,” says Patricia Harned, the center’s president. “But we’re not seeing that.”

The price of laxity? A study of 58 charity fraud cases from the Certified Fraud Examiners Assn.’s 2004 database found the median loss to be \$100,000. The center’s study estimates that charities may lose as much as \$40 billion to fraud.

—Christopher Farrell

