

February 12, 2013

Chairman Kinzer and Members of the House Judiciary Committee:

As the Executive Director of Positive Connections, a not-for-profit organization, I appreciate this opportunity to submit testimony in opposition to House Bill No. 2188, which would alter the non-profit reporting requirements of the Open Records Act. As an organization, Positive Connections has concerns with HB 2188 due to the increased administrative burden it would place on staff in publishing information that is already reported and made publicly available according to the law's existing provisions.

The changes proposed by HB 2188 essentially take funders' money away from programs and services and create unnecessary and redundant administrative tasks for non-profit staff. The current law already requires a suitable level of public transparency, and demands minimal effort from anyone interested in reviewing a non-profit's financial documentation. Specifically, Positive Connections opposes HB 2188 for the following reasons:

1) Increased Administrative Burden on Staff

House Bill 2188 imposes new, extensive reporting requirements for non-profits receiving public funds, including maintenance of searchable online records of every receipt and itemized expenditure. While these records are already maintained, reviewed and approved by appropriate parties (and publicly available upon request, per the current law,) the regular upkeep of online documentation would add an unnecessary administrative burden for our very small staff.

One of the goals of non-profit management is to keep time and money spent on administrative tasks as low as possible, so that the majority of resources may be put toward our mission and clients. In fact, a great deal of the financial reporting we already engage in is done to demonstrate to our funders, public and private, that we operate with this fundamental goal in mind. Funders of non-profits want to support programming and services that result in positive change for communities. The additional administrative requirements imposed by HB 2188 would defeat the very purpose of supporting our mission by taking valuable staff time away from services and programs and requiring that more resources be channeled to administrative functions. Small nonprofits like Positive Connections, which has only five full-time staff members, do not have the staff time or administrative budget to comply with these regulations and continue to provide the same quality of services to the individuals who utilize our organization.

2) Sufficiency of Existing Provisions

As the current law acknowledges, most public funding is granted with the requirement that non-profits receiving the funds provide detailed reports of expenditures (or itemized invoices) to the United States or state agency that granted the funds. Currently, completing and submitting these reports fulfills K.S.A. 2012 Supp. 45-240's reporting requirements. Although these reports would still have to be completed, under HB 2188 the law would no longer regard them as sufficient and would require additional, in many cases *redundant*, work for non-profit organization employees.

Current law already requires that these reports be made open to the public. An interested party only has to ask to have access to a non-profit's financial documentation.

3) Current Transparency Measures

Like most non-profits, Positive Connections already takes a multitude of measures to guarantee financial responsibility to our funders. We contract with an accountant, who keeps detailed records of every receipt and expenditure through QuickBooks for Non-Profits. Per our board policies, each of our checks requires two signatures — usually the Executive Director and a member of the Executive Committee of the Board of Directors. Finances are reviewed and approved monthly by a financial audit committee made of the Executive Director, the Treasurer of the Board of Directors, members of the Board, and the contracted accountant, and then brought before the full Board of Directors for approval. Like the reports and invoices provided to our funders, these statements are open to the interested public. In compliance with the federal Sarbanes-Oxley Act of 2002, we undergo an annual independent audit, which is also made available to the public and provided to all of our funders. This level of transparency and system of checks and balances seems sufficient to protect the interests of the taxpayers and public funds.

On behalf of Positive Connections' staff, Board of Directors, and the clients we serve, I urge you to consider these points and reject the changes to the Open Records Act proposed in HB 2188. Thank you for your consideration and action.

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