2019

Financial Accountability in U.S. Nonprofit Organizations

Evangeline Asafor Ngwashi
Walden University

Walden University

College of Social and Behavioral Sciences

This is to certify that the doctoral dissertation by

Evangeline Ngwashi

has been found to be complete and satisfactory in all respects,
and that any and all revisions required by
the review committee have been made.

Review Committee
Dr. Mark Gordon, Committee Chairperson,
Criminal Justice Faculty

Dr. Gary Kelsey, Committee Member,
Criminal Justice Faculty

Dr. Daniel Jones, University Reviewer,
Criminal Justice Faculty

The Office of the Provost

Walden University
2019

Abstract

Financial Accountability in U.S. Nonprofit Organizations

by

Evangeline Ngwashi

MS, Walden University, 2015

BS, Remington College, 2010

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

August 2019

Abstract

Financial accountability is a pressing issue in United States NPOs because there is a demand, by donors and the public they serve, to implement clear accountability practices. The purpose of this study was to explore and document the financial oversight and accountability policies and procedures that successful NPOs employ to maintain clear financial accountability practices. The theoretical framework underlining this qualitative phenomenological study was a combination of social construction theory and institutional rational choice theory. The research question was focused on understanding essential financial oversight and accountability policies and procedures that should be designed for NPOs to create and maintain financial accountability. Interview data were collected from 6 participants from 4 successful emerging organizations, less than 5 years in business, and 8 participants from organizations that have a longer history, more than 5 years in business. Data were coded using the basic NVivo software package and analyzed thematically. Findings regarding the tools needed to create and maintain vital accountability policies and procedures in NPOs were as follows; need for accountability, importance of appropriate disclosure, impact of dashboard tool, expense projection, financial manager, financial misappropriation reporting, oversight policies, revenue forecasts, board members and supportive culture. The potential impact of this qualitative study for social change is that the policies, practices, and procedures of successful NPOs were identified and documented for those old, new and emerging NPOs not using them. The critical finding of this study shows the need for continued research to bring positive social change through nonprofit financial accountability policy improvement.

Financial Accountability in U.S. Nonprofit Organizations

by

Evangeline Ngwashi

MS, Walden University, 2015

BS, Remington College, 2010

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Public Policy and Administration

Walden University

August 2019

Dedication

I dedicate this work to my late father, Papa Joseph Nkwenti Asafor, who held a voluntary position as president of a NPO for 10 years. Papa Joseph Nkwenti Asafor will always be remembered by many who were blessed to cross paths with him as a man of integrity and wisdom. His wisdom he shared so generously, his dedication and guidance gave so many people the wings to fly. He believed and inspired many others to acknowledge that true greatness does not only lie in what one has accomplished for oneself, but mostly in what one has inspired others to accomplish for themselves. Papa believed and encouraged others to seek first the kingdom of God and his righteousness, so that all other things can be accomplished accordingly.

May my luminary Papa’s soul continue to rest in peace. “Hakuna Matata”

Acknowledgements

Thanks to my Creator, Jehovah God, who knew me before forming me in my mother's womb, who made me fearfully and wonderfully, who has been with me every step of the way protecting and empowering me. To Him I give all the Glory! It is a great honor to acknowledge my deepest thanks and gratitude to Dr. Mark Gordon, my Chairperson and Methodology Expert, whose unflagging nature I greatly appreciate and admire. He helped shape my research topic and under his kind and keen supervision I found my niche in nonprofit accountability. My deepest thanks and sincere gratitude to Dr. Gary Kelsey, my second Committee Member and Content Expert, whose belief in my dissertation topic and encouragement, resourceful, and magnanimous advice at our first meeting gave me the strength to move on.

I would like to thank Dr. Alfred Mbah, for the gift of his time and patience in helping me understand and apply the tricky and mysterious SPSS statistics software for data analysis. A heartfelt appreciation to the father of my children, Tanyi Frederick Ngwashi, and my children, Angie, Tiffany, Bryan, and Ryan, who have been understanding and supportive members of my cheerleading squad for the last 10 years of my struggles as a wife, parent, and student. I am highly indebted and thoroughly grateful to my family, friends, and all others who in one way or another supported me throughout this dissertation journey. Special acknowledgment goes to my luminary sister and friend, Dr. Mimmie Watts, whose achievements as a living legend inspired me to dream bigger and pursue my Ph.D.

Table of Contents

List of Tables

List of Figures

Chapter 1: Introduction to the Study

Introduction

Nonprofit organization (NPO) misappropriation scandals have sometimes marred the relationship between NPOs, donors, and the public within American communities over the past two decades (Lecy & Searing, 2015). The implications for these accountability malpractices by certain NPOs can range from a decrease in public confidence in NPOs to an adverse effect on tax revenues for the federal government (Lecy & Searing). Despite the creation of the Internal Revenue Service (IRS) Form 990 (Return of Organization Exempt from Income Tax) and its subsequent amendments, a problem still exists with misreporting by numerous NPOs (Brody & Owens, 2016). The purpose of this qualitative study was to understand the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices.

Previous organizational behavioral studies have suggested that IRS Form 990 does not compel NPOs to fully disclose financial activities, leaving open the possibility of fraud (Morales & Caraballo, 2014). Hilton (2016) suggested the need for additional changes to determine how leadership in the area of financial accountability policies within NPOs impacts clear accountability practices within U.S. NPOs. Addressing this accountability issue plaguing many NPOs could lead to increased public confidence in the veracity of legitimate NPOs.

With this study, I sought to uncover the impact of recent scandals on existing, new, and emerging nonprofit organizational leadership changes or challenges, the impact of accountability policies on accountability practices of successful NPOs, the impact of organizational culture on the accountability practices of successful NPOs, and the impact of the IRS Form 990 on the accountability policies and procedures of successful NPOs in the United States.

This study was conducted to gain knowledge on any other aspects that make certain nonprofits more accountable and successful than others especially in the financial leadership and accountability area. A clear alignment was established between the background, problem statement, purpose of the study, research question and a description of the critical conceptual frameworks that grounded this study. Chapter 1 continues with a discussion of the nature of study, definitions, assumptions, scope and delimitations, limitations, significance, and a summary concluding the chapter.

Background

Concerning the accountability and fraud incidences plaquing some nonprofit organisations in the United States, Lecy and Searing (2015) addressed their impact on the relationship between nonprofits, donors, and the public within the American communities. These authors argued that NPOs involved in proven fraud incidences are likely to see a decrease in donor contributions and a vote of no confidence from the public. Hilton (2016) found that directors of NPOs were at the forefront of most of the 2015 accountability and fraud scandals and attributed NPO accountability crises in part to a lack of transparency and proper governance procedures. Hilton implied that with clearer accountability policies and procedures in place with adequate governance procedures, NPOs can better manage financial accountability issues that arise from the day-to-day running of the organization.

Archambeault, Webber, and Greenlee (2015) challenged that organizational culture within most NPOs discourage the reporting of fraud. This type of organizational culture has the disadvantage of giving a blind eye to serious matters like holding organization fraudsters accountable and eventually defeating the purpose of the organization (Archambeault et al., 2015). Brody and Owens (2016) argued that the introduction of the IRS Form 990 and its subsequent amendments was a significant step towards accountability practices but has failed to curb accountability crises within U.S. NPOs adequately due to serious flaws both in the drafting and the recommended use of this IRS Form 990. Harris, Petrovits, and Yetman (2014) identified a lack of mandatory disclosure and mandatory adoption of governance policies for nonprofit agencies in the United States as severe weaknesses of the IRS Form 990. Morales and Caraballo (2014) suggested that IRS Form 990 lacks the merits of preventing the possibility of fraud in relating to the reporting criteria for NPOs in fundraising and administrative expenses. Archambeault et al., (2015) argued that though the IRS Form 990 requires NPOs to report fraud, many of these organizations do not report identified organizational fraud with impunity since organizational culture makes it difficult to identify and punish the fraudsters.

Young, Chou, Alexander, Lee, and Raver (2013) examined the much-debated U.S. policy issue of tax exemption for nonprofit hospitals and their accountability practices and analyzed whether NPOs like hospitals provided community benefits enough to justify their tax-exempt status. Young et al. gathered evidence to the effect that, even though the IRS has excluded unmanageable debt and Medicare shortfalls from its set of community-benefit measures, it currently obliges the hospitals to report these expenses on IRS Schedule H of Form 990. This reporting controversy by the IRS has failed to properly address or shed more light on the already complicated accountability issues plaquing nonprofit hospitals (Young et al., 2013). This reporting controversies of the IRS Form 990 are not only limited to nonprofit hospitals, they also extend to the reporting of fundraising events and fundraising expenditures by other U.S. NPOs, leading to accountability issues (Young et al., 2013).

Those individuals, groups, or organizations that donate significant amounts of money or goods to NPOs are interested in knowing whether the organizations they support have good accountability practices. Harris et al. (2014) examined corporate governance, disclosure, donations, accountability, and IRS Form 990 from a sample of 10,846 NPOs in the United States from 2008–2010. These authors discovered that donors do reward NPOs employing good governance and sound accountability practices; consequently, some NPOs receive more donations when they practice rigorous financial accountability standards (Harris et al., 2014).

On the contrary, donors that donate little amounts of money or goods may not even care to know if the organizations they donate to are legal or if they are accountable to anyone. Saxton and Wang (2014) found that online Facebook, Twitter, and Crowdie donors naturally donate insignificant amounts of money to U.S. NPOs and do not care about efficiency ratios or accountability. This social network effect on giving affects the accountability practices of NPOs indirectly since donors give such an insignificant amount and do not care how it is being managed, giving NPOs an opportunity to commit fraud (Saxton & Wang, 2014).

IRS Form 990 requires NPOs to report their financial and other activities in detail so that they may attain or retain tax-exempt status (Harris et al., 2014). In 2012, an estimated 35% of all nonprofits were required to file Form 990 or one of its shorter variations (McKeever & Pettijohn, 2014). An essential element of Form 990 is that it requires tax-exempt organizations to detail the community benefits that their organizations provide (Young et al., 2013). The concept is that to achieve tax-exempt status, the organization must provide a tangible social good that must be described in detail on the form (Harris et al., 2014; Young et al., 2013). The IRS revised Form 990 in 2007 and 2008 requiring a more thorough accounting of community benefits (Young et al., 2013), which may have had a favorable effect on public perceptions of some NPOs (Harris et al., 2014). Many NPOs post disclosure information on their websites, including copies of their IRS Form 990s, to assure the public that their activities and finances are legitimate, reassuring potential donors (Saxton, Neely, & Guo, 2014).

Despite the birth of the IRS Form 990 and its subsequent amendments, a problem still exists with misreporting by numerous NPOs (Brody & Owens, 2016). Some NPOs, either deliberately or inadvertently, often misreport their activities on Form 990 (Morales & Caraballo, 2014). The accountability issues of some noted NPOs included not reporting activities that generate profits for the organizations, misrepresenting socially beneficial activities (to obtain tax-exempt status), or merely misreporting financial numbers such as profit and loss (Archambeault et al., 2015). The misreporting of Form

990 information reduces public trust in NPOs and could endanger the tax-exempt status of such organizations, even those that follow the rules scrupulously (Archambeault et al., 2015).

NPOs are usually subject to the same financial reporting obligations as for-profit organizations, but they often lag in their reporting (Reheul, Van Caneghem, & Verbruggen, 2014). NPOs fail to fulfill this financial reporting obligation either because they lack resources or do not prioritize financial reporting (Reheul et al., 2014). There is not an integrated model for NPOs financial reporting (Andreaus & Costa, 2014). Therefore, NPOs may not conform to the same standards that are expected of for-profit organizations (Andreaus & Costa, 2014; Reheul et al., 2014).

The degree to which formal accountability policies and procedures are in place and enforced may depend on the size of the organization. Larger NPOs tend to have policies in place and dedicated departments to meet financial reporting obligations (Maguire, 2013). Though NPOs are accountable to a board of directors and donors in theory, they are in practice not usually held accountable to shareholders, and therefore, have less impetus for prompt financial disclosures (Wagner, 2018). Nonetheless, if NPOs emulate for-profits in their financial reporting procedures, their accountability malpractices and reporting challenges may be mitigated (Viader & Espina, 2014).

Problem Statement

Over the last two decades, NPO misappropriation scandals have sometimes marred the relationship between nonprofits, donors, and the public within the American communities (Lecy & Searing, 2015). Despite the introduction of the IRS Form 990 through the Revenue Act of 1950 and its ensuing adjustments, the accountability practices of NPOs still lack adequate legal standards (Brody & Owens, 2016). Hilton (2016) concluded that though the IRS revised the Form 990 again in 2008 to boost reporting requirements, these current reporting requirements only help to educate NPOs to conduct their business in ways consistent with their public responsibilities. Hilton argued that the amended IRS Form 990 still leave both practical and actual flaws in public perception regarding the oversight role in nonprofit organizational leadership.

Previous organizational behavioral studies have suggested that IRS Form 990 does not compel NPOs to fully disclose financial activities, leaving open the possibility of fraud (Morales & Caraballo, 2014). Though the form requires detailed disclosures of organizational activity, including financial matters, some NPOs misreport their financial activities with impunity (Archambeault et al., 2015). Young et al. (2013) examined the much-debated policy issue in the United States concerning tax exemption for nonprofit hospitals and their accountability practices. This policy issue as argued Young et al., 2013 by Young et al., still left much to be desired especially since the 2007 revised Schedule H of Form 990 geared at advancing uniform and comprehensive reporting of community benefits failed to adequately address this policy issue. With this research study, I addressed the NPO financial accountability gap in research and added to the body of knowledge on the nonprofit sector in the United States.

The problem studied, therefore, was that some NPOs do not use adequate or appropriate oversight or accountability policies and practices. Identifying the appropriate oversight and accountability policies and practices of successful NPOs provided an opportunity to document those policies, practices, and procedures for those organizations not using them. The results of this study can be used by new and emerging NPOs to create and maintain financial accountability based on the proven strategies of successful NPOs that have a longer history. Addressing this issue can lead to information and resources to help all NPOs become more financially accountable. Ultimately, this may lead to increased public confidence in legitimate NPOs.

Purpose of the Study

The purpose of this qualitative study was to explore and document the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. Hilton (2016) suggested that additional research is needed to determine how leadership within U.S. NPOs impacts clear financial practices within these organizations. Using a phenomenological design, I conducted in-depth interviews with one chief financial officer and five other leaders; a chief executive officer, two pastors,, a treasurer, and a president) in charge of organization finances in four successful new or emerging NPOs, less than 5 years in business and two chief financial officers and six other leaders; a regional executive director, a public relations manager, a finance manager, an executive vice president of human resources, a public relations director, and a pastor) knowledgeable in organization finances in four successful NPOs, more than 5 years in business.

In this study, my focus was on NPOs in a metropolitan area in Florida. The plan was to gain an in-depth understanding of the participants' perspectives on financial practices that I could base on their actual lived experiences. This collected information was analyzed and triangulated and used to recommend alternative ways of holding NPO leadership to a higher financial accountability standard and restore clear NPO accountability practices that can be accurately reflected by the IRS and to the public. The results of this study have potential implications for positive social change that could lead to the implementation of financial accountability measures that result in increased public confidence in NPOs.

Research Question

The qualitative research question posed in this study was: What do successful NPO leaders believe are essential financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability?

Theoretical Framework

The framework that underpinned this qualitative phenomenological study was a combination of social construction theory and institutional rational choice theory.
The social construction theory explains how individuals and groups participate in the construction of their perceived social reality (Sabatier & Weible, 2014). For this study, the perspective that it afforded was the ability to understand organizational behavior from its development and institutionalization from the perspective of the research participants (Sabatier & Weible, 2014).

Schultz, Castello, and Morsing (2013) used the social construction framework to form a communications-based view on the creation of corporate social accountability in network societies. These authors challenged the conventional interpretations of corporate social responsibility (CSR). As argued by Waters and Ott (2014), researchers have progressively been investigating the effect of CSR as a business strategy in for-profit institutions, and results have frequently indicated benefits to the organizations such as increased reputation and sales among others. However, these authors lamented the fact that not much research has been carried out on the impact of CSR on NPOs, especially in the United States. Using in-depth interviews, I was able to determine through research participants' perceptions that CSR could be used as an organizational tool to accomplish organizational goals such as enhanced reputation and financial performance.

The institutional rational choice theory posits that institutional rules can alter the behavior of rational individuals motivated by self-interest such as organizational officers acting in what they perceive to be the best interests of the organizations (Ostrom, 2007). Apesteguia (2015) used institutional rational choice theory for welfare analysis to examine why and how individual behavior often digresses from the traditional norm of preference maximization. This line of inquiry can be used to explain why those who run NPOs might take actions that are motivated by self-interest and not by the mission or goals of the organization.

This combination of theories afforded me a valid perspective of the study problem. Social construction theory suggests that financial accountability practices might be deep-rooted in an organization's culture. Institutional rational choice theory suggests that institutions, and those who run them, will take the actions they deem best for their self-interest. This combined perspective suggests why some NPOs might engage in fraudulent financial practices. As concluded by Cairney (2013), the combination of two or more theoretical frameworks in public policy research studies has a potential to generate innovative ideas and new research programs towards better public policy and administration laws and regulations. A more detailed explanation of how the social construction theory and institutional rational choice theory related to this study and research question will be presented in Chapter 2.

Nature of the Study

In this study, I employed a general qualitative approach with a phenomenological design. A qualitative phenomenological approach is an appropriate method when the researcher wishes to gain an in-depth understanding of an occurrence or phenomenon (Moustakas, 1994; Taylor, Bogdan, & DeVault, 2015). Data were gathered via in-depth and semi structured interviews using open-ended questions. Unlike other qualitative data collection techniques, in-depth and semi structured interviews explore the experiences of research participants and the importance the participants attach to those experiences (Moustakas, 1994).

In this study, the phenomenon I examined was financial accountability practices in NPOs, mainly as related to policies and procedures. This approach aligned with the problem statement in that the problem referred to attitudes and behaviors of those responsible for NPOs' financial accountability practices. Phenomenology examines the lived experiences of those who have undergone and been affected by a phenomenon (Khan, 2014).

The most valuable type of data for this study was the perceptions and views of persons within NPOs who are responsible for financial accountability policies and procedures. I recruited participants for this study by contacting the leaders of several successful NPOs who met the criteria of having excellent financial oversight and explained to them the purpose of the study and requested their participation in interviews.

Eligible participants were chief executive officers, executive directors, chief operating officers, chief financial officers or others in charge of organization finances. The sample was one chief financial officer, and five other leaders; a chief executive officer, two pastors, a treasurer, and a president in charge of organization finances in four successful new or emerging NPOs, less than 5 years in business as well as two chief financial officers and six other leaders; a regional executive director, a public relations manager, a finance manager, an executive vice president of human resources, a public relations director, and a pastor knowledgeable in organization finances in four successful NPOs, more than 5 years in business. Sources of data were:

1. Interviews with the participants
2. Organizational policy documents regarding financial accountability practices; and
3. Organizational financial statements such as balance sheets and profit and losses

I only accessed Sources of Data 1–3 with permission. Data from Sources 2 and 3 were used to supplement the interview data. All data were collected, organized, and analyzed with the goal of answering the research question. The strategy used in data analysis was thematic coding using the basic NVivo package (see Vaughn & Turner, 2016). Since the thematic coding method uses the research participants precise words, it better elucidates the answers to the research question as perceived by the research participants (Creswell, 2013). The analytical strategy of visual thematic analysis expresses the data in a manner that is comparable and easily understood (Creswell, 2013). The NVivo basic package was used for storage, organization, and coding of the collected data (see Edwards-Jones, 2014).

Codes were assigned to the data using the interview transcripts in three stages. The first was open coding, wherein codes were assigned—words or short phrases—to the identified themes. Next was axial coding, wherein the themes were analyzed about one another—pairings, grouping, and so forth. The third stage was selective coding, wherein themes were organized by order of importance based on selected criteria, such as frequency of mention. I was able to repeat this process for the sake of thoroughness and accuracy. On a second or even third iteration, the thematic analysis was different than from the first.

Definitions

The ensuing definitions are furnished to warrant consistency and understanding of these terms throughout the study.

Accountability: An individual's willingness to accept responsibility for their actions (Morales & Caraballo, 2014).

Axial coding: A coding method used to identify links and relationships between collected data (Vaughn & Turner, 2016).

Charitable organization: Those NPOs whose primary objectives are philanthropy and social well-being (Zietlow et al., 2018).

Corporate social accountability: An organization's sense of transparency in its activities, decisions, and policies toward the community and the environment (Ryan, 2015).

Donors: Those individuals, groups, or organizations that donate money or goods to charitable organizations (Ryan, 2015).

Enhanced reputation: Improving the beliefs or opinions generally held about charitable organizations (Schultz et al., 2013).

Financial accountability: The policies and procedures put in place by the organization's board of directors to meet its responsibility for ensuring that the organization it governs is financially sound and meets all financial objectives (Zietlow, Hankin, Seidner, & O'Brien, 2018).

Financial activity: Any transaction or initiative undertaken by an organization and reflected in the organization's statements of revenue and expenses (Harris, Petrovits, & Yetman, 2015).

In charge of: Having control of or responsible for organizational finances (Harris, Petrovits, & Yetman, 2015).

In-depth interviews: A comprehensive and exhaustive scrutiny of a phenomenon through the questioning of research participants (Englander, 2012).

In-depth understanding: A comprehensive and exhaustive insight of a phenomenon (Moustakas, 1994).

Institutional rational choice theory: A theory that posits institutional rules can alter the behavior of rational individuals motivated by self-interest such as organizational officers acting in what they perceive to be the best interests of the organization (Ostrom, 2007).

Internal Revenue Service (IRS) Form 990: A tax document filed each year by organizations that are federally exempt from paying income tax, including charitable NPOs (Hilton, 2016).

Mandatory adoption: A proposed requirement for charitable organizations to adopt the goals outlined in their governance policies (Boland, Hogan, & Johnson, 2018).

Mandatory disclosure: An IRS requirement for a charitable organization to disclose the existence of its governance policy as well as the content of the policy (Boland et al., 2018).

Misappropriation: The intentional and wrongful use of organizational funds or resources (Harris et al., 2015).

New organizations: Organizations that have been in existence for less than 5 years (Hopkins, 2017)

Nonprofit organizations: “A class of nontaxable entities whose common denominator is their non-profit pursuit of and moral activities devoted to cultural improvement and the doing of ‘good works’ by performing certain social services in the community that might otherwise have to be assumed by government” (Hopkins, 2017, p. 6).

NVivo system: A qualitative data analysis computer software predominantly used by researchers for the storage and organization of collected data for easy analysis and interpretation (Edwards-Jones, 2014).

Open coding: A coding method that identifies and gives names or themes to collected data (Vaughn & Turner, 2016).

Organizational behavior: Human behavior as displayed in an organizational setting, especially the behavior of individuals mainly in their organizational roles (Ostrom, 2007).

Organizational culture: The combination of principles and behaviors that influence the unique social and psychological atmosphere of an organization (Gagné, 2018).

Organizational goals: A road map of an organization's intentions or objectives clearly established by members of the board of directors and communicated to all organization employees and volunteers (Schultz et al., 2013).

Organizational tools: All policies, procedures, personnel, equipment, and resources used for the realization of organizational goals (Schultz et al., 2013).

Perceived social reality: The assumptions of truth as a jointly constructed understanding of a given phenomenon (Sabatier & Weible, 2014).

Phenomenology: A research method designed to investigate and understand research participants' lived experiences of a phenomenon (Taylor et al., 2015).

Positive social change: Part of Walden University's mission; defined as a thoughtful method of generating and implementing concepts, policies, and activities to enhance the value, self-respect, and development of individuals, communities, organizations, institutions, cultures, and societies locally as well as globally (Brown & Baltes, 2017). Positive social change can be achieved through a variety of activities, such as volunteering; donating money, goods, or services; educating others about a specific issue or cause; and any other endeavor that can add value to any person's life, an institution, community, or nation.

Public confidence: The feeling or belief that the general population can rely on what an organization sets out as its mission (Archambeault et al., 2015).

Sarbanes-Oxley Act of 2002: An act passed by the U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations. The passage of this act dramatically changed nonprofit governance, requiring increased transparency and accountability (Lee, 2016).

Selective coding: A coding method used to analyze the core concepts from collected data after subcategories have been identified through axial and open coding (Vaughn & Turner, 2016).

Semi structured interviews: An interviewing technique that allows the researcher to introduce new questions because of the research participant's answers to previous research questions based on an interview protocol or guide usually (Englander, 2012).

Social construction theory: A theory that explains how individuals and groups participate in the construction of their perceived social reality (Sabatier & Weible, 2014).

Thematic coding: A method of analyzing qualitative data by using a methodical process of organizing and highlighting meaning according to various themes (Vaughn & Turner, 2016).

Transparency: The straightforwardness with which organizational finances are accounted for (Ryan, 2015).

Assumptions

I made multiple key assumptions concerning the participants in this study. I assumed that during this study, participants' race would not significantly affect their perception. The selection of participants in this study was race neutral, not giving a special advantage to research participants of any race, embracing selected chief financial officers or others in charge of organization finances from NPOs.

Another assumption was that during this study, participants' gender will not significantly affect their perceptions. Chief financial officers or others in charge of NPO finances gave their insight unadulterated by the fact that they were male, female, or transgender. The size and community awareness of the organizations that were involved in this study was also assumed to be a factor but not one that significantly affected the perception of the research participants.

Another assumption was that during this study, participants' geographical location would not significantly affect their perceptions. I assumed that irrespective of where NPO chief financial officers or others in charge of organization finances were residing in a metropolitan area in Florida, the location would not significantly affect their perceptions. It was assumed that all respondents would answer all interview questions honestly and to the best of their abilities.

Additionally, I assumed that use of a general qualitative approach with a phenomenological design would result in thick, rich descriptions for understanding the financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability practices (see

Moustakas, 1994; Taylor et al., 2015). The format employed was a phenomenological interview style of open-ended conversations with participants, rather than a quantitative survey or questionnaire-based approach.

Scope and Delimitations

The boundaries set for this research study to enable clarity and alignment towards the research problem were geographical location, a specific category of NPOs, certain roles for research participants, and a limited number of research participants. In this study, my focus was on NPOs in a metropolitan area in Florida. The targeted roles of the research participants were chief executive officers, executive directors, chief operating officers, chief financial officers, or others in charge of organization finances. There were six participants from four successful emerging NPOs, less than 5 years in business and eight participants from NPOs that had a longer history, more than 5 years in business.

Limitations

A barrier to the gathering of information was that the financial information of an organization is sensitive, and organization officers were reluctant to disclose or discuss it. Past financial and tax documents were considered confidential, and it was difficult for the me to access them. I explained the necessity of gathering this information to participants and assured them of the ethical and confidentiality safeguards to be employed in this study. This limitation was, however, resolved by a Freedom of Information Act request.

The quantity of data that was collected in this study might pose a limitation in that contrary to quantitative data where a great amount of data is easily available, sample size in qualitative data poses a challenge in how much data a person can get. The quantity of data collected can make storage, interpretation, and analysis of results difficult and time-consuming. However, I minimized this limitation by using a qualitative data analysis computer software known as NVivo package for the storage and organization of collected data for easy analysis and interpretation.

Significance of the Study

The results of this study have the potential to make an original contribution to the field of public policy, NPOs, and to the discipline of financial accountability by highlighting a problem with the creation and maintaining of NPO accounting policies and procedures. The scope of the problem was broad because there are tens of thousands of NPOs in the United States, virtually all of which are required to engage in comprehensive financial reporting to retain their tax-exempt status. Understanding how NPOs approach the task of preparing and filing IRS Form 990 can help improve professional practice in the financial reporting field as well as address the gap in the literature in this area of great concern. This knowledge of how NPOs deal with IRS Form 990 can shed some light on IRS Form 990-related accountability issues impacting NPOs.

The presence of several reporting controversies on the amended IRS Form 990 suggests there remain substantial gaps in our understanding of how NPOs, like hospitals, can report expenses on Schedule H of Form 990 (Young et al., 2013). The implications for positive social change of this study include, but are not limited to, increased public confidence in NPOs, the lessening of the effect of recent scandals. The government or private bodies may find the results of this study useful in the review, explanation, and creation of government and nongovernmental policies to social problems like financial accountability issues within NPOs in the United States. The findings of this research study have a potential of encouraging new and emerging NPOs to transform their organizational goals into organizational behavior as a foundation for a legal and ethical organizational culture with well-defined and executed policies and procedures (see Gagné, 2018).

Summary

In this chapter, I presented an introduction on the issue of financial accountability and misappropriation scandals that have sometimes tarnished the relationship between nonprofits, donors, and the public within the American communities (see Lecy & Searing, 2015). In the background section, an examination of the published research of some scholars, mostly published in the last 5 years, was summarized. The research question was stated, and in this study, an attempt to answer the research question was made using a qualitative phenomenological study (see Moustakas, 1994; Taylor et al., 2015), using a combination of social construction theory (Sabatier & Weible, 2014) and institutional rational choice theory (Ostrom, 2007) as the theoretical foundation. The significance of this study was discussed to include, but not be limited to, its potential to make an original contribution to the public policy sector and NPOs.

Chapter 2 contains the review of associated literature and research related to financial accountability issues within U.S. NPOs, which is the problem being investigated. The methodology and procedures used to gather data for the study are presented in Chapter 3. The results of analyses and findings to emerge from the study are be contained in Chapter 4. Chapter 5 includes a summary of the study, a discussion of the findings, conclusions drawn from the findings, and recommendations for further study.

Chapter 2: Literature Review

Introduction

The purpose of this phenomenological research study was to understand the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. Hilton (2016) suggested that additional research is needed to determine how leadership within U.S. NPOs impact clear financial accountability practices. There is an increased demand for accountability and transparency in NPOs due to previous incidences of fraud (Brody & Owens, 2016; Lecy & Searing, 2015). The accountability malpractices of certain NPOs have included lack of financial oversight or misreporting of organizations’ financial transactions (Brody & Owens, 2016).

As a result, the government implemented the IRS Form 990 and its subsequent amendments to ensure that NPOs implement accountability practices. However, Brody and Owens (2016) argued that this step has failed to curb accountability crises in U.S. NPOs adequately. The problem of study was that some NPOs do not use adequate or appropriate oversight or accountability policies and practices; therefore, identifying and documenting the appropriate oversight and accountability practices of successful NPOs provides an opportunity to document those policies, practices, and procedures for those old, new and emerging NPOs not using them. The results of this study can be used by new and emerging NPOs to learn to create and maintain financial accountability from the successful NPOs that have a longer history.

In this chapter, I provide an extensive review of the extant literature and research related to the accountability of NPOs. In the following section, the search strategy for the literature review is presented. Next, I provide a historical overview of accountability issues in U.S. NPOs, current trends related to accountability in NPOs, and significant research data published about accountability in NPOs. The literature review then consists of the following major sections: introduction to nonprofits, NPOs' financial scandals, NPO financial accountability policies, and financial accountability policies or procedures for new and emerging organizations. Finally, I end the chapter with a conclusion and identification of the gap in the literature.

Literature Search Strategy

I retrieved the literature for this study from databases accessed through the Walden University Library website, including Google Scholar and ProQuest Dissertations and Theses databases with an added focus on peer-reviewed articles. Other databases, such as Sage, EBSCO, Emerald, and Science Direct, were also used. Additional Library and Writing Center resources supported the search process. The search terms included but were not limited to *accountability, IRS Form 990, NPOs, policies and procedures, nonprofit hospitals, tax-exempt, axial coding, corporate social accountability, institutional rational choice theory, misappropriation, positive social change, social construction theory, charities,* and *donors*. I used exact phrases, subject headings, and citation searching to locate sources for the literature review. The time frame I allocated for this literature search was between 3 to 6 months. Evaluative language was used for the literature review to expound my perspectives on the literature in relation to the research question. The gaps in the literature review pointed to a lack of clear finanacial accountability practices for some NPOs.

Theoretical Frameworks

In the following subsections, I introduce and explore the two theories that were combined to act as the theoretical framework for this study; social construction theory and institutional rational choice theory. I also explain why it was necessary to use a combination of two theories as a foundation for this study. These theories are discussed in detail, including their application in studies in a similar field.

Social Construction Theory

Social constructionism, which emerged 30 years ago in the field of sociology, originated as a theory to understand the nature of reality (Murphy et al., 1998). The theory is linked to the premise of Bacon (1998) who stated that observations of an individual are a truthful image of the observed world (Murphy et al., 1998). Social construction theory proposes a relativist stance, which means that reality depends on the subjective experiences of the individual. Berger and Luckmann (1991) had a major influence on the progress of social constructionism because they synthesized the work of previous thinkers. For Berger and Luckmann, the basic premise of social construction theory is that "society is a human product. Society is an objective reality. Man is a social product" (p. 10).

According to Berger and Luckmann (1991), social constructionism can be traced partly to an interpretivist approach, which holds that individuals have their interpretations of their experiences. However, while social constructionism and interpretivism have common philosophical roots, the two are distinct from one another. Like social constructionism, interpretivists value how individuals create and modify meaning (Schwandt, 2003). Both social constructionism and interpretivism share the premise that the understanding of the world will come from the lived experiences of the individual (Berger & Luckmann, 1991; Schwandt, 2003). Interpretivists value the subjective human experience, like social constructivism, their goal is to develop an objective science to be able to study this social phenomenon (Schwandt, 2003). This means that interpretivism holds an ontological perspective (Schwandt, 2003).

Social construction theory states that there is an objective reality because its focus is on how knowledge is constructed and understood by the individual (Berger & Luckmann, 1991). Therefore, social construction holds an epistemological perspective. Social constructionism places great importance on everyday interactions between people; specifically, social constructionists are curious as to how individuals use language to construct their reality (CITE). In other words, social constructionists explore how knowledge of a language influences the social reality of an individual. Moreover, social construction theory explains how individuals and groups participate in the construction of their perceived social reality (Sabatier & Weible, 2014).

Several scholars have used social construction theory to guide studies about how interactions in organizations are important. Schultz et al. (2013) used the social construction framework to determine how organizations view the creation of corporate social accountability in network societies through basing it on communications. This was different from the conventional interpretations of CSR. Jiyoung and Chung (2017) used social construction theory and institutional rational choice theory to argue that social trust is important in the framework of a collaborative economy in the current global context. Social construction theory was used in their study to determine how individuals in NPOs perceived their social reality. Specifically, they explored the behavior of individuals in NPOs on building social trust. Social trust is important for NPOs because if the public does not trust nonprofits, then the organizations will not get the funds they need.

In the context of the nonprofit sector, Salipante and Niederpruem (2014) applied social construction theory to the collaborative phenomena among NPOs. Like the findings of Jiyoung and Chung (2017), Salipante and Niederpruem found that social trust is important among NPOs. In charities, I found only one recent study to use social construction theory; however, charities were only indirectly studied. Ioannu and Serafeim (2015) analyzed the CSR of Chief executive officers and found that companies with high levels of chief executive officer ownership give less generously to charities compared to companies with low levels of chief executive officer ownership. In the context of the current study, Ioannu and Serafeim concluded that good governance is important to avoid financial misconduct in NPOs.

In this study, I used social construction theory as a guide to determine how NPOs accomplish their vision and improve their reputation and financial performance. Specifically, social construction theory was used to determine how NPOs construct a perception of accountability to beneficiaries, benefactors, and to the public. My focus was on the financial accountability practices of the nonprofits.

Institutional Rational Choice Theory

Institutional rational choice theory examines institutions as a system of rules and incentives (CITE). Rational choice theorists have argued that individuals use institutions to maximize the institution's utility (Ostrom, 2007). According to institutional rational choice theory, institutional rules can alter the behavior of rational individuals motivated by self-interest such as organizational officers acting in what they perceive to be the best interests of the organizations (Ostrom, 2007).

The institutional rational choice theory has been used in analyzing the behavior of individuals in various situations, including in the context of public policy studies. Morçöl (2018) discussed whether policy analysis is still relevant to governance networks, proposing an ideal typical definition of policy analysis. Morçöl concluded that policy analysis and policymaking processes are more complex than the ideal type and that *governance* is a better term to capture the reality of public policy. Institutional rational choice theory can be used to assist governmental and nongovernmental actors to generate desired outcomes through good governance. In another study, Graham (2018) stated that institutional rational choice theory applied to development issues in developing nations. Graham observed that the individuals governing different government agencies always have a choice in developing and implementing certain practices and policies and that the individual can either choose to conduct practices and implement policies that are aligned with the objectives of the institution or not.

In this study, I used institutional rational choice theory to explore why NPO leaders might deviate from the mission of their organizations and make decisions that emerge from self-interest. The institutional rational choice theory may also be used to explain why NPOs might engage in financial reporting fraud and malpractices. Apesteguia (2015) used institutional rational choice theory for welfare analysis to examine why and how individual behavior often digresses from the traditional norm of preference maximization. Individuals working in nonprofits, like social welfare organizations, usually aim to help other people in need; however, there were instances where leaders of these social welfare organizations chose to demonstrate behaviors and misconduct that did not align with the norm or values of the organization (Apesteguia, 2015). Some leaders abuse the position of being a leader of NPOs such as social welfare organizations.

Review of the Literature

Introduction to the Nonprofit Sector

The nonprofit sector is unique and different from private or public sectors regarding purpose, activities, sources of funding, and contribution to society (Anheier, 2014; Baskerville & Servalis, 2016; Hyndman, 2017). NPOs exist to provide public services and programs; these services and programs might not have been possible without charitable recognition (Hyndman, 2017). NPOs like charities are usually funded by individuals or organizations that receive no direct economic benefit from their funding (Bryce, 2017; Felix, Gaynor, Peyzner, & Williams, 2017; Hyndman, 2017); moreover, NPOs enjoy tax benefits over for-profit organizations (Harris et al., 2014; Hyndman, 2017). NPOs build social capital in civil society (Hogg, 2018; Hyndman, 2017; Picard et al., 2017), which is why it is a sector that should be valued and protected (Hyndman, 2017; Saxton & Wang, 2014; Waniak-Michalak & Zarzykca, 2012; Waters & Ott, 2014).

Scholars have recognized the worldwide expansion of charitable activities with an increase of individuals donating money and volunteering in various nonprofit institutions (Charities Aid Foundation, 2014). With substantial assets at its disposal, the nonprofit sector is growing (Kamaruddin & Ramli, 2015). Both factual and the perception of accountability, transparency, and ethical behavior are crucial for nonprofits (Brown & Baltes, 2017) because it is a sector where trust and confidence by the public are necessary to ensure its health and sustainability. There have been calls for increased visibility and scrutiny over the years, specifically pointing to the need for nonprofits to demonstrate transparent operations, provide accountability data such as financial reports, and behave ethically (Archambeault et al., 2015; Bryce, 2017; Bryson, 2018; Feng, Neely, & Slatten, 2016; Harris et al., 2014). As nonprofit institutions, these organizations enjoy certain advantages in society such as being granted tax exemptions (Young et al., 2013).

Tax status of nonprofits. In the U.S., granting nonprofit status is done by the state, while tax-exempt label (such as 501(c) 3-7) on the other hand is granted by the federal government in the form of the IRS (Young et al., 2013). As highlighted by Young et al. (2013), it is important to mention here that not all non-profit entities are eligible for tax exemption, unless they are established by the federal government as being either a corporation, an unincorporated organization, or a trust. Young et al., examined the much-debated policy issue in the United States concerning tax exemption for nonprofit hospitals and their accountability practices. The 2007 revised Schedule H of Form 990 to promote uniform and comprehensive reporting of community benefits failed to address this policy issue properly. In this study, the Young et al., did not find enough information to confirm if the level of community benefits that nonprofit hospitals are providing is high enough to justify the monetary exemption from property and income taxes afforded by the IRS. Although the IRS excluded unmanageable debt and Medicare shortfalls from its set of community-benefit measures, it currently obliges the hospitals to report these expenses on IRS Schedule H of Form 990. This reporting controversy by the IRS has further complicated accountability issues for nonprofit hospitals and community relations.

Singh, Young, Lee, Song, and Alexander (2015) investigated whether federally tax-exempt hospitals consider community health needs when deciding how much and what types of community benefits to provide. The researchers used 2009 data from hospital tax filings to the IRS and the 2010 County Health Rankings from 1,522 private, tax exempt hospitals throughout the United States. The results revealed that there are patterns between community health needs and hospitals' expenditures on community benefits. This result highlighted the important opportunities for tax-exempt hospitals to improve the alignment between their community benefit activities and the health needs of the community they serve (Picard et al., 2016).

The studies of Singh et al. (2015) and Young et al. (2013) question the tax-exempt status of certain NPOs regarding the service and value they are providing to societies. While both studies still perceive the advantages of NPOs regarding how communities will benefit from them, the two studies pointed out improvements such as alignment between needs of community and activities (Singh et al., 2015) and improved accountability practices (Young et al., 2013). Moreover, recent scandals have undermined the trust and confidence in the nonprofit sector especially certain charities (Hilton, 2016). Some nonprofit regulators have recognized the potential damage and the need to adjust regulatory and control processes (Hilton, 2016). These changes reflect the shifting expectation of accountability, trust, regulation, and transparency of nonprofits and the trend towards strategic regulation. There are two important concepts in discussing nonprofits: trust and accountability.

The role of trust in nonprofits. Trust is concerned with the truthfulness and reliability of someone or an institution (Christie-Brown, Mitchell, & Talbot, 2017; de Vries, Reis, & Moscato, 2015). Certain nonprofits rely on trust to build confidence between themselves and their stakeholders, such as beneficiaries, donors, regulators, and the public (Burt & Mansell, 2017; Furneaux & Wymer, 2015). There are several factors that can create and undermine trust in NPOs such as actions (Burt & Mansell, 2017), ethical positions (Hager & Hedberg, 2016), transparency or lack of transparency (de Vries et al., 2015), and accountability processes (Cordery, Sim, & van Zijl, 2017; Furneaux, & Wymer, 2015). These factors can help to align NPOs with the expectations of major stakeholders or undermine their trust.

NPOs should establish trust so that donors and funders will feel confident to continue supporting these institutions with the possibility of expanding and recruiting other donors to finance these nonprofits (Bennett, 2017; Tremblay-Boire & Prakash, 2017; Weng, Woo, Cheng, Ho, & Horowitz, 2015). Furthermore, trust is important because the providers of funds usually receive no direct economic benefit or profit to themselves compared to business transactions, unless some policies and laws make exceptions for their donations (Burt & Mansell, 2017; Weng et al., 2015). Nonprofits especially charities that thrive on donations should ensure that donors trust their institution for it to be sustainable.

Trust in beneficiaries is crucial to NPOs because it can sharpen service delivery and assure the other stakeholders of the qualities of the nonprofit (Burt & Mansell, 2017; Tremblay-Boire & Prakash, 2017). Other stakeholders hold a beneficiary-focused view, which means they donate or support the nonprofit institution because of the benefits they see that the beneficiaries receive. If the stakeholders perceive that there is no trust between nonprofits and their beneficiaries, it might influence their decision to continue patronizing the NPO (Burt & Mansell, 2017).

NPOs should develop a trusting relationship with the regulators (Burt & Mansell, 2017). These organizations can encourage a more productive relationship that prevents the regulator to hinder valuable charitable activity with unnecessary controls and audits. A trusting relationship between nonprofits and regulators would make the nonprofit institution more attractive to donors and funders (Burt & Mansell, 2017; Weng et al., 2015).

Given the rise and visibility of the nonprofit sector today, recent negative publicity surrounding a few high-profile scandals emphasized the need for nonprofits to demonstrate behaviors deemed acceptable to society regarding how they operate (Grierson, 2015; Hind, 2017). There is likely a higher ethical standard for NPOs compared to corporations and businesses, and there could be negative outcomes not only for the nonprofit itself but to the whole nonprofit sector if NPOs do not demonstrate acceptable behaviors (Bowman, 2016; Bromley & Orchard, 2016). Indeed, the chaos of recent scandals involving certain charities has already produced a negative effect on the public trust in the nonprofit sector (Charity Commission, 2016). To improve the image of the nonprofit sector, there needs to be an acknowledgement of previous questionable behaviors and a vision to eliminate questionable behaviors from the sector through necessary means. It has been highlighted in the literature that it is important for NPOs to develop trusting relationships that include disclosure and transparent financial reporting (Yang et al., 2017).

Financial accountability. Various researchers highlighted the importance of accounting and reporting when nonprofits financially engage with its stakeholders and the public (Charity Commission, 2016; Mack et al., 2017). Indeed, a major argument in previous studies has been that effective accounting and reporting boosts accountability of nonprofits that, in turn, support the development and establishment of trust between the nonprofit institutions and their stakeholders (Connolly, Hyndmand, & McConville, 2013; Mack et al., 2017; Saxron, Kuo, & Ho, 2012). As such, poor accounting and reporting undermine the accountability of nonprofits, such issues damage trust and make the nonprofit not trustworthy which can adversely affect financial support for the organization. Additionally, regulators might make unnecessary audits from time to time if they suspect fraudulent practices (Charity Commission, 2016; Mack et al., 2017).

Accountability can be defined as being related to being responsible for one's actions and behaviors (Charity Commission, 2016). Accountability is broader than accounting as accurate accounting and reporting are major factors in an institution that demonstrates accountability (Charity Commission, 2016). In the United States, several laws relate to nonprofit practices, accounting and reporting (Connolly et al., 2013). The laws emphasized the importance of accounting and accountability among nonprofit institutions (Connolly et al., 2013). Indeed, encouraging organizations to be more transparent is a contemporary issue in nonprofit accountability (Saxron et al., 2012).

Stakeholders have a crucial role in demanding accountability in NPOs In fact, they are instrumental in non-financial reporting due to their work in the institution (Yang et al., 2017). Nonfinancial performance measures or how nonprofits impact the lives of others has been a means of demanding accountability among NPOs (Charity Commission, 2016; McConville, 2017). Trust and accountability are important for the development and sustainability of a positive image for NPOs. However, recent financial scandals have negatively influenced the image of nonprofit institutions.

NPOs' Financial Scandals

Certain NPOs were involved in financial scandals that affected their relationship with donors and the public for the past 2 decades (Lecy & Searing, 2015). The financial scandals involving certain NPOs have produced three major outcomes: (a) loss of public trust (Hilton, 2016; Lecy & Searing, 2015), (b) examination of the causes of accountability and fraud scandals (Harris et al., 2014; Hilton, 2016), and (c) the call for transparency and accountability among nonprofit institutions (Boland et al., 2018; Hilton, 2016). These three outcomes will be discussed in the subsequent sections.

Loss of public trust and confidence. In 2016, public scandals implicated NPOs in the United States, such as the Wounded Warrior Project and Leonardo DiCarpio Foundation (Hilton, 2016). Financial scandals of charitable organizations negatively influenced relationships between NPOs and the public over the past 2 decades (Blouin, Lee, & Erickson, 2018; Lecy & Searing, 2015). The implications of these accountability malpractices by certain NPOs ranged from a decrease in public confidence in NPOs to an adverse effect on tax revenues for the federal government (Felix et al., 2017; Lecy & Searing, 2015). Consequently, Lecy and Searing (2015) argued that NPOs involved in proven fraud incidences are likely to see a decrease in donor contributions and a vote of no confidence from the public.

The NPO accountability issues leading to a decrease in public trust and confidence in NPOs are not only limited to the U.S. but in other parts of the world as well. In the United Kingdom, the Charity Commission (2015) reported that public trust and confidence fell from 6.7% in 2014 to 5.7% in 2015. This was the lowest recorded level since Charity Commission had begun monitoring public trust and confidence in charities in 2015. The Charity Commission provided five main reasons provided by the public about why they trust nonprofits such as charities less:

- Media stories about charities generally (33%),
- Media coverage about how charities spend donations (32%),
- Do not trust them because they do not say where the money goes (21%),

- They pressure me to donate (18%), and
- They spend too much on advertising (15%; Charity Commission, 2015).

Causes of accountability and fraud scandals. Nonprofit fraud cases have been higher in the last two decades compared to the previous decades. One of the reasons for high rates of fraud in NPOs is because it is easier to commit fraud in these institutions due to the nature of the sector compared to corporations and businessses (Harris et al., 2014; Hilton, 2016). It is easier to commit fraud in nonprofit institutions because of the lack of regulators and policies to address management and practices in these institutions (Harris et al., 2014; Hilton, 2016). Because of the loss of public trust and confidence in certain NPOs researchers explored the causes of accountability and fraud scandals in these institutions.

Hilton (2016) found that directors of certain NPOs were at the center of fraud scandals. He mentioned that lack of transparency and proper governance in these NPOs led to these scandals (Hilton, 2016). Hilton concluded that even though IRS has revised Form 990 to address these financial accountability scandals, these reporting requirements still have not addressed transparency issues in some NPOs or increased public awareness of governance in NPOs. Harris, Petrovits, and Yetman (2017) and Hyndman and McLKillop (2018) argued that the lack of good governance in certain nonprofit entities might result to fraudulent activities. Perego and Verbeteen (2015) stressed that there is a need for good governance in NPOs to lessen fraudulent acts and to ensure these organizations have leaders that will promote ethical actions.

In addition, some NPOs perform fraudulent accounting records due to lack of transparency (Baskerville & Servalli, 2016). Jones (2016) asserted the significance of positive reporting for NPOs to practice transparency as part of good governance in nonprofit entities. Voluntary disclosure is not a common method in charities (Saxton, Kuo, & Ho, 2012; Zhuang, Saxton, & Wu, 2014).

Clear accountability measures are needed in NPOs to ensure that leaders are not doing and enabling unethical activities. Archambeault et al., (2015) argued that asset diversion continues to be one of the leading causes of issues in financial scandals in some NPOs. Asset misappropriation, which includes misuse, theft, and fraudulent payouts, account for the most chronic type of fraud among these NPOs. Archambeault et al. (2015) aimed to determine whether NPOs, especially charitable organizations, in the United States experience issues with accountability and whether these organizations comply with IRS Form 990. The authors argued that even though Form 990 was revised to increase its effectiveness among NPOs, there are still revisions needed to improve accountability measures of nonprofits in the United States. Consequently, Archambeault et al. recommended that there is a need to improve tax reporting requirements for NPOs that includes effective monitoring.

Some researchers found that lack of regulatory resources may have a role in accountability and fraud scandals in some NPOs (Bloodgood, Tremblay-Boire, & Prakash, 2014; Dupuy, Ron, & Prakash, 2015). Moreover, some NPOs would not submit necessary documents even if it is required by law (McDonnell, 2017; McDonnell & Rutherford, 2018). Additionally, Archambeault et al. (2015) uncovered 115 incidents of detected fraud in certain NPOs in their 2015 study. The authors found out that the Health and Human Services National Taxonomy of Exempt Entity Groups (designed by a team of experts with assigned codes that classify tax-exempt organizations by mission) had an extremely high rate of nonprofit fraud in nonprofit health organizations like hospitals than the other exempt entity groups. These other exempt entity groups included arts, culture, and humanity organizations, educational institutions, environmental quality protection agencies, and animal related organizations. This study noted that the 115 incidents of detected fraud had a higher percentage of female perpetrators than male (Archambeault et al., 2015). Though the IRS requires NPOs to report detected incidences of fraud on their IRS Form 990, Archambeault et al.,found out that many NPOs do not comply to this IRS filing requirement. Thus, there is a need for a nonprofit regulator that would enhance internal and external accountability of nonprofit entities (Bloodgood et al., 2014; Blouin et al., 2018; Hogg, 2018; Ryan & Irvine, 2012).

Some of the accountability crises in NPOs in the United States, in the last 2 decades, have been a direct consequence of a lack of compliance to nonprofit governance policies (Boland et al., 2018). Though the passage of Sarbanes–Oxley Act in 2002 intensely transformed nonprofit governance, demanding NPOs to become more transparent and accountable, it was still not a strong enough incentive for policy adoption and implementation (Lee, 2016). In 2005 the IRS came up with obligatory existence disclosure rules, which only required an organization to disclose the existence of a governance policy, but not the content of such a policy, thus failing to properly address conflict of interest issues that frequently lead to accountability issues in NPOs (Boland et al., 2018). Though the IRS revised the nonprofit governance policy disclosure requirement in 2008 to include the disclosure of policy existence and content of policy, as well as the implementation of conflict of interest policies, there is limited research showing how this has positively impacted accountability practices in NPOs (Boland et al., 2018).

Call for transparency and accountability. The recent public scandals in the nonprofit sector have resulted in a loss of public trust and confidence in the sector, which is detrimental to the continuous support of the public to NPOs (Hilton, 2016). Moreover, the public scandals directed attention to the internal and external processes in nonprofits that involve financial accountability practices (Lee, 2016). The review of the literature showed that there is a need for clearer financial accountability policies and procedures (Boland et al., 2018; Hilton, 2016). Hilton (2016) suggested that with clearer accountability policies and procedures in place as well as adequate governance procedures, NPOs can better manage financial accountability issues that arise from the daily operations.

Nonprofit Organizational Financial Accountability Practices

Nonprofit institutions largely depend on the goodwill of donors, government grants and public trust to meet most of their financial needs (Lecy & Searing, 2015). However, financial accountability scandals affected many NPOs in the last two decades, involving millions of dollars in misappropriation; these negatively impacted the relationship between NPOs and stakeholders in U.S. society (Lecy & Searing, 2015). In this section, the financial accountability practices of charitable organizations will be explored. In the literature, there were several topics about the financial accountability practices of NPOs found, such as incorporation and certification, good governance and financial management in nonprofits, the importance of transparency and financial disclosure, and web disclosure adoption.

The Cancer Fund of America, which opened in 1987, is a glaring example of a health NPO with serious accountability issues. A scandal emerged after the Federal Trade Commission, and regulators from 50 states and the District of Columbia filed a complaint (Archer, 2016). According to the complaint filed, James T. Reynolds, who originally founded the Cancer Fund of America, used most of the $20 million donated to the NPO to have fun, including jet ski joy rides, romantic cruises to the Caribbean with family and friends, and the falsification of organization financial records (Archer, 2016).

The Leonardo DiCarpio Foundation was involved in a public scandal about its financial practices (Archer, 2016). On July 2016, the U.S. Department of Justice filed a complaint alleging that the foundation was part of an embezzlement scandal in Malaysia. The foundation was listed as a donor-advised fund and did not have to disclose any financial records (Archer, 2016). Due to such scandals, scholars explored financial accountability practices of NPOs such as incorporation and certification.

Incorporation and certification. *Incorporation* is a legal process in which the nonprofit institution converts to a corporate entity or company with its own legal entity (Cordery et al., 2016). *Certification* is the process of getting an official document attesting to a level of standard (Feng et al., 2016). Cordery, Fowler, and Morgan (2016) and Feng et al. (2016) explored the effect of incorporation and certification among certain nonprofits

Cordery et al. (2016) explored how some NPOs can be incorporated institutions due to the New Zealand Incorporated Societies Act 1908. Cordery et al. highlighted the importance of some nonprofits to incorporate to increase effectiveness in their daily operations. Doing so would bring specific financial accounting obligations, which might affect organizations' accountability to third parties. The researchers recommended that the incorporation of some NPOs would lead to more transparency, especially concerning financial aspects.

Feng et al. (2016) examined the impact of certification on some NPOs. In a sample of 102 NPOs, Feng et al. compared NPOs that had received Standards for Excellence certification and NPOs that were not certified. Feng et al. concluded that there was an increase in public support to NPOs that were certified compared to those that were not certified. Moreover, stakeholders responded positively to the certification process because they were more confident that the institution's internal processes passed the standards of an organization.

Incorporation and certification are two methods that NPOs can explore to improve their accounting policies and procedures. Incorporation would lead to more effective operations for some NPOs (Cordery et al., 2016), and certification would lead to increased public support because it proves that the nonprofit upholds certain standards in accountability (Feng et al., 2016).

Good governance and financial management in nonprofits. Harris et al. (2014)

explored the impact of IRS Form 990 from a sample of 10,846 NPOs. Specifically, Harris et al. wanted to determine whether accountability measures would affect the relationship between NPOs and donors. The results indicated that people donate more to NPOs that have demonstrated good governance and solid accountability measures. However, Harris et al. still found that there are still loopholes in the current tax reporting requirements of the IRS. In a later study, Harris, Petrovits, and Yetman (2015) further explored governance in certain NPOs, specifically exploring asset diversion in a sample of 1,528 nonprofits. The results revealed that stakeholders reviewed Form 990 and compliance of nonprofits to these reporting requirements, which were linked with lower fraud incidences. Good governance in some NPOs resulted in less assert diversion in those organizations.

Similarly, Harris et al. (2017) examined four broad governance constructs in a sample of 1,528 NPOs. The four constructs scrutinized by Harris et al., were namely: board monitoring, independence of key individuals, tone at the top, and capital provider oversight. Harris et al., found that good governance was negatively correlated with asset diversion. The results of these three studies provide support that good governance in NPOs would lead to lesser incidences of fraud as well as fewer incidences of asset diversion.

Perego and Verbeteen (2015) explored the impact of a good governance code in NPOs. The researchers gathered data from the annual reports of 138 nonprofit entities in the post implementation phase of the code. The results revealed that the code altered the governance structures of the NPO in question. Specifically, the code strengthened the governance structure of the nonprofits. Moreover, the managerial level is a key aspect of discharging financial accountability. The code positively affected the likelihood of disclosing financial information of the nonprofits that improved their image to the public as well as to the government.

Some NPOs in the U.S. have weak organizational policies in place, and even the managers of those organizations with strict accountability policies fail to follow through when policies are violated (Zietlow et al., 2018). There is a need for training for good governance among leaders of NPOs (Zietlow et al., 2018). Government and NPOs focused on providing training and development programs for their executives to help them to be effective leaders and improve performance and accountability (Lee & Suh, 2016). However, existing studies do not fully explain the importance of managerial development programs that would lead to the improvement of performance and accountability in NPOs. Lee and Suh (2016) examined whether participation of leaders of NPOs in these types of development programs would be associated with the implementation of organization practices that would increase transparency as well as accountability and focus on being client oriented. Leaders who participated in such programs were positively related to organizational practices for financial, client-service, and performance accountability (Lee & Suh, 2016).

Financial management is important for nonprofits. Findings from previous research asserts that there are some problems with the traditional financial assumptions and practices of NPOs (Mitchell & Calabrese, 2018). Specifically, there were issues in the financial management of NPOs (Mitchell & Calabrese, 2018). Financial measures are an important tool for NPO in providing a structure of internal accountability between boards and management. Ryan and Irvine (2012) recommended a set of key financial ratios that not-for-profit boards and management can use to demonstrate their financial status and improve internal accountability and financial management practices within NPOs.

Good governance and financial management are needed to improve accounting practices within some NPOs to avoid public scandals and enhance public confidence in nonprofit policies and practice (Harris et al., 2014; Hyndman & McKillop, 2018; Mitchell & Calabrese, 2018). Good governance in nonprofit management can be improved through the mandatory adoption of governance policies (Harris et al., 2014), implementation of good governance code (Perego & Verbeteen, 2015), and training and development programs of nonprofit organizational leaders (Lee & Suh, 2016). Improved financial management could lead to improved nonprofit accountability practices (Mitchell & Calabrese, 2018).

Good governance and financial management are an issue within nonprofits in other parts of the world. During 2006-2014, there were 2,109 regulatory investigations of 1,566 Scottish charities, with 31% resulting in regulatory action (McDonnell & Rutherford, 2018). The regulatory body would act based on complaints from members of the public. Further, the most common issues were general governance and misappropriation of assets (McDonnell & Rutherford, 2018). NPOs mostly operate in a fluid environment. Moreover, there is pressure to engage in moral business practices as news reporting, and social media could amplify any mistakes (Hyndman & McKillop, 2018). Good governance is needed in nonprofits to ensure that the management of the activities of the organization deals with ethical behaviors and actions.

Importance of transparency through financial disclosure. Not-for-profit and for-profit organizations provide services and goods to government institutions and have been subject to considerable accountability-oriented mechanisms (Kamaruddin & Ramli, 2015; Kirsch & Schwarts, 2016). These mechanisms include performance measurement, evaluation, auditing, and accreditation (Kamaruddin & Ramli, 2015; Kirsch & Schwarts, 2016). Nonprofits that function independently of government contracts have not been legally bound to the same rigidity of accountability (Kirsch & Schwarts, 2016). Some nonprofits have argued that their charitable purpose precludes the need; however, scandals in high profile nonprofits such as the Red Cross suggest otherwise (Kirsch & Schwarts, 2016).

Even in Malaysia, NPOs or philanthropic organizations are experiencing high growth since its first existence decades ago (Kamaruddin & Ramli, 2015). This growth in the nonprofit sector creates an issue of accountability, especially financial accountability (Kamaruddin & Ramli, 2015). Kamaruddin and Ramli discussed the concept of accountability of Islamic philanthropic organizations. One of the highlights of the discussion is the emphasis on financial disclosure to ensure financial accountability in these types of institutions. Financial disclosure improves transparency in NPOs or philanthropic organizations (Kamaruddin & Ramli, 2015).

Aside from financial disclosure, there has a been a dramatic increase in the demand for financial accountability in NPOs (McCarthy, 2007). This demand includes church organizations that historically were not transparent with the financial aspect of their institution. McCarthy (2007), a church organization released a report in 2006 that provided meaningful financial information to a broad group of stakeholders. The stakeholders were critical of the archdiocesan leadership because of its lack of accountability. The release of the report was positively received because it answered the questions of the stakeholders and it was clear and concise (McCarthy, 2007).

McConville (2017) examined the impact of transparent reporting in annual reports of some nonprofits. The effects of nonprofit activities on recipients and civilization are the core reason for the existence of most nonprofits, which is the same reason for stakeholders engaging in most nonprofits. McConville (2017) stated that there is a need to report publicly and transparently to improve effectiveness, accountability, legitimacy, and trust in the nonprofit sector thus guaranteeing stakeholders' continuing support. Financial reporting is vital for financial management in nonprofits, especially voluntary disclosure, which was explored by Saxton et al. (2012).

Saxton et al. (2012) explored financial disclosure of NPOs through testing a model that would lead to a better understanding of decision making of NPOs regarding voluntary disclosure. Saxton et al. conducted a natural experiment of voluntary disclosure. The results revealed that voluntary disclosure is more likely to occur in smaller NPOs run by board members who are actively involved in the daily operations of the institution. Saxton et al observed that voluntary disclosures are not that effective in promoting accountability in NPOs. However, scholars have found that donors use the information from these disclosures to decide whether they will donate or not.

Donors examine financial reports of NPOs and use information based on the financial report to donate (Waniak-Michalak & Zarzycka, 2012). NPOs pursue objectives that would make individuals and society better; they do not have investors and use grants and donations to achieve their purposes without a guarantee that their initiatives will be successful. Conversely, for-profit organizations are responsible to the investors who provide funds to the company. Waniak-Michalak and Zarzycka (2012) stated that donors examine financial reports of NPOs and use information based on this financial report to donate.

Social networking sites like Facebook and Twitter presented a new way for NPOs to raise money. However, this could affect the accountability measures of NPOs. Saxton and Wang (2014) found that donors who usually donate trivial amounts using these social networking sites do not care about accountability measures. On the other hand, donors who donate significant amounts of money care not only about accountability measures but also good governance (Saxton & Wang, 2014). Moreover, Zhuang et al. (2014) added that accountability measures are important to attract people who would donate a significant amount of money.

There is a need to report publicly and transparently to improve effectiveness, accountability, legitimacy, and trust. There are several benefits of disclosure, such as enhanced public confidence (Blouin et al., 2018; Hind, 2011; Hogg, 2018, McConville, 2017), improved donor decision making (Blouin et al., 2018), and increased donations (Blouin et al., 2018; Zhuang et al., 2014). Financial disclosure can improve transparency and accountability practices within NPOs.

Web disclosure adoption. In keeping with the trends of the 21st century, most non-profits have created websites to have an online presence (Lee & Blouin, 2017). Scholars have explored the impact of web disclosure adoption to nonprofits and revealed positive outcomes like increased public trust and donations (Kamaruddin & Ramli, 2015). However, there are still many NPOs that have not adopted this measure. Lee and Blouin (2017) conducted a study to determine the factors that would make nonprofits resist web disclosure adoption in a group of 3,323 NPOs. One of the main factors is that attitudes toward disclosure determines whether the nonprofit would adopt web disclosure or not. Another factor is the compatibility of web disclosure to the current practices of the NPO. Federal regulators have recommended web disclosure adoption to nonprofits to improve their transparency and accountability (Beck, Frost, & Jones, 2018; Kamaruddin & Ramli, 2015).

NPO Financial Accountability Policies

The policies set in place by NPOs are meant to serve as a road map for the organizational practices and performance. However, most NPOs in the United States have weak organizational policies in place, and even the managers of those organizations with strict accountability policies fail to follow through when policies are violated (Zietlow et al., 2018). It is not surprising that policies and practices in most of this NPOs are not in synch with each other because sometimes those managers that are supposed to enforce policies are themselves amongst those who violate organizational policies and procedures through unethical behavior. Establishing and revising financial accountability policies is necessary for any NPO that wishes to attain its goals or fulfill its mission.

Financial stewardship, governance, cash planning, strategic planning, fraud prevention, detection, and control are some key areas to include in a NPO's financial accountability policies (Zietlow et al., 2018). As argued by Zietlow et al. (2018). The success of fulfilling a NPO’s mission and goals is greatly embedded in the monetary management of an organization’s resources.

The success of every NPO depends on the instruments tailored to meet the mission or goals of that organization. Good governance, accountability, transparency, organizational culture, organizational leadership are all vital instruments for the overall management of a NPO (Anheier, 2014). These instruments should be part of the policies of the NPO and should be revised whenever necessary to meet the needs of the organization. NPOs are helping transform communities in areas of welfare, education, healthcare, and much more through organizational policies that are drafted for community-building and empowerment towards social change (Anheier, 2014). Financial accountability policies should be in place at the time a NPO is being created and should be revised and updated if necessary. In the subsequent sections, the background information on nonprofit regulators were discussed, such as the current system in the United States, the role of state governments, and the role of federal governments.

Nonprofit regulators. In the United Kingdom, the Charity Commission (2015) in England and Wales developed in 2006 is the largest U.K. regulator with the purpose of enhancing nonprofit accountability, increasing public trust and confidence, and promoting the effective use of nonprofit funds (Charities Commission, 2015). Similar regulators and themes have emerged in Scotland, Northern Ireland, and the Republic of

Ireland. In the United States, the IRS serves as one of the regulators of NPOs by requiring them to submit forms that would reveal the activities of the nonprofit throughout the year.

Hogg (2018) examined attitudes of the public about nonprofit regulation and conducted four focus group discussions. The study revealed that there was little public knowledge about nonprofit regulation. However, people believed that nonprofit regulation is necessary for the smooth running for any organization including NPOs. The study revealed that individuals trust nonprofits, but this trust can be erased if they are not confident in the operations of the organization. While studies in previous years have explored public attitudes toward nonprofit regulators (Cordery & Baskerville, 2007; Harrow, 2006; Morris, 2005), there is a dearth of recent literature on this topic. There is a need for a visible and effective regulator that supports and is supported by nonprofits to maintain public trust.

U.S. system. In the United States, both state governments and the federal government oversee NPOs (Bryson, 2018). At the state level, the attorney general is the primary regulator; however, other state agencies have different roles (Breen, 2015; Carman & Nesbit, 2013). At the federal level, the IRS is the primary regulator. While other federal agencies may have roles, these roles might be limited compared to the functions of IRS (Bankman et al., 2018; Lott et al., 2016). Some private agencies work together with the state governments and the federal government in overseeing NPOs (Lott et al., 2016).

State governments. Historically, there are four ways that state governments oversee NPOs. One way is that state law provides the necessary legal forms for nonprofits and provides fiduciary duties on the board members and officers of the NPO (Hopkins, 2017; Mancuso, 2015; Silber, 2018). State secretaries of the state usually oversee the formation of nonprofit organizations; attorneys general have more discretionary authority regarding the enforcement of governance duties: care, loyalty, and obedience (Hopkins, 2017; Mancuso, 2015; Silber, 2018).

Another way is that attorney generals commonly must ensure that the charitable assets of NPOs are allocated for charitable purposes (Butler & Wilson, 2015; Zietlow et al., 2018). The third way is that states perceive that charitable solicitations are part of their duty of overseeing NPOs. Consumer protection covers such solicitations, but these laws vary from one state to another (Butler & Wilson, 2015; Silber, 2018; Zietlow et al., 2018). The last way is how states grant some NPOs exemption from income, sales, property, and other taxes but these taxes are subject to oversight (Crossley et al., 2016; Lott et al., 2016; Sugin, 2015; Zietlow et al., 2018).

Some states do not exercise this authority over NPOs (Hopkins, 2017; Mancuso, 2015; Silber, 2018). Moreover, some attorney general offices do not have funds or resources for overseeing NPOs or their assets, while some states do not require any type of reporting from their NPOs (Hopkins, 2017; Mancuso, 2015; Silber, 2018). Some states automatically grant tax-exemption status to nonprofits after they have successfully attained specific types of federal tax-exemption (Crossley et al., 2016; Lott et al., 2016; Sugin, 2015; Zietlow et al., 2018).

Federal government. Before the 20th century, the federal government had no role in the oversight of NPOs (Calabrese & Ely, 2016). The implementation of the federal income tax changed the role of federal government in NPOs as well as the related tax-exemptions for different types of NPOs (Calabrese & Ely, 2016). These exemptions necessarily granted the IRS the authority to determine whether donations for NPOs qualify for certain tax benefits (Sugin, 2015). The tax benefits NPOs enjoy gave the federal government the authority to oversee nonprofit organizational accountability practices (Calabrese & Ely, 2016; Fram, 2016; Sugin, 2015).

In 1969, Congress passed laws that would limit the activities and transactions of private foundations (Calabrese & Ely, 2016; Marx, 2015). The Congress wanted to ensure that assets of NPOs would not be misused or abused, which is why they only allowed the minimum level of activity for charities (Calabrese & Ely, 2016; Marx, 2015). In 1996, the Congress authorized IRS to collect taxes from persons involved in NPOs who benefit from donations (Calabrese & Ely, 2016; Marx, 2015).

In the late 2000s, the IRS developed a set of governance best practices for NPOs. Moreover, two IRS regulations that protect nonprofit 501(C)(3) charitable organizations and 501(C)(4) social welfare organizations were developed: the extended annual Form 990 and the Intermediate Sanctions Act (Fram, 2016). The Intermediate Sanctions Act covers prohibitions related to providing or seeking excess benefits (Fram, 2016). The IRS is aggressively enforcing the Intermediate Sanctions Act to eliminate faux non-profits (Fram, 2016). The IRS Form 990 will be discussed in detail in the next section because it is a major concept in the current study of financial reporting and accounting practices and policies of NPOs.

IRS Form 990. Form 990 must be filed by NPOs even if they have not been approved to have tax-exempt status (Fram, 2016; Harris et al., 2014; Hilton, 2016). Unlike income tax returns, which are private and confidential, this form is open to the public (Fram, 2016; Harris et al., 2014; Hilton, 2016). The objective of the form is to provide the government and the public an idea of the activities of the organization annually (Fram, 2016; Harris et al., 2014; Hilton, 2016). There is a presumption that donors and funders base their choice of nonprofit and amount of donations based on the information they get from the form. In fact, the instructions for filling out the form are 100 pages (Fram, 2016; Harris et al., 2014; Hilton, 2016). The organization can be subject to penalty if they do not file the form on time (Fram, 2016; Harris et al., 2014; Hilton, 2016).

The 12-page form consists of different parts:

- Part I is a summary of the organization. In this part, the organization is required to provide information about the different activities of the organization and the governance such as its vision, organizational chart, and volunteers. More importantly, the organization is required to provide financial information of the organization such as revenue, expenses, and balances (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part II is one of the crucial pages in the document as this includes the signature from a representative of the organization who attests under penalty of perjury that all the information in the form is true, correct, and complete to

the best of the person's knowledge (Fram, 2016; Harris et al., 2014; Hilton, 2016).

- Part III includes a statement of the accomplishments of the organization, such as the completed and successful activities in the previous years and whether the organization has received an award. This part includes the mission statement. The organization must identify the three largest program services in their organization and include the revenues and expenses for each program (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part IV includes a checklist of schedules that must be completed by the organization and accompany the form. The organization may have to attach several schedules, which are dependent on the answers throughout the form. The schedule is used to supplement the information given by the organization (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part V includes other statements about other IRS filings and tax compliance. For instance, organizations can receive tax-deductible contributions to their nonprofits. It is required in this form to note whether the charity has provided the organization that donated substantiation for their donations (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part VI asks for specific information about the organizational hierarchy and management of the nonprofit. The policies of the nonprofit are included in this part (Fram, 2016; Harris et al., 2014; Hilton, 2016).

- Part VII asks for a complete list of compensation paid to current and former directors, officers, trustees, major employees, and employees who are receiving more than $100,000 in compensation (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part VIII includes a statement of the revenue of the organization from exempt funds or unrelated business income (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part IX asks for a complete report of the expenses of the organization (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part X involves the balance sheet of the organization (Fram, 2016; Harris et al., 2014; Hilton, 2016).
- Part XII is where the reconciliation of the net assets of the nonprofit appear (Fram, 2016; Harris et al., 2014; Hilton, 2016). This should show a clear computation of the current assets of the nonprofit.
- Part XII explains the financial statements and reporting of the organization. This explanation includes the type of method of reporting to prepare the form and whether an independent accountant prepared the financial statements (Fram, 2016; Harris et al., 2014; Hilton, 2016). This is one of the important parts of the form as it presents the financial status and practices of the nonprofit (Fram, 2016; Harris et al., 2014; Hilton, 2016).

The IRS Form 990 is part of the positive transparency-inducing steps that IRS has implemented to address the lack of good governance procedures and a dearth of transparency in the nonprofit sector. In fact, approximately 35% of NPOs were required to file IRS Form 990 in 2012 (McKeever & Pettijohn, 2014). The IRS Form 990 is a vital tool in approximating organizational capacity, financial health, and performance (Prentice, 2016). Hilton (2016) analyzed IRS Form 990 and found that there were certain gaps in the form that would not increase the public knowledge about governance in NPOs. IRS has implemented several methods to address these gaps such as requiring e-filing of IRS Form 990 that would make the public aware of the activities and current financial status of nonprofits, participating in single portal group initiatives, and asking the help of watchdog organizations in observing reporting practices of NPOs (Hilton, 2016).

The IRS requires NPOs to publicly disclose financial information that includes asset diversion. Asset diversion might include unauthorized use of assets and nonprofits must identify these activities during their fiscal year. Harris et al. (2014) explored this new method of disclosure to determine whether strong governance in nonprofits would have an impact on possible unethical and fraudulent activities. Harris et al. (2014) found that good governance is negatively associated with unethical and fraudulent activities of some NPOs.

Moreover, good governance can lead nonprofits to practice ethical and accountable activities and procedures. It was revealed that leaders who come from the institution itself would lead to lower incidences of fraud for the NPO (Harris et al., 2014). The knowledge of board members of IRS Form 990 deterred fraudulent activities within some NPOs (Harris et al., 2014).

Financial measures are important factors for scholars and practitioners especially since these measures guide practitioners in improving organizational performance and financial health of the NPO. These measures help regulators determine organizational capacity and functionality. Finally, these measures help scholars predict the activities of the organization and provide funding opportunities.

Benefits of IRS Form 990. Voluntary disclosure of financial information on websites that includes posting IRS Form 990 helps nonprofits to assure individuals and the public that their operations are ethical and legitimate (Saxton et al., 2014). As a result, donors would be reassured, and the organization could attract new donors (Saxton et al., 2014). The disclosure of IRS Form 990 has shown associations with increased donations, regardless of the age and size of the NPO (Blouin et al., 2018).

Jones (2016) conducted a case study to explore the importance of IRS Form 990 to NPOs, studying an organization called Invisible Children. The NPO was established in 2004, but between 2009 and 2012, the NPO experienced an increase in revenues due to a viral video. Invisible Children NPO always disclosed its IRS Form 990, which helped reassure their donors making this organization a unique and powerful case study for NPOs as well as scholars and practitioners. Jones (2016) provided information on how the IRS form 990 helped the institution to remain successful and maintain a good reputation throughout the years. Previous studies have mentioned benefits the of IRS (Froelich, Knoepfle, & Pollak, 2000; Gordon, Khumawala, Kraut, & Meade, 2007; Principe, Adams, Maynard, & Becker, 2012), but there has not been any recent study about benefits of IRS Form 990 to NPOs.

Criticisms of IRS Form 990. Several scholars have criticized IRS Form 990 regarding its application to nonprofit organizational policies and practice. While Brody and Owens (2016) acknowledged that the requirement of IRS Form 990, as well as its amendments, was a step towards improving accountability practices of NPOs, these authors however lament that IRS Form 990 still failed to significantly reduce financial scandals in the nonprofit sector due to flaws in the drafting and use of the form. Brody and Owens argued that the IRS Form 990 is not enough in addressing the financial practices of NPOs because some NPOs still have problems with reporting financial information.

Fraud is not the only way that nonprofits may be involved in a public scandal. Harris et al. (2014) observed that there is a lack of required disclosure policies and required governance amongst NPOs further complicating accountability practices. These two factors serve as weaknesses of IRS Form 990 as it relates to nonprofit organizational policies and procedures. Morales and Caraballo (2015) found that IRS Form 990 would do little for improving organizational behavior among NPOs. In fact, it would not be enough to prevent the probability of unethical and fraudulent activities among NPOs because of its reporting criteria in providing information about fundraising activities and expenses of the organization. Some charities even report zero fundraising expenses on their IRS Form 990 with impunity (Morales & Caraballo, 2015).

Other scholars have identified that even though the IRS Form 990 requires nonprofits to report fraudulent activities, charities do not have structures or processes to identify these fraudulent activities (Archambeault et al., 2015). Moreover, some nonprofits do not report fraudulent activities because the organizational culture of the entity would identify and discipline the fraudsters without external influence (Archambeault et al., 2015). Some people may generally tend to trust nonprofits, but this trust can be eroded if the people do not have confidence on how NPOs in question operate (Hogg, 2018). There is a need for a visible and effective regulator that supports and is supported by nonprofits to maintain public trust (Hogg, 2018) and ensure accountability (McDonnell, 2017).

Financial Accountability Policies/Procedures for New and Emerging Organizations

To address financial accountability issues among U.S. nonprofits, policies and procedures for new and emerging organizations must be examined to make sure these organizations are not repeating the mistakes of past nonprofits, thus fixing practices of existing NPOs (Bryson, 2018). Organizational structures of new and emerging NPOs should support compliance and best organizational practices in their policies and procedures, especially about financial accountability (Bryson, 2018). Leaders and managers should strive to be effective policymakers (Bryson, 2018); those with the ability to exercise discretion to meet the changing circumstances stand a better chance at making fundamental decisions and taking actions that can better shape their organizations.

The key phrase that new and emerging NPOs must embrace for success is strategic planning (Bryson, 2018). *Strategic planning* is an organized process by leaders and managers of NPOs used in envisaging an anticipated future and deciphering this vision into generally well-defined goals or objectives using a series of steps to accomplish such goals or objectives (Bryson, 2018). The strategic plan is a road map intended to guide the leaders and managers of NPOs in their decision-making in a flexible but meaningful way towards the realization of organizational goals.

Strategic planning is a necessary tool for success for any NPO that has an unobstructed vision and mission of a positive social change. Some nonprofits are operating in increasingly uncertain and interconnected environments, making it necessary for those in charge of running the organization especially those in charge of financial operations to cultivate and maintain effective policies and procedures (Bryson, 2018). As suggested by Bryan (2018), the benefits of strategic planning for nonprofits are wide and include, but are not limited to, better organizational management, better decision making, positive organizational culture, better accountability practices, and increase in public trust. NPOs from the beginning must have clear goals of what they intend to achieve and how they plan on getting this goal realized while maintaining a positive relationship with the public and bringing about positive social change (Bryson, 2018). Financial accountability in NPOs is so important, especially in today's political climate where the state of temperament and opinion of prospective donors is constantly changing or unstable rather than in a state of equilibrium (Bryan, 2018).

Strategic management is a vital tool that can help leaders and managers of new and emerging NPOs to develop and strengthen their skills, manage resources, manage change, and focus their strengths to advance radically more successful organizations void of financial accountability scandals (Bryce, 2017). For a successful financial and strategic management of an emerging NPO as implied by Bryce (2017), the leaders or managers of the said organization should be aware of the legal responsibilities and barriers involved in starting and running a NPO. The leaders and managers should be aware of the legal, financial, and environmental constraints of starting and running a NPO and the consequences of their actions if they fail to realize the organizational goals (Bryce, 2017).

The changes in the regulatory processes among NPOs reflect the changing expectations about trust, accountability, regulation, and transparency in the nonprofit sector. In the literature, there are various interpretations of each of these terms. However, studies have shown a trend towards strategic regulation (Craig, Almernic, & Tourish, 2014; Lecy & Searing, 2015; McKeever & Pettijohn, 2014).

Irrespective of how the managers and leaders of NPOs decide to start and run their organizations, Bryce (2017) reiterated the crucial fact that NPOs operate simultaneously in several spaces each with different rules and constraints; thus, managers and leaders of such organizations should pay close attention and strategically plan accordingly. The three spaces discussed by Bryce as worthy of financial and strategic management rules and limitations are the following: the organization's place of operation and formation, type and mission category, and the prestige as a corporation with tax-exemption benefits.

Summary

Some NPOs like Charities are voluntary organizations established to serve specific purposes that are of a charitable nature (Anheier, 2014; Baskerville & Servalis, 2016; Hyndman, 2017). Nonprofits like charities serve the society by providing benefits to specific groups and the public without any market transaction (Bryce, 2017; Felix et al., 2017; Hyndman, 2017). Consequently, operations of nonprofits like charities should be heavily influenced by their mission imperative and their aligned ethical standards (Hogg, 2018; Hyndman, 2017; Picard et al., 2017). NPOs like charities must generate public trust so that donors will continue to support them, and they will be able to continue to achieve their purpose in society (Bennett, 2017; Furneaux & Wymer, 2015; Weng et al., 2015; Tremblay-Boire & Prakash, 2017).

NPOs operate in a society that is constantly changing (Anheier, 2014; Baskerville & Servalis, 2016). Business norms, laws, and regulatory framework are always in a state of flux (Blouin et al., 2018; Jones, 2016; Saxton et al., 2016). NPOs must, therefore, adjust to such changes in society for a better outcome of organizational goals.

Recent public scandals involving certain NPOs thrust the issue of trustworthiness into the spotlight (Blouin et al., 2018; Hilton, 2016; Lecy & Searing, 2015). The recent financial scandals involving certain NPOs caused scholars to explore how the scandals have resulted to loss of public trust, an examination on the causes of accountability and fraud scandals, and a call for transparency and accountability within the nonprofit sector (Blouin et al., 2018; Hilton, 2016; Lecy & Searing, 2015). NPOs must have appropriate responses to these public scandals to solidify their roles in society; to accomplish this, organizations should improve accounting policies and practices to gain public trust and confidence in the nonprofit sector (Zietlow et al., 2018). As described in this literature review, scholars have recommended financial accountability practices such as incorporation and certification (Cordery et al., 2016; Feng et al., 2016), good governance and financial management in NPOs (Harris et al., 2014; Hyndman & McKillop, 2018;

Lee & Suh, 2016; Mitchell & Calabrese, 2018; Perego & Verbeteen, 2015), transparency and financial disclosure (Blouin et al., 2018; Hind, 2011; Hogg, 2018, McConville, 2017; Zhunag et al., 2014), and web disclosure adoption (Beck et al., 2018; Kamaruddin & Ramli, 2015; Lee & Blouin, 2017).

The specific problem in this study was the lack of financial oversight and accountability policies of NPOs, which might lead to a loss of government revenue and accountability scandals. Emerging NPOs should learn from successful NPOs when it comes to creating and maintaining financial accountability policies. The assumption here is that because an organization is successful it has, and maintains, appropriate accountability practices.

Previous scholars noted that IRS Form 990 does not require NPOs exempted from taxes to release a full disclosure of their financial activities (Archambeault et al., 2015; Brody & Owens, 2016; Harris et al., 2014; Morales & Caraballo, 2014). Moreover, Hilton (2016) recommended further research about how leadership impact accountability practices within NPOs. The insights from this study may be used to improve the image of the nonprofits and inspire emerging NPOs to create and maintain clear accountability policies and procedures.

The methodology and procedures used to gather data for the study are presented in Chapter 3. The results of analyses and findings to emerge from the study will be contained in Chapter 4. Chapter 5 will contain a summary of the study and findings, conclusions drawn from the findings, a discussion, and recommendations for further study.

Chapter 3: Research Method

Introduction

The goal of this qualitative research study was to explore and document the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. I made the decision to use a phenomenological design for this research study to yield insight into the accountability practices that leaders of successful NPOs employ to ensure solid financial oversight of their organizations. In this chapter, I begin by restating the purpose and research question of this study and discussing the phenomenological design as well as explaining why this was the optimal approach to learn the essential practices in place for nonprofits to maintain financial accountability. I then provide an in-depth discussion of how I coded responses into NVivo and analyzed the emergent themes from the research participants' responses. The chapter concludes with a summary of how to protect the objectivity and accuracy of the data that were acquired with an analysis of the limitations, delimitations, and triangulation of data that occurred throughout the research.

Research Design and Rationale

Research Design

The qualitative research question I developed to guide this study was: What do successful NPO leaders believe are essential financial oversight and accountability policies and procedures that should be in place for emerging NPOs to create and maintain financial accountability?

The phenomenon that I aimed to explore in this study was the maintenance of clear financial oversight and accountability practices among successful NPOs. The research design I chose for this study was phenomenology. In phenomenology, the focus is on exploring lived experiences to make sense of a phenomenon (Giorgi, 2017; Moustakas, 1994). This research design is often used when exploring participants' lived experiences and collecting data that are aligned with the fulfillment of the purpose of the study (Giorgi, 2017; Moustakas, 1994). Moreover, when implementing a phenomenological research design, a researcher explores the experiences of individuals without the assumption of normality attached to these experiences (Giorgi, 2017). Based on these descriptions provided for phenomenology, I accomplished the research objective through this design (see Giorgi, 2015).

Through a phenomenological design, I was able explore the lived experiences of the research participants concerning financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. Moreover, when using phenomenology, the researcher can investigate the lived experiences of individuals in a specific group to collect evidence that will enable a structured analysis and meaningful reflection for insights from the data gathered (Giorgi, 2015). Hence, phenomenology was the appropriate research design for this study.

Other qualitative research designs considered included (a) case study, (b) ethnography, (c) narrative inquiry, and (d) grounded theory. I found these designs to be inappropriate for the current study. A case study, for instance, would have been inappropriate because of its focus on the perceptions of a group of individuals (see Yin,

2013) as compared to the exploration of lived experiences, which is attributed to phenomenology (see Moustakas, 1994). Ethnography, on the other hand, is an approach a researcher uses when exploring a group of people based on its culture for a long period (Pink, 2016); therefore, this approach would have been inappropriate for this study because the focus of the exploration was not on people's culture but on their lived experiences. A grounded theory design, which is used when there is a need to develop a theory based on systematic analysis of empirical data (Gentles, Jack, Nicholas, & McKibbon, 2014), was inappropriate because there was not a need to establish a theory based on the data collected and analyzed systematically. A narrative inquiry, which is implemented when a researcher must arrange and present data in a chronological manner to address the research questions of the study (Clandinin, 2016), was unsuitable for this study because data were not collected and analyzed based on the order of occurrence of events in this study. Therefore, the phenomenological design was best aligned with the research question, purpose, statement, and theoretical framework of this study.

Using a phenomenological design, I conducted in-depth interviews with one chief financial officer and five other leaders; a chief executive officer, two pastors, a treasurer, and a president) in charge of organization finances in four successful new or emerging NPOs, less than 5 years in business) and two chief financial officers and six other leaders ; a regional executive director, a public relations manager, a finance manager, an executive vice president of human resources, a public relations director, and a pastor knowledgeable in organization finances in four successful NPOs, more than 5 years in business). The geographical location for the selected NPOs was a metropolitan area in Florida.

Research Rationale

The methodology employed in this study was qualitative. The qualitative methodology is appropriate for investigations that require the collection of nonnumerical data to explore deeper into a phenomenon (Lewis, 2015; Silverman, 2016). The phenomenon under study was the maintenance of financial oversight and accountability practices among NPOs. Moreover, to address the research question of the study in a complete and holistic manner, there was a need for thick and rich data. Scholars have claimed that through the collection of qualitative data, researchers can collect rich and thick data about the phenomenon, especially through interviews with individuals that have relevant expertise or experiences to the topic being explored (Blackstone, 2016; Taylor et al., 2015).

Qualitative methodology is an appropriate approach when a researcher is collecting information about individuals' perceptions and experiences about a given phenomenon (Blackstone, 2016; Yin, 2017). The qualitative methodology was, therefore, appropriate because the purpose of this study and the research question required a deep exploration of the phenomenon using in-depth data about the experiences of persons within NPOs who were responsible for financial reporting and oversee financial accountability practices. Other research methodologies were inappropriate for this study. A quantitative methodology is an approach that is focused on systematic data collection of numeric and measurable data about variables being explored (Bryman, 2017). This methodology was inappropriate for this study because there was no need to collect quantitative data on specific variables. There was also no need to establish relationships between variables to answer the research question of this study.

Another research methodology is mixed methods research. This methodology describes a study employed with both quantitative and qualitative components (Bryman, 2017). This research methodology was inappropriate for this study because there was no need for both qualitative and quantitative data to address the research question of this study. I conducted this qualitative, phenomenological study to address the gap on NPO financial accountability in research and add to the body of knowledge on the nonprofit sector in the United States.

Role of the Researcher

I served as the main data collection instrument of this study with other roles like participant recruitment and data analysis. As a recruitment instrument, I personally performed participant selection from site authorization to informed consent distribution as well as contacting several NPOs to recruit their leaders who were involved in financial and accountability policies. During the recruiting of research participants for this study, any conflicts of interest issues were ethically addressed. The research participants were not members of my family, colleagues, friends, relatives, or business associates. Addressing this conflict of interest issue prevented any influences of familiarity with the participants, which may have had unnecessary influences on the findings of the study.

For the data collection phase, I served as the interviewer. During the qualitative data collection, leaders of eight NPOs in a metropolitan area in Florida were interviewed.

During the semi structured interviews, an expert- reviewed instrument/interview guide was used to help ensure that the questions asked of participants aligned with the topic of the study. In the data analysis phase, I used the NVivo software basic package for thematic analysis of the collected data.

It is vital to keep in mind that because I was performing research on the topic of financial and accountability policies in NPOs, familiarity, personal preferences, and perceptions in relation to the topic might have been developed. If not ethically addressed, these perceptions might have influenced my biases when collecting and analyzing data. Such biases might have influenced the findings of the study in an unwanted manner; therefore, the focus at this stage of the research process was to minimize any biases by acknowledging my beliefs, experiences, and perceptions in relation to the topic being studied. In this manner, I became more aware and cautious when making decisions, interpretations, and conclusions that might be related to my personal views and perceptions. To this effect, I used an expert-reviewed interview guide to avoid asking leading and unrelated questions during data collection.

Methodology

Participant Selection Logic

I completed the participant selection in stages, beginning with the identification of the NPOs in a metropolitan area in Florida. After location identification, participants were sent invitation e-mails followed by participation interview agreement forms which they signed that they understood the research and agreed to be interviewed. I then drafted semi structured interview questions to ask the research participants. Based on their responses, follow-up questions were generated to get more details about their lived experiences. The task of discovering themes is at the heart of qualitative data analysis. I created some first level themes from the participants' responses to the semi structured interview questions to guide the data collection process. These themes or abstract were constructs that I identified before, during, and after data collection. I then generated a list of the basic themes ; ideas, words, topics, and subjects that I learned initially from my interviews with research participants based on my interview questions.

Target Population

The target population for this study included leaders of NPOs who were responsible for the financial accountability policies and procedures of the organizations. Leaders of organizations are the individuals responsible for developing or amending policies and strategies, which are essential to the current research. I chose this population because these individuals had the relevant experiences and perceptions that were needed to address the research question of the study in a complete and holistic manner.

Sampling Strategy

The recruitment strategy I used in this study was purposive sampling. Scholars have shown that purposive sampling is a common technique used for recruiting participants for phenomenological studies (Gentles, Charles, Ploeg, & McKibbon, 2015; Padilla-Diaz, 2015; Sun et al., 2016). When conducting qualitative investigations, such as this study, using the purposive sampling technique is common (Palinkas et al., 2015; Robinson, 2014). In purposive sampling, researchers target participants based on a specific set of characteristics that are aligned with the topic or scope of the study

(Robinson, 2014). Based on previous researchers' conclusions, I expected the participants selected through purposive sampling to be more willing and open to providing complete and rich data that were related to the topic of the study because these individuals had the characteristics that aligned with the requirements and questions of the study (see Barratt, Ferris, & Lenton, 2015; Gentles et al., 2015). A purposive sampling technique, therefore, was appropriate for selecting participants for this phenomenological study.

Sampling Criterion

From the target population, I selected a sample for this study. The samples were selected based on a set of eligibility criteria, which were composed of characteristics that aligned with the topic and purpose of the study. The specific eligibility criteria for the leaders included: (a) being a chief executive officer, executive director, chief operations officer, chief financial officer, or other position responsible for the organizational finances of a NPO; (b) having held their current leadership position for at least 3 years; and (c) belonging to a successful emerging NPO; less than 5 years or a NPO that had been in existence for more than 5 years.

Using a phenomenological design, I conducted in-depth interviews with one chief financial officer and five others; chief executive officer, pastor, pastor, treasurer, President in charge of organization finances in four successful new or emerging NPOs less than 5 years in business) and two chief financial officers and six others; regional executive director, public relations manager, finance manager, executive vice president of human resources, public relations director, pastor) knowledgeable in organization finances in four successful NPOs; more than 5 years in business. Purposive sampling was used to identify and select participants who are knowledgeable or have experience on the phenomenon of study (Creswell, 2013; Cresswell & Plano Clark, 2011; Patton, 2002). Criterion sampling ensures that participants meet the participation criterion (Creswell, 2013; Patton, 2002).

Sample Size

The sample size for phenomenological studies was based on data saturation (Fusch & Ness, 2015). For a study that has reached data saturation, the basis for knowing that such point has been reached will be the following criteria: no new data, no new themes, and no new codes are being developed (Fusch & Ness, 2015; Tran, Porcher, Falissard, & Ravaud, 2016). In most cases, six to 25 participants will be enough to reach data saturation (Fusch & Ness, 2015). For this phenomenological study, 14 research participants were recruited from eight NPOs. These organizations were four successful emerging NPOs (existing for less than 5 years) and four NPOs that have a longer history (existing for at least 5 years).

Instrumentation

The main data collection technique for this study was semi structured interview. The main instrument that was used for data collection was an interview guide. The use of the interview guide ensured that the questions asked were relevant to the study. Therefore, the structure or the interview was maintained while minimizing researcher subjectivity and bias (Kallio, Pietilä, Johnson, & Kangasniemi, 2016). Because the interview was semi structured, follow-up questions were addressed as they were asked from the participants. Relevant literature was used as the foundation for the questions to use for the study. The questions for the proposed interview did have a direct relationship to answering the research question of the study. A draft set of questions using the interview guide was developed and reviewed by an “expert” colleague helping refine the interview questions. This review of the interview questions by my colleague is important in improving the validity of the questions used for an interview instrument for data collection (Hirumi et al., 2016). The expert colleague who reviewed the interview questions has 15 years of professional experience in the nonprofit sector.

The expert colleague assessed the following aspects: (a) correct or appropriate use of words and sentence structure and (b) completeness of questions in terms of addressing the research question. The expert provided feedback about the appropriateness of wording of the questions based on the language that is common for the participants of the interview (e.g., leaders of NPOs). The expert provided feedback about the completeness of the items in the interview questions in addressing the research question of the study in a holistic manner. I incorporated the recommendations from my colleague.

Procedures for Recruitment, Participation, and Data Collection

Recruitment Procedures

Before conducting any form of recruitment or data collection, permission must first be obtained from the Institutional Review Board (IRB). After completing and obtaining this approval, I then began interacting with potential sites. To recruit participants using purposive sampling, I contacted more than 30 NPOs and finally settled with eight NPOs, four of these NPOs were successful emerging (less than 5 years old) while the other four NPOs have existed for more than 5 years. I asked the heads of these institutions to grant me permission to collect data from their leaders. After obtaining permission, I began personally visiting the facilities to invite the leaders to participate. Appointments were set up with the organizations' chief executive officer, executive director, chief operations officer, pastors, and chief financial officer to discuss the scope of the study, possible contributions of the study to the field of NPOs, and the coverage of participation. A copy of the informed consent was given to interested candidates which contained information about the rights and scope of participation in the study. Those who agreed to the contents of the consent form affixed their signature on the final page of the consent form. Interviews was scheduled only with those who sent the signed form through e-mail. The time for the recruitment of research participants for this study was ten weeks.

Data Collection Procedure

Interviews were conducted with the organizational leaders in their private offices for their convenience. Interview locations convenient to promote participants' comfort and encourage eagerness in participation (Silverman, 2016). I scheduled an hour for every interview. The interview ranged from 32 minutes to 63 minutes with an average of 46 minutes and 7 seconds per participant. Each interview was audio-recorded with consent from the research participants. The time frame for data collection was 6 weeks and 4 days.

An interview guide was used to facilitate the interview process. This guide enabled interviews to be conducted in identical manner, including the greeting, introduction to the interview, interview proper, and conclusion for a better data outcome.

Each participant was greeted upon arrival at his or her office for the interview. The audio recorder was set up to prepare for the interview. I began the introduction by discussing a brief background of the study, reviewing the contents of the informed consent form, and explaining the flow of the interview session. Following the introduction, questions were asked using the interview guide. Because the interview was semi structured, follow-up questions were asked to allow the participant to further explain his or her answers. After asking all the questions in the interview guide, the participant was notified that there were no more questions to be asked. The participants were then allowed to ask any question of clarification, if any. If the participant asks any questions, such questions were respectfully addressed. After addressing or acknowledging all questions and comments, the participant was thanked for the time and effort provided for the study before I left his or her office.

Data Analysis Plan

The data obtained from the interview were analyzed using the basic package of NVivo software which enables easy storage and analyzing of all data in one platform (Braun, Clarke, & Terry, 2014). During the thematic analysis process with the basic NVivo package, I performed the following steps: (a) familiarization, (b) coding, (c) initial theme development, (d) theme revision, (e) theme finalization, and (f) report generation (Braun et al., 2014). Thematic analysis with the NVivo basic package works in organizing the interview data in a familiar manner according to themes. Reading the interview transcripts at least two times helped in the identification of major themes and familiarizing with the collected data. NVivo basic package was vital in the identification of patterns in the collected data, organizing and analyzing the collected data from codes and themes.

With the help of NVivo basic package small themes or decompose large themes were used to create a more concise grouping of codes. The themes present in 50% or more of the leader interviews were considered as major themes from the qualitative data component. Themes that were identified in 40% or less of the leader interviews were the minor themes from the qualitative data component. In the final step, a report of the findings was generated to reflect upon the findings, which I outline in Chapter 4.

Issues of Trustworthiness

Trustworthiness must be established by qualitative researchers to ensure the validity and reliability of their data and findings (Lincoln & Guba, 1985). Improving transferability involves four components: credibility, transferability, dependability, and confirmability. Each of these four components will be discussed in more details below to ascertain the trustworthiness of this study.

Credibility

Credibility refers to the qualitative counterpart of internal validity of the data (Lincoln & Guba, 1985). To improve the credibility of this study, member checking of the transcripts was performed (Birt, Scott, Cavers, Campbell, & Walter, 2016). All research participants were provided with a copy of their respective transcripts to review for accuracy and completeness of the information given during the interview. All concerns were discussed, and any corrections handled with the participants in person or through a phone conversation. An expert review of the collected data was performed to improve credibility. By conducting an expert panel review, the validity of the interview protocol was insured (Miles, Huberman, & Saldana, 2014).

Transferability

Transferability refers to the degree of applicability of the findings to other settings, populations, or phenomena (Lincoln & Guba, 1985). For this study, transferability guaranteed by writing thick and rich descriptions of the data and elaborations of the procedures and findings of the study. In this manner, future researchers can easily assess whether the findings are applicable to other settings or contexts. More details of the data description and discussion further improved the meaning of the results, thus further improving transferability.

Dependability

Dependability is like reliability for qualitative studies (Lincoln & Guba, 1985). To improve the dependability of the study, I prepared and retained procedural documents and performed an audit trail for audit purposes. To enhance the study's dependability, every step and procedure that occurs in the methodology chapter should be documented (Lincoln & Guba, 1985).

Confirmability

The confirmability of a study is dependent on the objectivity of the data (Lincoln & Guba, 1985); therefore, a researcher must seek to minimize his or her biases and subjectivity (Kallio et al., 2016; Lincoln & Guba, 1985). I minimized my subjectivity and improve the confirmability of the study by listing my personal beliefs and assumptions related to the study and its findings. An expert-reviewed instrument has been used in developing the interview guide to ensure issues of bias are ethically handled.

Ethical Procedures

The researcher should address issues related to ethics because human participants are involved in the study (Denzin & Giardina, 2016; Haahr, Norlyk, & Hall, 2014). The ethical issues that I considered for this study included: (a) IRB approval, (b) informed consent, (c) confidentiality, (d) data security, and (e) voluntary participation. During the IRB process, I ensured that IRB approval was obtained before I began the participant recruitment. For the informed consent, it became imperative to me that all potential participants receive and sign copies of the consent form. In the consent form, the following information were disclosed to the participants: (a) the purpose and significance of the study, (b) coverage of participation, (c) length of participation, (d) negligible risks for participating, (e) voluntary nature of participation, and (f) data and participant confidentiality. Only those who read, signed, and submitted the consent form to me were considered as participants of the study. All participants volunteered; hence no incentives were provided to participants. Similarly, those who refused to participate has no consequences for their refusal.

To improve confidentiality, pseudonyms were used instead of the actual names of the participants. I used these pseudonyms in the data sheets and reports of the findings to protect the identity of the participants. All written or printed materials related to conducting this study are retained in a locked cabinet in my office. All electronic files about this study are stored in a password-protected flash disk or thumb drive. I keep the flash disk in the locked cabinet as well. The collected data will be stored for 5 years after completing the research, after which it will be burned, shredded, or permanently deleted (e.g., for electronic files).

Summary

The discussion in Chapter 3 involved the methods that was implemented for this study. A qualitative phenomenological study was employed to address the purpose of this study. Fourteen participants from a metropolitan area in Florida, United States were selected using purposive sampling. The participants satisfied the following eligibility criteria: (a) being a chief executive officer , executive director, chief operating officer, chief financial officer of a NPO, or other in charge of organization finances; (b) holding a current leadership position for at least 3 years; and (c) belonging to a successful emerging NPO (e.g., less than 5 years) or a NPO that has been existing for more than 5 years. I conducted interviews with these leaders to collect data for this study. Thematic analysis using the NVivo basic package was used to analyze the interview data. Results of the data analysis are presented in Chapter 4, and Chapter 5 contains a summary of the study and findings, conclusions drawn from the findings, a discussion, and, recommendations for further study.

Chapter 4: Results

Introduction

The purpose of this qualitative case study was to explore and document the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. Hilton (2016) suggested that additional research is needed to determine how leadership within U.S. NPOs impacts their clear financial practices. The aim of financial accountability policy design is to understand the essential financial oversight and accountability policies and procedures that should be designed for NPOs to create and maintain financial accountability. The potential implications for positive social change for this study include the implementation of financial accountability measures that could result in increased public confidence in NPOs.

In this study, I discuss how accountability and fraud incidences within U.S. NPOs have impacted the relationship between nonprofits, donors, and, the public within the American communities (see Lecy & Searing, 2015). Hilton (2016) found that directors of NPOs were at the forefront of most of the 2015 accountability and fraud scandals in the United States. Consequently, clearer accountability policies and procedures being put in place with adequate governance procedures in NPOs can help the financial accountability issues that arise from the day-to-day running of the organization.

The introduction of the IRS Form 990 and its subsequent amendments as a significant step towards accountability practices within NPOs is discussed in this study (see Brody &Owens, 2016). Due to serious flaws both in the drafting and the recommended use of the IRS Form 990, as argued by Brody and Owens (2016), a discussion of the weakness as well as the strengths of the IRS Form 990 is presented. One strength of the IRS Form 990 discussed in this study is the voluntary disclosure of financial information on websites that includes posting IRS Form 990 (see Saxton et al., 2014). This disclosure helps nonprofits to assure individuals and the public that their operations are ethical and legitimate (Saxton et al., 2014). On the other hand, one weakness of the Form 990 lies in its drafting and application to NPO policies and practices (Morales & Caraballo, 2015). Previous scholars have noted that IRS Form 990 does not require NPOs exempted from taxes to release a full disclosure of their financial activities (Archambeault et al., 2015; Brody & Owens, 2016; Harris et al., 2014; Morales & Caraballo, 2014). The need for a visible and effective regulator that supports and is supported by nonprofits to maintain public trust (Hogg, 2018) and ensure accountability (McDonnell, 2017) is also discussed in this study.

To address financial accountability issues among U.S. nonprofits, I examined policies and procedures for new and emerging organizations in this study to make sure these organizations are not repeating the mistakes of past nonprofits, fixing practices of existing NPOs (see Bryson, 2018). To avoid accountability issues, new and emerging NPOs should adopt the following financial accountability policies/procedures:

- Support compliance and best organizational practices in their policies and procedures, especially about financial accountability (Bryson, 2018);
- Leaders and managers of NPOs should strive to be effective policymakers (Bryson, 2018);

- Strategic planning should be used by leaders and managers of NPOs in envisaging an anticipated future and deciphering this vision into generally well-defined goals or objectives (Bryson, 2018);
- Strategic management should be a crucial tool for the leaders of NPOs, and they should be aware of the legal responsibilities and barriers involved in starting and running a nonprofit (Bryce, 2017);
- NPOs operate in a society that is constantly changing (Anheier, 2014; Baskerville & Servalis, 2016), and business norms, laws, and, regulatory framework are always in a state of flux (Blouin et al., 2018; Jones, 2016; Saxton et al., 2016). NPOs must, therefore, adjust to such changes in society for a better outcome of organizational goals.

Hilton (2016) recommended further research about how leadership impacts the accountability practices of NPOs. The insights from this study may be used to improve the image of the nonprofits and inspire emerging NPOs to create and maintain clear accountability policies and procedures.

The qualitative research question posed in this research study was: What do successful NPO leaders believe are essential financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability? In this chapter, I explain how this study was conducted and provide a description of the setting as well as the conditions for participants' involvement. I also provide an explanation of the demographics of the total sample of participants, the process and duration of the data collected, the nature of the collected data, and how the data were analyzed. In addition to presenting the findings, a discussion of how the trustworthiness of the data are also provided.

The Setting

This study was set in a metropolitan area in Florida where I conducted the personal interviews in March and April 2019.

Demographics

Using a phenomenological design, I conducted in-depth interviews with one chief financial officer and five other leaders; a chief executive officer, two pastors, a treasurer, and, a president in charge of organization finances in four successful new or emerging NPOs, less than 5 years in business as well as two chief financial officers and, six other leaders; a regional executive director, a public relations manager, a finance manager, an executive vice president of human resources, a public relations director, and, a pastor knowledgeable in organization finances in four successful NPOs, more than 5 years in business). Six of the research participants were from four religious NPOs (501 (c) (3)), two were from a health NPO (501 (c) (3)), two were from education and research NPOs (501 (c) (3)), two were from a humanitarian NPO (501 (c) (3)), and two were from social welfare NPO services (501 (c) (4)). They all met participation criteria.

Data Collection

Upon receipt of the Walden University IRB approval (03-06-19-0500873), I started the recruitment of the research participants and made appointments with the selected participants. I scheduled an hour for every interview. The interviews ranged from 32 minutes to 63 minutes with an average of 46 minutes and 7 seconds per participant.

The data collection process took me about 6 weeks and 4 days. All the participants in the study agreed to hold the interviews in their offices. Their offices were conducive and afforded open communication. The study interview protocol questions guided the interviews. I applied the protocol questions as the opening point for the interview with all the participants, and I consistently used the protocol with all interviewees throughout the data collection process. I followed up the initial questions with additional relevant questions from the protocol to elicit further information for robust conversation. I did not ask all the participants all study protocol questions, but only questions that were relevant to each participant based on their accountability policies and procedures. The religious NPO with less than 10 years in business, for instance, did not contribute much to the IRS Form 990 questions because they do not yet have annual gross receipts in excess of $50,000 and no unrelated business income so was not required to file this form.

I collected all data from the interviews using an iPhone audio recording application called Rev.com to record responses. The participants were asked permission to record their responses. All participants willingly allowed me to record the interview, and they provided feedback that supported the research question and interview questions. I listened to the audio recordings of the interviews actively many times, and later used transcribing and member checking to be sure that I captured the participants’ responses correctly during the interviews. The transcripts were created on a Word document and securely saved in a folder created and named “DATA” on my laptop. Copies of the transcripts were sent through e-mails to all the participants. They were asked to provide any feedback on the interview transcripts as depicted within 2 days if changes were required. Six participants replied just acknowledging receipt of transcripts. I determined that the remaining participants who did not return the e-mail agreed with the transcription of their interviews. All data collected will be stored for 5 years on my laptop before being destroyed per Walden protocol.

Data Analysis

I deployed the data analysis approach for this study as previously planned and outlined in Chapter 3. The instruments of data collection selected and used for this study were semi structured, face-to-face interviews; organizational policy documents regarding financial accountability practices; and organizational financial statements such as balance sheets and profit and losses. These sources of data were used to provide an answer to the research question. As observed by Creswell (2013), the analysis of data was a continuous process of reading, organizing, more reading, and, organizing. NVivo was used to repeatedly organize, categorize, and reflect on data while raising questions on some issues. With the help of NVivo, I saved time in organizing and retrieving the data. Connections were uncovered that were not possible manually. All audio recordings were listened to four times. The transcribed interviews allowed me to bring out initial categorizations while reviewing and comparing the data to observation field nots and documents. These data were compiled and organized prior to identifying my findings.

I organized the data using the NVivo 12 software by uploading the textual transcripts into the program, which assisted with the categorization and comparison of the data. The deployment of the NVivo 12 software helped the manual hand-coding by automatically generating themes that guaranteed reliability. Using the software, I conducted a review of the organizational policy documents regarding financial accountability practices in eight organizations. This aided in the confirmation of some of the facts as obtained from the interviews. The transcripts were secured as described in the data analysis plan to prevent them from loss or damage. The qualitative phenomenological method of data collection involves issues of trustworthiness towards the replication of findings and further analysis (Yin, 2014).

I used the procedure drawn out in the interview protocol for the data analysis obtained from all the 14 interviewees. I used the information from the audio recorder, the hand-coded transcripts, and the field notes for comparison and the analysis. The grouping together of the information helped to facilitate the identification of codes, themes, and possible patterns (Myers, 2013).

I listened to the audio recorder, reviewed transcripts, and field notes to determine common patterns during the second coding attempt by organizing the identified data to provide the records of the emerging codes, themes, and, patterns for interpretation. After many reviews of the transcripts, I developed a list of emerging codes to facilitate the identification and development of themes and patterns for this study. I reviewed the transcript of each of the interviewee more than four times to be sure that the transcripts were reflections of the appropriate categories, subcategories, and, identified patterns.

The task of discovering themes was at the heart of this qualitative data analysis. These themes or abstract are constructs which were identified before, during and after data collection. I generated a list consisting of the basic themes (ideas, words, topics, subjects) that I learned initially from my interview with research participants based on my interview questions. The analysis on the 14 interviewees generated 22 topics or themes. Finally, I brought themes to the forefront based on their importance and not on the number of counts. I transferred the 22 topics to a table to show how the topics were generated from thoughts, the number of their occurrence, and, the percentage of occurrence. The 22 topics are listed on the table with the number of occurrence and percentage of occurrence (see Figure 1).

Table 1

Analysis of Interview References Related to Topics

Topics from interviews	Number of occurrences	Percentage of occurrences
Accountability	7	9.1%
Appropriate disclosure	2	4.11%
Board members	2	6.31%
Dashboard tools	4	6.31%
Disclosure	4	6.18%
Expense projection	2	6.31%
Financial management	2	2.54%
Financial misappropriation reporting	2	2.54%
Forecasts	5	9.36%
Issues	3	3.09%
Leaders	2	2.84%
Levels	2	2.88%
Much revenue	2	1.82%
Organization	4	7.83%
Oversight	3	3.26%
People	3	3.56%
Policies	5	5.88%

Practices	3	3.04%
Reporting	7	5.63%
Revenue	6	5.46%
Revenue pipeline	2	1.82%
Supportive culture	2	1.57%

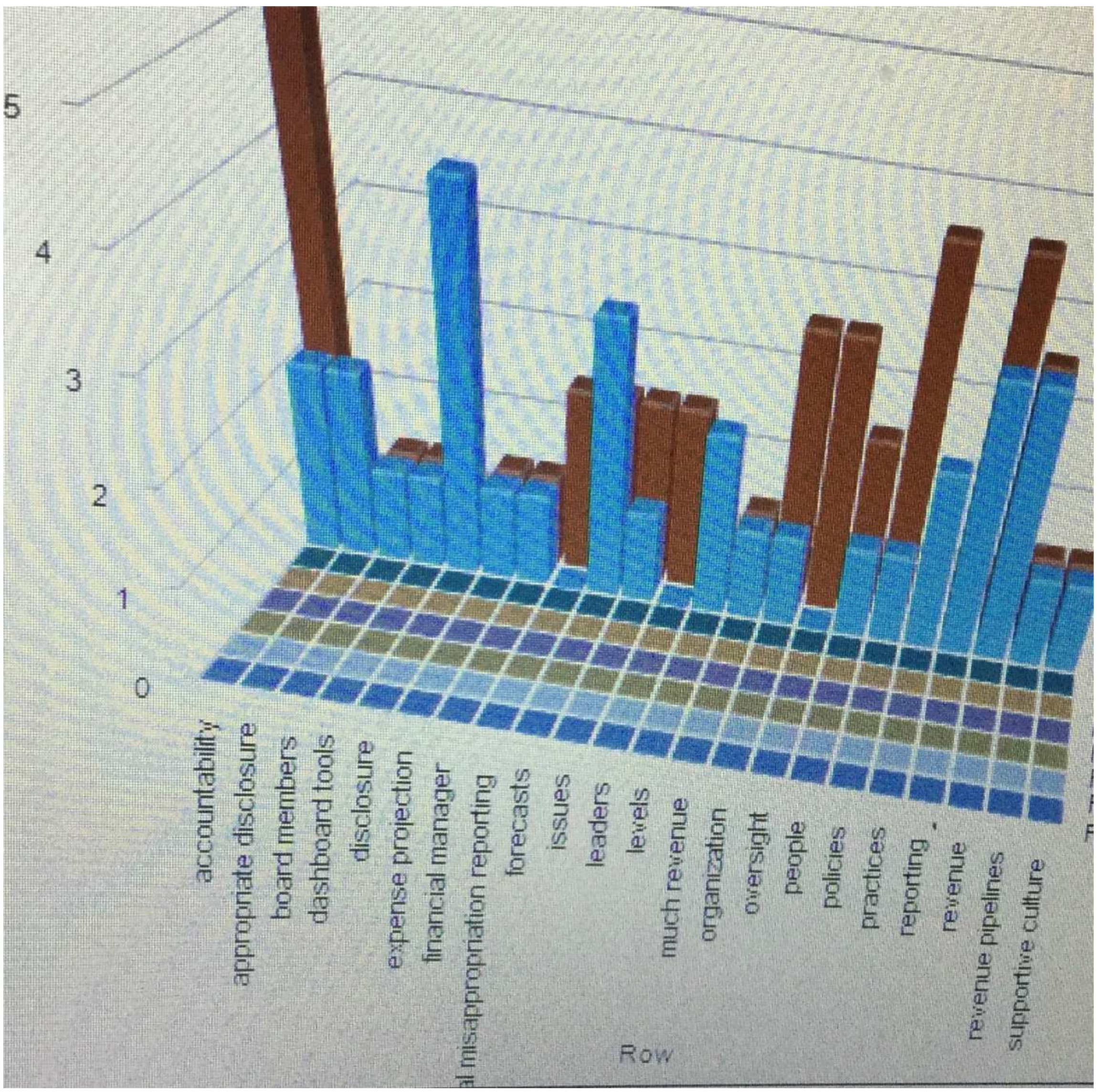

Figure 1. Chart files coding by attribute value for visualization.

Since my intention was to bring out themes from findings, 15 potential themes were identified from the related topics that genuinely described the data from the interview. The thematic findings were generated from the research question and interview protocol questions. The hand-coding aided the emergence of themes, and NVivo pulled more important themes from the data. It would have been impossible for me to manually come up with these themes. With the collected data information in mind and the themes generated by NVivo, two main thoughts as accentuated by the research questions and based on the research protocol questions, were identified. The first was the tools needed to create and maintain vital financial oversight and accountability policies and procedures, and the second was the process of creating and maintaining vital financial oversight and accountability policies and procedures. The process of analysis built on the connection of thoughts in the dialogue and the correlation of topics to sustain subjects within the dissertation.

By repeatedly reading over the interview transcripts and listening to the audio recorder of the participants' expert thoughts on the research topic, a broad perspective on accountability in the different categories of NPOs was gained. According to Yin (2014), participants' philosophical and worldview are important in research studies and must be given the deserving attention. The regular evaluations of the transcripts, audio recordings, and, organizational policy documents regarding financial accountability practices provided me with an appreciation of each interviewee's understanding regarding financial accountability in NPOs. All the 14 research participants expressed concerns about financial accountability crises within NPOs and hoped existing and emerging NPOs could revise, create, and, maintain vital financial accountability policies and procedures. Their responses assisted NVivo in formulating the emerging codes and themes that were used for the analyses of the interview data. The organizational policy documents and organization financial statements were meticulously reviewed. Additional information of the organizations IRS Form 990 was accessed using websites like GuideStar, Economic Research Institute, and, Pro Publica who all have free search tools to access 990s.

Evidence of Trustworthiness

The strategies emphasized in Chapter 3 were acclimatized to warrant credibility, transferability, dependability, and confirmability as there was no necessary adjustment for trustworthiness. As contained in the methodology, the data were gathered from individuals who are knowledgeable in financial accountability in NPOs as the phenomenon of study. Once the audio recordings were completed, the interviews were transcribed and reviewed for data accuracy. The interview protocol was followed to guarantee uniformity of the data collection process.

Three of the interviewees were chief financial officers, one was an executive officer, three were church pastors, one was a church treasurer, another interviewee was a regional executive director, one was a finance manager, another interviewee was the vice president of human resources, one was the president of an organization one interviewee was a public relations manager and another was a public relations director. All the participants were knowledgeable about financial accountability in their various organizations as well as the financial accountability scandals faced by other organizations. These participants provided an in-depth understanding of the oversight and accountability policies and procedures in their various successful NPOs thus helping to answer the research question.

Credibility

In qualitative research, credibility is a vital strategy that safeguards and facilitates the management of data findings for a study (Berger, 2013). I established a good rapport with all 14 study participants to gain and receive their confidence and trust. When the interviews were transcribed, the participants were given time to review their responses for authenticity and credibility of the findings. The transcribed transcripts of the interviews were made available to the interviewees within 48 hours through their personal e-mails for their comments, corrections, and, approvals.

Transferability

The findings of this research study showed the pertinent outcome to authenticate the potency of transferability. A thorough protocol and defined unambiguously the process I employed to safeguard external validity and present the ability of the research findings transferable was furnished. Transferability in research implies that findings of a research study can be applicable to similar situations or individuals (Collins & Cooper, 2014). As described in Chapter 3, the same approach to ascertain transferability. A detailed description was provided of the participants' natural settings where the data were collected and offered an in-depth account of how the data were collected and analyzed. The knowledge which was obtained in context will be relevant in other studies. Researchers in another context will be able to utilize certain concepts which were initially developed in this study. Future researchers and readers will have access to the findings of the study to evaluate for transferability to similar settings and larger population (Marshall, Cardon, Poddar, & Fontenot, 2013).

Dependability

Dependability in qualitative research is closely linked to the consistency of research findings as part of trustworthiness used to show research integrity (Hesse-Biber, & Leavy, 2006). I specified how the data were gathered, analysed, and, interpreted to confirm the consistency of findings. The procedures were followed appropriately, to confirm the dependability of the research. When the approach was applied, as described in Chapter 3, I followed the ethical guidelines of constant review throughout the whole study. Observations of the repeated responses from the participants were reviewed for saturation formulation. Codes and thematic categories were developed with the help of NVivo in line with the conceptual framework that underpins this study.

Confirmability

Appropriate protocols were followed, as outlined in Chapter 3, to provide a distinctive perspective to this research study. The outcome of this research study can without a doubt be confirmed or corroborated by other researchers, the research participants, and other people. The rationale for the chosen research methodology was succinctly justified and established its alignment with the problem statement and research question. I looked at my background and position to see how these influenced the research process such as in selecting the topic, choosing the methodology, analysing the data, interpreting the results, and, presenting the conclusions. I am confident that the research findings are based on the participants' narratives and words rather than my potential biases (Anney, 2014). I remained objective and unbiased throughout the research journey and constantly reflected on what was happening in the research process, about my values and interests. Confirmability describes the data objectivity and correctness (Abend, 2013; Houghton et al., 2013). An in-depth account of the analysis process using NVivo to show and make known the process of transparency was provided. The use of different strategies for the management of a shared understanding ensured the credibility of the outcomes from this topic of study thus providing valuable insight for readers to understand how the themes emerged from the data (Hyett et al., 2014). The audio recorder was reviewed by me many times, compared it to the transcript, field notes, and ascertained codes and themes to ensure its confirmability. Ethical research standards throughout the research journey making sure the participants' responses underpinned the purpose of this qualitative research study.

Research Results

The results of this qualitative research study support the subject of investigation with a focus on words rather than numbers. For research participant confidentiality and anonymity purposes as outlined in Chapter 3, the names of the interviewees are not mentioned in the findings. The new identities accorded the research participants were as follows; Interviewee #1, or Interviewee #2, and etcetera to maintain confidentiality. The findings are to a certain extent presented as a whole and compiled together all the interview information without any differentiation of the research participants. Therefore, most of the information regarding the findings of this study is presented to the reader as the one collected from interviews.

The other sources of data from organizational policy documents and organizational financial statements goes to confirm and, in some cases, complement the information collected from the research participants. This method made the descriptions and perspectives as presented by the participants to flow without attributing it to any interviewee. For a structured and effective description of the research findings were presented under two major headings: (a) The tools needed to create and maintain vital accountability policies and procedures in NPOs and; (b) The process of creating and maintaining vital financial accountability policies and procedures in NPOs.

The Tools Needed to Create and Maintain Vital Accountability Policies and Procedures in NPOs

The findings of this section are linked with the financial oversight and accountability policies and procedures that successful NPO leaders believe should be in place for new and emerging NPOs to create and maintain financial accountability. I interviewed organization leaders from successful NPOs who are knowledgeable or have experience on the phenomenon of study (Cresswell, 2013; Creswell & Plano Clark, 2011; Patton, 2002). These organization leaders provided rich insight into the study. Findings regarding the tools needed to create and maintain vital accountability policies and procedures in NPOs were as follows:

- Need for accountability,
- Importance of appropriate disclosure,
- Dashboard tools,
- Expense projection,

- Financial manager,
- Financial misappropriation reporting,
- Oversight policies,
- Revenue forecasts,
- Board members, and
- Supportive culture.

Need for accountability. The act of holding others responsible or answerable for their actions (good or bad), for exemplary job performance, and, achieving organization results is crucial in NPOs. The theme of the continued need for financial accountability was regular throughout the interviews. Most of the research participants recounted at least one misappropriation scandal involving a NPO and lamented on the fact that such scandals have marred the relationship between nonprofits, donors, and, the public within the American communities. They all admitted that the caliber of highly talented people in their various organizations has greatly contributed to the success of these organizations. Majority of the participants explained that appropriate financial accountability policies and procedures should be in place at the inception of any NPO and such policies and procedures should regularly be reviewed and revised as needed. All the research participants agreed that accountability policies and procedures were a great tool, and guide for the organization, and should be in writing, and identified to everyone in the organization especially those who oversee the various departments. Majority of the research participants agreed that organization processes and reporting practices should reflect financial oversight at all levels. One of the research participants reiterated that accountability should never be treated in isolation. This participant explained that accountability goes hand in hand with the company policies and procedures, the caliber of people running the organization, the culture of the organization, revenue forecasts, budget controls and board members.

For financial accountability precautions, the participants from religious NPOs stated that their organizations are always ready for an audit and every 2 years they get an outside auditor to come in an audit their books. They added that their organization policies and procedures allow church members who regularly pay their tithes to come in at any time and request to go through the financial accounts of the church. One of the research participants argued that if a NPO fails to have the proper financial accounting, oversight, policies and procedures in place, the organization is not going to succeed. This participant concluded that as a NPO, especially an organization receiving funding of any kind from the government or from any government organization, there will be a schedule of audits where the organization books are audited to make sure that it is spending and absorbing the funds pursuant to the government regulations. Consequently, if such an organization fails to implement the appropriate accountability policies and procedures, it will easily find itself out of business.

Four of the research participants from organizations with branches in other parts of the country declared that centralizing their operations really helped in their accountability efforts. They admitted that even though their organizations had many branches, they only filed one IRS Form 990 (Return of Organization Exempt from Income Tax). Consistency in structure created a greater accountability in how these organizations operate. This centralization made it easier for auditor, internal controls to monitor to make sure these organizations were doing what they are supposed to do with the donated dollars. Majority of the research participants concluded that policies and procedures towards the advancement of financial accountability cannot be overemphasized. They argued that financial controls are extremely important in any organization and much more so in NPOs for the simple reason that as much as possible of for every dollar received should be channeled to the core programs and missions.

One of the research participants explained that as part of their accountability policy revamp, the organization decided to put in greater checks and balances for the different kinds of payments as well as policies and procedures to make sure that the organization does not overpay or overspend their contracts. Another research participant argued that, keeping the financial oversight committee small have greatly advanced the organizations accountability practices over the years. This participant explained that, the financial oversight committee should be a secret club where everyone trusts everyone, and responsibilities should be rotated every 3 years.

Another research participant explained that their organization has strict accountability processes not only through an experienced financial manager and chief executive officer but also through an audit and finance committee and board of directors that meet and discuss finances every quarter. This participant added that chief executive officers in their organization meet monthly with their board treasurer and president to discuss major issues and finances. This participant concluded that the success of their organization is partly because they have maintained a nimble, flexible structure that allows them to adapt new and strengthen existing procedures based on new methods of doing business and new development and fundraising practices.

One research participant explained that monthly prompt closings and reporting to all supervisory levels in addition to approved annual budgets and appropriate disclosure of variances to budget maintain effective transparency and accountability of operations in their organization. This research participant lamented that regardless of constrained staffing levels and resources in which many NPOs operate these days, contributions receipts and disbursements are performed with an adequate segregation of duties ensuring appropriate checks and balances systems in place.

In conclusion, one of the research participants stated, “maintaining operating reserves year after year has been an organizational imperative for our organization’s financial stability, transparency and accountability.” A scrutiny of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants’ NPOs revealed the following;

- Clear, concise, future-oriented financial goals and objectives;
- Well-documented policies and procedures for check and balances;
- The preparation, discussion, and filing of the Form 990 considered a crucial step in regular annual disclosure and reporting practices;
- Transparency in internal reporting at all levels, and transparency through a successful active partnership with external auditors;

- Annual audit and reporting as well as periodical meetings throughout the year whenever there is a significant change in operations that may affect reporting or disclosures;
- Monthly prompt closings and reporting to all supervisory levels in addition to approved annual budgets and appropriate disclosure of variances;
- Statements of financial position and statements of activities details the organization's great financial health; and
- Board members with a successful track record.

The importance of appropriate disclosure. Appropriate disclosure for NPOs in the U.S. is dictated by the IRS. A NPO is dedicated to furthering a particular social cause or advocating for a shared point of view. Being a NPO in the U.S. does not mean that the organization does not generate profit, but simply that it does not generate revenue for the purpose of harvesting income. Form 990 is a U.S. IRS form that provides information about a NPO and is often the only source of such information. According to the IRS public disclosure requirements, exempt organizations must make its three most recently filed annual form 990 or 990-PF (990-PF is used to figure the tax based on investment income, and to report charitable distributions and activities) returns and all related supporting documents available for public inspection (Fram, 2016; Harris et al., 2014; Hilton, 2016).

On the importance of appropriate disclosure, majority of research participants agreed that the IRS Form 990 has become extremely important for NPOs. These participants agreed that the IRS Form 990 has become the key document that is available to everyone in terms of knowing what the finances are in a transparent way of a not-for-profit organizations. Majority of the participants agreed that donors now a days are savvy, and they do their due diligence before contributing to any not for profit. They wish to ensure not only that their dollars are spent in furthering a particular social cause but also that those dollars are effective in their mission. Majority of the research participants agreed that voluntary disclosure of their organization's IRS Form 990 on websites like GuideStar, Charity Navigator, Economic Research Institute, Pro Publica helps nonprofits to assure individuals and the public that their operations are ethical and legitimate (Saxton et al., 2014).

Another research participant pointed out that when their NPO became a 'national organization" doing business throughout the U.S., not only were they required to file documents and register with each state, but they were required to file the Form 990 in all states. This research participant concluded accuracy, clarity and appropriate disclosure of their operations became of utmost importance to maintain their charitable status and their ability to operate within all 50 U.S. states.

The insights on disclosure from the participants from religious NPOs were different and intriguing. All four participants admitted that some religious institutions such as churches are not required to file IRS Form 990 as stipulated in their exemption letters from the IRS if their annual receipts are less than $25,000. However, if such churches have unrelated business income (income from trade or business not substantially related to the charitable purpose that is the basis of the organizations' exemption), they will be required by the IRS to file Form 990-T if the gross income from the unrelated business is $1,000 or more. They all agreed that though the Form 990 is not easy to understand, they must pay close attention and do the right thing because if a church is shown to be in violation of the IRS Form 990 rules and regulations, they risk losing their exempt status.

A research participant from a social welfare NPOs explained that though their NPO has never filed a Form 990, it files an electronic notice (e-postcard) for tax-exempt organizations not required to file Form 990 or 990-EZ. This Electronic notice is known as the IRS Form 990-N. This participant showed me the organizations last four Form 990-N with a checked box against the item "Gross receipts are normally $50,000 or less." He explained to me that if their organization does not have gross receipts in excess of $50,000, the organization will only need to file a Form 990-N annually. He concluded that since the form 990-N is required by the IRS to carry the internal revenue laws of the United States, his organization is honest in its reporting to avoid any violations of the internal revenue laws.

A research participant concluded that the IRS Form 990 is no longer an obscure financial report that only auditors or certified public accountants can read. That it has become an extremely important resource for regular donors before deciding where to direct their donations. Donors care if an organization is making a difference and the IRS Form 990 disclosures allows organizations to communicate clear and concise information about the impact their organization has had during the year. A research participant concluded that; "Appropriate disclosure measures such as the IRS Form 990 can help regulators determine organizational capacity, functionality, predict the activities of the organization and provide funding opportunities." An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants' NPOs revealed clear and well documented policies and procedures in place for appropriate disclosure.

Impact of dashboard tools. Dashboard tools are graphical summaries of various pieces of vital organization information, generally used to give an overview of the organization (Lo, Wei, Chuang, Yin, & Hsieh, 2017). NPO dashboards highlight features like strategic planning, accounts receivable, accounts payable, key performance indicators and benchmarking. (Lo et al., 2017). The finding on the impact of dashboard tools was that majority of research participants agreed that dashboard tools had a significant impact in complementing their organization accountability policies and practices due to its high performance and ease of use.

They believed that the success of their organizations is credited in part to the easy access to information thanks to dashboard tools. Some of the research participants added that dashboard tools like Tableau allow even nontechnical users to create interactive, real-time visualizations in minutes with the ability of connecting to multiple data sources. One of the research participants explained that dashboard tools have helped their organization in putting greater checks and balances for the different kinds of payments, to make sure the organization don't overpay or overspend their contracts.

Another research participant argued that dashboard tools have been used by his organization to facilitate easier tracking of payments and enables the allocations of funds to be done more mechanically. A research participant concluded that "directors, board members, and all nonprofit employees must be adaptable to technological change and new technological tools like dashboards." An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants' NPOs revealed the importance of dashboard tools for executives and board members for easy tracking of the financial position and statements of activities detailing the financial health of the organization.

Expense projection. The accountability policies and procedures in every NPO should have expense projection as a vital part of the budget. Depending on the NPO, expense projection can be a subdocument of a nonprofit budget that estimates not only how much money the organization will receive and spend over the course of a year but also when the funds will be received and what it will be spend on. All the research participants discussed the importance of expense projection and its direct connection to financial accountability in their various organizations. While majority of the research participants declared that their organizations create annual expense projections, two participants acknowledged that their organization creates expense projections quarterly. Majority of the participants agreed that expense projections help in breaking down the organization's budget into increments of time.

Two research participants from religious NPOs explained that per capita giving drives their expense projection. They explained that per capita giving is the average amount of money assessed per active church member as contribution towards the expenses associated with coordinating and performing the work of organization. Donations are part of revenue in these organizations but due to its unpredictability, these organizations have fared so well for many years using per capita giving for expense projection instead. An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants' NPOs revealed concisely documented policies on how to use the revenue forecast for expense projection.

Financial manager and financial oversight. In all NPOs, boards of directors have a fiduciary obligation to warrant that the assets of that NPO are used in accord with donors' intent, and in support of the charitable mission (Bryce, 2017). One way to ensure prudent financial management is for the board of directors to hire a financial manager to oversee their financial oversight policies and procedures (Bryce, 2017). Financial managers of NPOs are responsible for the financial health of the organization through the oversight policies and procedures**.** Many of the participants explained that in their positions as financial managers or other financial related positions, their functions included generating financial reports, directing investment activities, and, developing strategies and plans for the long-term financial goals of their organization.

Some of the interviewees from religious NPOs explained that the role of financial manager was shared into three different roles; the finance committee (consisting of not less than three members), the treasurer, and, a financial secretary. Together these three roles are responsible for the overall financial health of the organization. Many of the interviewees lamented that regardless of constrained staffing levels and resources in which many NPOs operate these days, all their contributions receipts and disbursements are performed with an adequate segregation of duties ensuring appropriate checks and balances systems in place. Most of the interviewees stated that their NPOs are monitored by an involved and diverse board of directors in addition to an audit and finance committee that monitors major financial transactions in addition to review of monthly financial statements.

Many of the interviewees added that some of the directors on their NPOs did not have a material or pecuniary relationship with the organization or related persons, except sitting fees. These interviewees further explained that the presence of these independent or outside directors helps ensure that the board makes objective, unbiased decisions that are in the best financial interests of the organization and in alignment with the vision and mission of the organization. Many of the interviewees added that the auditors are actively involved in the organization’s annual audit, reporting, periodical meetings and are notified whenever there is a significant change in operations that may affect reporting or disclosures.

In conclusion, most of the interviewees admitted that financial controls are extremely important in any organization and much more so in a NPO to guarantee that as much as possible of every dollar received is directed to the organizations core programs and missions. Adequate financial controls in place would decrease the need to allocate manpower to certain functions without sacrificing policies and controls. An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants’ NPOs revealed well documented policies and procedures for financial manager.

Financial misappropriation reporting. Financial misappropriation reporting within NPOs vary depending on the type and size of the NPO (Scheetz, Smalls, Wall & Wilson, 2018). While all the interviewees admitted to being aware of at least one instance of misappropriation case in their NPO, the reporting procedures were however different. Some of the interviewees noted that misappropriation reporting was dealt with internally, others declared that both internal and external measures were used for the reporting of financial misappropriation cases.

Many of the participants admitted that whistle blowing both internally and externally has greatly contributed to many financial misappropriation reporting cases in their various NPOs. All the interviewees admitted that the size of the nonprofit in terms of revenue greatly affects the amount of media coverage when a suspected case of financial misappropriation is reported. One of the research participants lamented and stated:

> When a sister nonprofit was suspected of financial misappropriation and investigated by the IRS, the media coverage was outrageous, and it indirectly affected giving in that NPO. However, when this sister nonprofit was cleared by the IRS of any wrongdoing, the clearance was only reported at the back of a local newspaper covering just one paragraph.

The research participants declared that when financial misappropriation was reported, investigated and wrongdoing found, the consequences ranged from dismissal, resignation, pay back of funds misappropriated, and jail time in some cases. Many of the research participants stated that transparency in internal reporting at all levels, and transparency through a successful active partnership with their external auditors has almost eliminated misappropriation cases in their NPOs.

An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants' NPOs revealed the following;

- A zero-tolerance approach to financial misappropriation conduct
- Serious sanctions for not promptly reporting financial misappropriation findings or suspicions of financial misappropriation

Revenue forecasts. A theme that emerged from the interview was the importance of revenue forecast in nonprofit organizational accounting practices and transparent financial processes. Participants explained that though nonprofit budgets must be based on realistic revenue forecasts, there exist the inherent difficulty of projecting a budget revenue figure for a future full of uncertainties. Many of the participants claimed that the success of their organization has been partly because over the years they have been able to comfortably estimate how much revenue they expect over the next year and revenue pipelines biweekly or monthly. Participants stated that their NPOs have over the years exceeded budget figures most of the time and met ambitious fundraising goals some of the time resulting in a strong, nimble, resilient organization capable of fulfilling its mission over time.

One of the research participants stated; “revenue forecast is an essential part of future planning and is the art and science of predicting what will happen to the organization”. Some of the principles of reliable revenue forecasts shared by the participants included; taking time to build your nonprofit budget, using experienced people to build the budget, breaking revenue projections into major categories, running revenue projections at least three different ways. They claimed that these principles had the potential of ensuring an overall revenue projection more reliable, transparent, and, defensible.

They recognized and maintained that failure to employ reliable revenue forecasts can result in adverse consequences like funders losing faith in the organization, staff layoff, loss of lifesaving services, and, much more. A few of the participants concluded that the impact of revenue diversification on expected revenue and volatility for NPOs cannot be overemphasized (Mayer, Wang, Egginton, & Flint, 2014). An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants’ NPOs revealed a history of realistic revenue forecast.

Board members. An analysis of the participants’ responses revealed that there is an association between board members and organizational performance in NPOs. All the interviewees claimed that the success of their NPOs could not have been achieved without the strategic contributions of the board members. Majority of the interviewees explained that their organizations had executive board members, strategic advisory board members, and, honorary board members most of them highly knowledgeable in business, finance, and accounting. Few of the participants mentioned that though their organizations had fewer board members compared to other NPOs, these board members were knowledgeable in business, finance, and, accounting as well. One of the participants stated, “our organization has been able to achieve real impact and relevance because of strong, strategic leadership.”

Many of the participants claimed that nonprofit board members have as responsibilities to support and govern the organization. The participants explained that each of these responsibilities requires different skills and expertise. They explained that in the role of supporter, board members raise money, bring contacts to the organization, and act as ambassadors to the community**.** In the role of governance, the participants explained that board members are responsible for adopting sound, ethical, and, legal governance and financial management policies, as well as ensuring that the NPO has ample resources to advance its mission. An inspection of the organizational policy documents regarding financial accountability practices and organizational financial statements of some of the participants’ NPOs revealed a history of the recruitment of board members with successful track records with most of them highly knowledgeable in business, finance, and, accounting.

Supportive culture. Another theme that emerged from the interview was the significance of a supportive culture in the financial accountability health of a NPO. Many of the participants explained that their NPOs had a reputation of cultivating, promoting, and, maintaining a happy supportive culture within the organization. Majority of the participants claimed that the supportive culture in their organization contributed to the overall success that permeates their organizations. The participants explained that a unique positive social and psychological environment has been created in their organization because of their underlying beliefs, assumptions, values, and, ways of interacting with each other. Participants explained that the supportive culture in turn contributed to the financial accountability health of their various NPOs.

The process of creating and maintaining vital financial accountability policies and procedures in NPOs

This second part of the outcomes was related to accountability policies and procedures in place before starting a NPO and policies and procedures during the running of the NPO. The foundation is an important aspect of the beginning of almost anything and NPOs are not an exception. Most of the research participants emphasized on the importance of aligning the mission, vision, and, goals of the organization in order to establish a clear direction, purpose and benchmark for success. Findings regarding the accountability policies and procedures in place before and after starting a NPO were as follows:

The mission statement as a foundational document. All the participants explained that the mission statement was a foundational document for their various NPOs. All the participants credited the financial health of their organization to the clear and concise mission statement designed to convey a sense of why the NPO exists to its members as well as people in the community. Many of the participants explained that their mission statements have remained the same since the creation of the NPO. However, some participants stated that their mission statements have been modified over the years based on new methods of doing business and new development and fundraising practices. Majority of the participants explained that the mission statement of their NPO sums up the essence of their organization and guides decision-making processes.

The vision statement as an inspirational document. All the participants stated that the vision statement of their various NPOs was an inspirational document declaring the organization's objectives and intended to guide its internal decision-making. All the participants attributed the financial health of their NPO to the clear, concise future-oriented vision statement of their organization. Majority of the participants stated that their vision statement inspires and provides direction to donors, future donors, volunteers and employees of the organization. Some of the participants added that a vision statement should be clear, concise and future-oriented. Many of the participants concluded that choosing a vision statement that accurately defines what your NPO hopes to achieve is key to long-term success.

The organizational strategies as a pragmatic road map. All the participants explained that the success of their organization especially the financial accountability success has been as a result of the organizational strategies as a pragmatic road map. Many of the participants explained that their organizations have maintained a nimble, flexible organizational strategies that allows them to adapt new and strengthen existing procedures based on new methods of doing business and new development and fundraising practices. Some of the participants concluded that organizational strategies map out the direction of your organization and provides context for donors and the general public communicating the why behind what the organization is doing. Many of the participants concluded that organizational strategy should arise from your organization's mission statement and should help in planning, resource allocation and operational efficiency.

Goals and objectives as building blocks of achieving the mission and vision. All the participants explained that the financial health of their organization has been partly due to the goals and objectives of the organization. They all stated that in order to achieve the mission and vision of the organization, there had to be an alignment between the goals, objectives, mission and vision of the organization. Many of the participants explained that their organizations have maintained a nimble, flexible organizational strategies that allows them to adapt new and strengthen existing procedures based on new methods of doing business and new development and fundraising practices.

Majority of the participants explained that adequate accountability practices and transparent financial processes have been at the forefront of their organizational goals and objectives. The participants stated that identifying the appropriate oversight and accountability policies and practices should be at the core of every NPO.

Opportunity for improvement. Majority of the interviewees suggested that new and emerging NPOs can learn from the successful NPOs to create and maintain financial accountability. Some of the participants lamented that in order to accurately understand the financial health of a NPO there needs to be a linkage between the organization annual report and the 990 because the two go together as companion documents. These participants however concluded that though the IRS Form 990 does not paint a perfect picture of an organization's financial health, the form gives the IRS an overview of the organization's activities, governance, and, financial information. Participants observed the media really does not treat NPOs as fairly as they really should. They explained that when a big NPO is suspected of financial misappropriation and is being externally investigated by the IRS, the media frenzy is unbelievable but when the allegations turn out to be unfounded, the media fails to properly exonerate the organization.

Summary

In this chapter I presented the findings of the data gathered from the 14 interviewees based on the research question which include essential financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability. The findings of this study offered a robust insight previously not well explored. Findings regarding the tools needed to create and maintain vital accountability policies and procedures in NPOs were as follows; need for accountability, importance of appropriate disclosure, impact of dashboard tool, expense projection, financial manager, financial misappropriation reporting, oversight policies, revenue forecasts, board members and supportive culture.

The theme of the continued need for financial accountability was regular throughout the interviews. On the importance of appropriate disclosure, majority of research participants agreed that the IRS Form 990 has become extremely important for NPOs. All the research participants discussed the importance of expense projection and its direct connection to financial accountability in their various organizations. The study revealed that financial managers of NPOs are responsible for the financial health of the organization through the oversight policies and procedures**.** Participants in the study explained that though nonprofit budgets must be based on realistic revenue forecasts, there exist the inherent difficulty of projecting a budget revenue figure for a future full of uncertainties.

An inspection of the organizational policy documents regarding financial accountability practices of some of the participants' NPOs revealed a zero-tolerance approach to financial misappropriation conduct. The inspected documents on the financial accountability success of the NPOs revealed organizational strategies as a pragmatic road map to organizational success. Majority of the participants claimed that the supportive culture in their organization contributed to the overall success that permeates their organizations. The interview data were analyzed and presented with the organization policy documents regarding financial accounting practices and organizational financial statements. In Chapter 5, the information of the findings and additional insight into the recommendations for policy change, and further recommendations for additional research will be addressed.

Chapter 5: Discussion, Recommendations, and, Conclusions

Introduction

The purpose of this qualitative study was to explore and document the financial oversight and accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. The core goal of this study was to determine what successful NPO leaders believe are essential financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability. I based this qualitative case study on the proposition that additional research was needed to determine how leaders of U.S. NPOs impact clear financial practices (see Hilton, 2016).

The sampling focus was on NPO leaders in an urban area in the southeastern United States. I collected data through informal interviews with participants. Other data sources included organizational policy documents regarding financial accountability practices and organizational financial documents. I conducted in-depth interviews with one chief financial officer and, 5 other leaders; a chief executive officer, two pastors, a treasurer, and, a president) in charge of organization finances in four successful new or emerging NPOs, less than 5 years in business as well as two chief financial officers and 6 other leaders; a regional executive director, a public relations manager, a finance manager, an executive vice president of human resources, a public relations director, and, a pastor knowledgeable in organization finances in four successful NPOs, more than 5 years in business.

I conducted research to describe and shed light on the appropriate oversight and accountability policies and practices of successful NPOs that new and emerging NPOs could use to learn to create and maintain financial accountability from. The findings in relation to the appropriate oversight and accountability policies and practices of successful NPOs were (a) the need for accountability, (b) the importance of appropriate disclosure, (c) impact of dashboard tools, (d) role of expense projection, (e) financial manager, (f) financial misappropriation reporting, (g) oversight policies, (h) revenue forecast, (i) board members, and, (j) supportive culture. The findings relating to accountability policies and procedures in place before starting a NPO and policies and procedures during the running of the NPO were (a) the mission statement as a foundational document, (b) the vision statement as an inspirational document, (c) the organizational strategies as a pragmatic road map, (d) goals and objectives as building blocks of achieving the mission and vision, and, (e) opportunity for improvement.

The insights on disclosure from the participants from religious NPOs were different and intriguing from the other NPOs. These participants stated that their organizations are always ready for an audit, and every year or every other year they get an outside auditor to come in an audit their books. They even allow church members who regularly pay their tithes to come in at any time and request to go through the financial accounts of the church.

Interpretation of the Findings

The findings of the study confirmed knowledge in the literature that additional research is needed to determine how the leadership of U.S. NPOs impact their clear financial practices (see Hilton, 2016). The findings show that accountability should never be treated in isolation and that it goes together with the policies and procedures and the caliber of people running the organization, especially NPO leadership. Though the findings confirmed that the famous IRS Form 990 does not provide a clear indication of the financial health of a NPO, voluntary disclosure of financial information on websites that includes posting IRS Form 990 helps nonprofits to assure individuals and the public that their operations are ethical and legitimate (see Saxton et al., 2014). The results of this study broaden knowledge by describing the tools needed to create and maintain vital accountability policies and procedures in NPOs as well as the process of creating and maintaining vital financial accountability policies and procedures in NPOs. An interesting finding of this study was the mission statement as a foundational document, the vision statement as an inspirational document, the organizational strategies as a pragmatic road map, and, goals and objectives as building blocks of achieving the mission and vision.

Extension of Knowledge

I found no previous study on what successful NPO leaders believe are essential financial oversight and accountability policies and procedures that should be in place for new and emerging NPOs to create and maintain financial accountability. This lack of previous research highlighted a knowledge gap in the literature and the need to examine how leadership impacts the clear financial practices of U.S. NPOs (see Hilton, 2016). Researchers had, however, carried out a study on specific NPOs that were involved in financial accountability scandals for the past 2 decades (Lecy & Searing, 2015). These recent studies drew three main conclusions from the financial accountability scandals involving NPOs: (a) a loss of public trust (Hilton, 2016; Lecy & Searing, 2015); (b) an examination of the causes of accountability and fraud scandals (Harris et al., 2014; Hilton, 2016); and, (c) the call for transparency and accountability among NPOs (Boland et al., 2018; Hilton, 2016). These studies focused more on the consequences of financial accountability scandals and little on solutions to such accountability issues. Some researchers argued that there is an increased demand for accountability and transparency in NPOs due to these previous incidences of fraud (Brody & Owens, 2016; Lecy & Searing, 2015), but their studies focused on the accountability malpractices of specific NPOs, including lack of financial oversight or the misreporting of organizations' financial transactions. Brody and Owens (2016) argued that though the IRS Form 990 and its subsequent amendments were aimed at ensuring that NPOs implement accountability practices, this step has failed to curb accountability crises in U.S. NPOs adequately.

Graham (2018) observed that organizational leaders always have a choice in developing and implementing certain practices and policies and can either choose to conduct practices and implement policies that are aligned with the objectives of the organization or not. NPO fraud cases have been higher in the last two decades compared to the previous decades (Graham,2018). Hilton (2016) found that directors of specific NPOs were at the center of fraud scandals. The leaders of successful NPOs that participated in this research confirmed that they had to choose to implement financial oversight and accountability policies and procedures and that these policies and procedures were crucial in creating and maintaining clear financial accountability in their various organizations.

Brown and Baltes (2017) linked the perception of accountability, transparency, and ethical behavior necessary to ensure the health and sustainability of nonprofits to the trust and confidence of the public but only advocated for transparent operations; the provision of accountability data, such as financial reports; and ethical conduct. Hilton (2016) linked recent financial misappropriation scandals involving U.S. NPOs to the undermining of trust and confidence in the nonprofit sector but advocated for the need to adjust regulatory and control processes governing NPOs. None of these studies centered on the identification of the appropriate oversight and accountability policies and procedures of successful NPOs.

Therefore, the results of this study widen knowledge in critical ways. First, the study provided an opportunity to document the accountability policies, practices, and procedures used by successful NPOs for the health and sustainability of their organizations. This knowledge may be useful for new and emerging NPOs, researchers, and practitioners who would like to either study accountability policy or its usefulness in addressing financial misappropriation issues. Second, the findings of this study provide a comprehensive understanding of the tools needed to create and maintain vital accountability policies and procedures in NPOs through a detailed and pragmatic examination of a need for accountability, the importance of appropriate disclosure the impact of dashboard tools, the role of expense projection, financial misappropriation reporting, and oversight policies amongst other tools. Third, the results of this study present a synthesis of literature concerning the process of creating and maintaining vital financial accountability policies and procedures in NPOs, including:

- The mission statement of a NPO is a clear and concise foundational document that sums up the essence of the organization and guides decision-making processes.
- The vision statement is an inspirational document declaring an organization's objectives and is intended to guide the NPO's internal decision-making procedures.
- For a successful, financially healthy organization, compliance and best organizational practices in policies and procedures, especially about financial accountability, must be applied (Bryson, 2018).
- Clear, concise, future-oriented financial goals and objectives that align with the mission and vision of an organization are a catalyst for good financial health.
- Flexible and nimble organizational strategies are a pragmatic road map to the financial accountability success of a NPO.

Analysis

The findings of this qualitative study are in alliance with the theoretical framework of a combination of social construction theory and institutional rational choice theory outlined in Chapter 2. It confirms how NPOs construct a perception of accountability to beneficiaries, benefactors, and the public as an application of social construction theory (Sabatier & Weible, 2014). Institutional rational choice theory, on the other hand, explained how institutional rules can alter the behavior of rational individuals motivated by self-interest such as organizational officers acting in what they perceive to be the best interests of the organizations (Ostrom, 2007, Apesteguia, 2015). The development and implementation of financial oversight and accountability policies and procedures that NPOs can employ to maintain clear financial accountability practices is potentially a path to adequately address the accountability issues plaguing some NPOs. Addressing this knowledge gap will help new and emerging NPOs perceive what successful NPO leaders believe are essential financial oversight and accountability policies and procedures necessary for a financially healthy organization. This position was confirmed with the accounts of the research participants who were able to articulate their experiences in a manner that showed that they were conversant with the process of creating and maintaining clear financial accountability practices.

The tools necessary for creating and maintaining clear accountability practices within NPOs should be comprehensive and used during the creation and running of the organization, and they should strengthen the capacities of the NPO leaders to fight accountability issues and produce the desired results. Researchers have called for NPO leaders to develop trusting relationships that include disclosure and transparent financial reporting (Yang et al., 2017). Therefore, the development and implementation of essential financial oversight and accountability policies and procedures by NPO leaders are vital to the initiation of a pathway forward for new and emerging NPOs. In this study, I offered an analysis of the process of creating and maintaining clear financial accountability practices as a critical approach to preventing financial accountability scandals, maintaining public trust, and fulfilling the mission and vision of the organization.

Interpretation of the Data

Need for accountability as a tool for creating and maintaining vital accountability policies and procedures in NPOs

The data confirmed the literature that there is an increased demand for accountability and transparency in NPOs due to previous fraud incidences (Brody & Owens, 2016; Lecy & Searing, 2015). The implementation of the IRS Form 990 and its subsequent amendments to ensure financial transparency by NPOs has failed to curb accountability crises in the U.S. (Brody & Owens, 2016). The data confirmed the literature that organization leaders always have a choice in developing and implementing certain accountability practices and policies (Graham, 2018). Data confirmed the literature that there has been calls for increased visibility and scrutiny over the years, specifically pointing to the need for nonprofits to demonstrate clear financial accountability practices (Archambeault et al., 2015; Bryce, 2017; Bryson, 2018; Feng et al., 2016; Harris et al., 2014). Although the IRS excluded unmanageable debt and Medicare shortfalls from its set of community-benefit measures, it currently obliges the hospitals to report these expenses on IRS Schedule H of Form 990. This reporting controversy by the IRS has further complicated accountability issues for nonprofit hospitals and community relations (Young et al., 2013).

Importance of Appropriate Disclosure as A Tool for Creating and Maintaining Vital Accountability Policies and Procedures in NPOs

This interpretation of findings was connected to the advantages and disadvantages of the internal revenue Form 990 (Return of Organization Exempt from Income Tax). This IRS Form 990 is used by the internal revenue services and the public to evaluate nonprofits and how they operate by collecting information about the mission, programs, and finances of tax-exempt organizations like the NPOs. The data confirmed the literature that the IRS Form 990 and its subsequent amendments does not paint a complete picture of the financial health of a NPO in terms of appropriate disclosure (Brody & Owens, 2016). Appropriate disclosure for NPOs as suggested by the study participants will be a combination of the IRS Form 990 and the organization's annual report.

The Impact of Dashboard Tools for Creating and Maintaining Vital Accountability Policies and Procedures in NPOs

From the participants' perspectives, dashboard tools had a significant impact in complementing their organization accountability policies and practices due to its high performance and ease of use. The interpretation of this finding on the impact of dashboard tools for maintaining vital accountability practices confirmed the previous literature that factual and perception of accountability and transparency are crucial for NPOs (Brown & Baltes, 2017). As noted by most of the study participants, the impact of dashboard tools for creating and maintaining vital accountability policies and procedures in NPOs cannot be over emphasized. Dashboard tools provide a platform that enables the leaders of most successful NPOs to make informed decisions from anywhere to meet the specific needs of a department or current project.

Expense Projection as A Crucial Tool for Creating and Maintaining Vital Accountability Policies and Procedures in NPOs

Data indicate that an expense projection should be a subdocument of a nonprofit budget that estimates not only how much money the organization will receive and spend over the course of a year but also when the funds will be received and corresponding expense item. The effect of this finding from the research participants is that new and emerging NPOs can learn to create and maintain financial accountability from the successful NPOs represented by the research participants. Institutional rational choice theory can be used to explore why leaders of NPOs might deviate from the mission of their organizations and make expense projections that emerge from self-interest (Apesteguia, 2015).

Financial Manager and Financial Oversight as A Crucial Tool for Creating and Maintaining Vital Accountability Policies and Procedures in NPOs

This interpretation of findings was connected to the tools needed to create and maintain vital accountability policies and procedures in NPOs. These tools offer great opportunities for new and emerging NPOs to create and maintain clear financial accountability policies and procedures. The data confirmed the literature that the lack of good governance in certain nonprofit entities might result to fraudulent activities (Harris et al., 2017; Hyndman & McLKillop, 2018). The data confirmed the literature that there is a growing need for good governance in NPOs to lessen fraudulent acts and to ensure these organizations have leaders that will promote ethical actions (Perego & Verbeteen, 2015). The research data confirmed the literature that financial measures are an important tool for NPO in providing a structure of internal accountability between boards and management (Ryan & Irvine, 2012).

Financial Misappropriation Reporting in NPOs

This interpretation of findings was connected to tools needed to create and maintain vital accountability policies and procedures in NPOs. The data were confirmed by the literature that financial misappropriation reporting within NPOs vary depending on the type and size of the NPO (Scheetz et al., 2018). Research participants stated that though the reporting procedures were different depending on the NPO, misappropriation reporting was dealt with either internally, externally or in some cases both internally and externally.

Board Members as A Crucial Link to Organizational Success

This interpretation of findings was connected to the tools needed to create and maintain vital accountability policies and procedures in NPOs. An analysis of the participants' responses revealed that there is an association between board members who are highly knowledgeable in business, finance, and, accounting and organizational performance in NPOs. The data confirmed the literature that leaders and managers of NPOs should strive to be effective policymakers with the ability to exercise discretion to meet the changing circumstances thus making fundamental decisions that can better shape their organizations (Bryson, 2018).

Supportive Culture as A Tool to Organizational Success

This was connected to the tools needed to create and maintain vital accountability policies and procedures in NPOs. Many of the participants explained that their NPOs had a reputation of cultivating, promoting, and, maintaining a happy supportive culture within the organization which in turn contributed to the overall success that permeates their organizations. Prior research confirmed that individuals can use institutions to maximize the institution's utility by cultivating and maintaining a happy supportive culture within the organization (Ostrom, 2007).

The Mission Statement as A Foundational Document

All the research participants credited the financial health of their various NPOs to the clear and concise mission statement as a foundational document of their organizations. In contrast to the data, Part I of the IRS Form 990 is a summary of the organization. In this part, the organization is required to provide information about the different activities of the organization and the governance such as its vision, organizational chart, and, volunteers. More importantly, the organization is required to provide financial information of the organization such as revenue, expenses, and balances (Fram, 2016; Harris et al., 2014; Hilton, 2016). It fails to place any emphasis on the mission statement which is an important foundational document.

The Vision Statement as An Inspirational Document

All the participants credited their good financial health to the organizations vision document. The research participants stated that the vision statement of their various NPOs was an inspirational document declaring the organization's objectives and intended to guide its internal decision-making. The data confirmed the literature that the vision statement is crucial, and the IRS requires it stated in Part 1 of the IRS Form 990 (Fram, 2016; Harris et al., 2014; Hilton, 2016).

Organizational Strategies as A Pragmatic Road Map

This interpretation of findings was connected to the process of creating and maintaining vital financial accountability policies and procedures in NPOs. All the participants explained that the success of their organization especially the financial accountability success has been as a result of the organizational strategies as a pragmatic road map. The data confirmed the literature that for the successful financial and strategic management of an emerging NPO, the organizational leaders should be aware of the legal responsibilities and barriers involved in starting and running a NPO (Bryce (2017).

Goals and Objectives as Building Blocks of Achieving the Mission and Vision

This interpretation of findings was connected to the process of creating and maintaining vital financial accountability policies and procedures in NPOs. All research participants stated that to achieve the mission and vision of the organization, there had to be an alignment between the goals, objectives, mission, and vision of the organization. Most of the research participants attributed the financial health of their various organizations to the organizational goals and objectives. The data confirmed the literature that the leaders of NPOs should be aware of the legal, financial, and, environmental constraints of starting and running a NPO and the consequences of their actions if they fail to realize the organizational goals (Bryce, 2017).

In summary, the overall interpretation of the findings is that successful NPO leaders should use tools related to the financial oversight and accountability policies and procedures to maintain clear financial accountability practices within their organizations. Doing so will create a belief among the board, staff, and community that their financial and nonfinancial efforts are paying off thus restoring accountability practices as well as public trust. This research study has addressed the nonprofit financial accountability gap in research and adds to the body of knowledge on the nonprofit sector in the U.S. The potential implications for positive social change for this study will lead to the implementation of financial accountability measures that can result in increased public confidence in NPOs.

Limitations of the Study

The design of this qualitative case study was only to collect data from participants living in a metropolitan area in Florida, USA, this could be a distraction to the validity of the findings and generalizability of the results of the study to other parts of the U.S. Qualitative research by nature is less generalizable than quantitative research, thus the extension of this research findings and conclusions from these participants in a metropolitan area in Florida to other successful NPOs at large presents a limitation. Another limitation of the research was that due to the sensitivity of the study, I could not access some classified documents; one of the prospective participants replied my e-mail with this:

> Unfortunately, we are not able to assist you with your request. The research questions you attached to your

> email includes information that we do not share outside of our hospital system. However, we wish you the best of luck in your educational endeavors.

Even some of the participants who accepted to participate in the study were reluctant to share organizational documents like yearly reports, balance sheets, and other organizational financial statements with me. This notwithstanding, I was able to navigate this challenge by relying on open source information such annually filled IRS Form 990s and interviews with selected participants who are knowledgeable or have experience on the phenomenon of study (Creswell, 2013; Creswell & Plano Clark, 2011; Patton, 2002) who provided unclassified information. Another prospective participant wrote:

> Though we consider our organization successful compared to other organizations, you must understand nonprofits are notoriously under-resourced, and we are not an exception. Unfortunately, those that do have vast resources, often misuse them -- the Trump Foundation and the subsequent NY investigation is the first to come to mind.

Data collection and securing research participants was more challenging than expected and took more time and energy than anticipated. This has potential implication for future research.

Recommendations

Accounts from the interviewees brought concern about accountability policies and procedures that NPOs employ to maintain clear financial accountability practices. My first recommendation is that further research is required to provide researchers with knowledge about the effectiveness of the IRS Form 990 as a crucial tool for appropriate disclosure for NPOs in the U.S. The IRS Form 990 is the key document that is available to everyone in terms of knowing what the finances are in a transparent way of a not-for-profit organizations. However, some NPOs such as churches are exempted from filing the IRS Form 990 if their annual receipts are less than $25,000. Though a key document of accountability, it still does not paint a complete picture of the financial health of a NPO. In order to have a complete picture of an organization's health, the IRS Form 990 should be examined alongside the organization's annual report. Every NPO should therefore be obligated to file the IRS Form 990 annually irrespective of how much revenue the organization made that year.

Another recommendation is for NPOs to consider voluntary disclosure of their organization's IRS Form 990 and their annual reports on websites like GuideStar, Charity Navigator, Economic Research Institute, Pro Publica to assure individuals and the public that their operations are ethical and legitimate (Saxton et al., 2014). Future researches could be carried out to determine the impact of tools like vision statement, mission statement, appropriate disclosure, dashboard tools, expense projection, financial manager, financial misappropriation reporting, oversight policies, revenue forecasts, board members, and a supportive culture on the financial health of NPOs in the U.S. They could employ quantitative methodologies to arrive at a different perspective about the effectiveness of these financial accountability tools.

The characteristics of a financially healthy and high performing NPO are goals and objectives as building blocks of achieving the mission and vision, use of dashboard tools, revenue forecast, growth, supportive culture, and board members with knowledge in finance. My findings of the characteristics of a healthy financial NPO where of a qualitative nature from persons who had been intimately involved the financial dealings of their various organizations. However, a rigorous evaluation of the essential financial oversight and accountability policies and procedures used by successful NPOs in another state or states to create and maintain financial accountability could help the public policy and administration sector especially the nonprofit sector. The findings of this study should be made available to the IRS, researchers, and, the general public as it will help in addressing the nonprofit organizational appropriate disclosure issue, nonprofit organizational accountability gap in research and public trust issue. Understanding the relationships between the tools needed to create and maintain vital accountability policies and procedures in NPOs and high performing NPOs is crucial as it could help new and emerging NPOs to create and maintain financial accountability.

Implications for Social Change

This study was intended to explore and document the financial oversight and accountability policies and procedures that NPOs do employ to maintain clear financial accountability practices. This study was intended to gain knowledge on any other aspects that make certain NPOs more accountable and successful than others especially in the financial leadership and accountability area. This study helped to document tools needed to create and maintain vital accountability policies and procedures in NPOs. Addressing this accountability issues that plague some NPOs can lead to increased public confidence in the veracity of legitimate NPOs.

The potential impact of this qualitative study for social change is that it provided an opportunity to identify and document those policies, practices and procedures of successful NPOs for those organizations not using them. The theoretical framework underlining this qualitative phenomenological study was the combination of social construction theory and institutional rational choice theory. While the social construction theory explained how individuals and groups participate in the construction of their perceived social reality (Sabatier & Weible, 2014), institutional rational choice theory confirmed that institutional rules can alter the behavior of rational individuals motivated by self-interest such as organizational officers acting in what they perceive to be the best interests of the organizations (Ostrom, 2007).

In addition, findings underscored the need for policy makers and implementers to adopt adequate or appropriate oversight or accountability policies and practices as a platform to fight NPO misappropriation scandals that have unfortunately marred the relationship between nonprofits, donors, and the public within the U.S. communities. The results from the study offered evidence of how appropriate tools crucial to create and maintain vital accountability policies and procedures in NPOs can eliminate NPO misappropriation resulting in high performing and financially healthy NPOs. The findings provided the empirical evidence required for addressing misunderstanding, accountability pitfalls, and has marred the relationship between the media and certain NPOs. The study provides a model for NPOs that want to ensure financial accountability throughout their organizations and with the wider community. This study fills a gap in the literature and has contributed to the increased understanding and increased awareness about the financial accountability tools that NPO leaders use and believe are essential for new and emerging NPOs to create and maintain financial accountability.

Conclusion

The topic of this study was financial accountability in U.S. NPOs. The focus was on organizational leaders in charge of organization finances in four successful new or emerging NPOs (Less than 5 years old) and organizational leaders in charge of organization finances in four successful NPOs with a longer history (more than 5 years) in a metropolitan area in Florida, USA. Influenced by the combination of social construction theory and institutional rational choice theory, the findings from this study resulted from interviews conducted with leaders of several successful NPOs who met the criteria of having excellent financial oversight. Other sources of data were; organizational policy documents regarding financial accountability practices and organizational financial statements (balance sheets, profit and losses).

In this research, I offered a description of the tools needed to create and maintain vital accountability policies and procedures in NPOs as well as the process of creating and maintaining vital financial accountability policies and procedures in NPOs. In this study, I provided evidence that the IRS Form 990 is the key document that is available to everyone in terms of knowing what the finances of a not-for-profit organization are and so far, the only publicly available source of such information. The outcomes of this study would be of benefit to future researchers, the IRS, policy makers, policy implementers, nonprofit sector, for-profit organizations, the media, and the general public.

The critical finding of this research shows the need for continued research to bring positive social change through nonprofit financial accountability policy improvement. NPOs have as a common denominator of cultural improvement and performing certain social services in the community that might otherwise have to be assumed by government (Hopkins, 2017). My hope is that this study on financial accountability in U.S. NPOs will assist new and emerging NPOs to grow to high performing and financially healthy NPOs by employing the oversight and accountability policies and procedures of successful NPOs.

References

Anheier, H. K. (2014). *Nonprofit organizations: Theory, management, policy*. NY: Routledge, Taylor & Francis Group LLC

Apesteguia, J. (2015, December). A measure of rationality and welfare. *Journal of Political Economy*, *123* (6). doi:10.1086/683838

Archambeault, D. S., Webber, S., & Greenlee, J. (2015). Fraud and corruption in US nonprofit entities a summary of press reports 2008–2011. *Non-Profit and Voluntary Sector Quarterly*, *44*(6), 1194-1224. doi:10.1177/0899764014555987

Archer, J. G. (2016). This SOX: Combating public charity fraud with Sarbanes-Oxley. *Mississippi Law Journal, 85*, 1395-1426. doi:10.2139/ssrn.2719374

Bankman, J., Gamage, D., Goldin, J., Hemel, D., Shanske, D., Stark, K., ... Viswanathan, M. (2018). Federal income tax treatment of charitable contributions entitling donor to a state tax credit. doi:10.2139/ssrn.3098291

Barratt, M. J., Ferris, J. A., & Lenton, S. (2015). Hidden populations, online purposive sampling, and external validity: Taking off the blindfold. *Field Methods*, *27*(1), 3-21. doi:10.1177%2F1525822X14526838

Baskerville, R., & Servalli, S. (2016). Accounting and charities–an introduction. *Accounting History*, *21*(2-3), 139-143. doi:10.1177/1032373216648423

Beck, C., Frost, G., & Jones, S. (2018). CSR disclosure and financial performance revisited: A cross-country analysis. *Australian Journal of Management*, *1*(3), 21-25. doi:10:0312896218771438.

Bennett, R. (2017). Relevance of fundraising charities' content—Marketing objectives: Perceptions of donors, fundraisers, and their consultants. *Journal of Non-Profit & Public Sector Marketing*, *29*(1), 39-63. doi:10.1080/10495142.2017.1293584

Berger, R. (2015). Now I see it, now I don't: Researcher's position and reflexivity in qualitative research. *Qualitative Research, 15,* 219-234. doi:10.1177/1468794112468475

Birt, L., Scott, S., Cavers, D., Campbell, C., & Walter, F. (2016). Member checking: A tool to enhance trustworthiness or merely a nod to validation? *Qualitative Health Research*, *26*(13), 1802-1811. doi:10.1177%2F1049732316654870

Blackstone, A. (2016). Principles of sociological inquiry: Qualitative and quantitative methods. *Flat World Education*. Retrieved from http://catalog.flatworldknowledge.com

Bloodgood, E. A., Tremblay-Boire, J., & Prakash, A. (2014). National styles of NGO regulation. *Non-Profit and Voluntary Sector Quarterly*, *43*(4), 716-736. doi:10.1177%2F0899764013481111

Blouin, M. C., Lee, R. L., & Erickson, G. S. (2018). The impact of online financial disclosure and donations in non-profits. *Journal of Non-Profit & Public Sector Marketing*, *30*(3), 251-266. doi:10.1080/10495142.2018.1452819

Boland, C. M., Hogan, C. E., & Johnson, M. F. (2018). Motivating compliance: Firm response to mandatory disclosure policies. *Accounting Horizons 32*(2)*,* 103-119 doi:10.2308/acch-52037

Bowman, W. (2016). Ethics and nonprofits. In *Practicing professional ethics in* *economics and public policy* (pp. 229-236). Springer, Dordrecht. doi:10.1007/978-94-017-7306-5_13

Braun, V., Clarke, V., & Terry, G. (2014). Thematic analysis. *Qualitative Research in Clinical Health Psychology*, *24*(1), 95-114. doi:10.1191/1478088706qp063oa

Breen, O. B. (2015). Allies or adversaries: Foundation responses to government policing of cross-border charity. *International Journal Not-for-Profit Law 17*, 45. Retrieved from http:// www.ijnl.org

Brody, E., & Owens, M. (2016). Exile to main street: The IRS' diminished role in overseeing tax-exempt organizations. *Chi.-Kent Law Review 91*, 859. Retrieved from http://www. scholarship.kentlaw.iit.edu

Bromley, P., & Orchard, C. D. (2016). Managed morality: The rise of professional codes of conduct in the U.S. nonprofit sector. *Non-Profit and Voluntary Sector Quarterly*, *45*(2), 351-374. doi:10.1177/0899764015584062

Brown, M. S., & Baltes, B. (2017). The relationship between social change involvement and education. *Journal of Social Change*, *9*(1), 13. doi:10.5590/JOSC.2017.09.1.1

Bryce, H. J. (2017). *Financial and strategic management for nonprofit organizations*. Walter de Gruyter GmbH & Co KG.

Bryman, A. (2017). Quantitative and qualitative research: Further reflections on their integration. In *Mixing methods: Qualitative and quantitative research* (pp. 57-78). Abingdon, England: Routledge.

Bryson, J. M. (2018). *Strategic planning for public and nonprofit organizations: A guide to strengthening and sustaining organizational achievement*. Chicester, England:

John Wiley & Sons.

Burkeholder, G. J., Cox, K. A., & Crawford, L. M. (2016). *The scholar-practitioner's guide to research design.* Baltimore, MD: Laureate Publishing.

Burt, E., & Mansell, S. (2017). Moral agency in charities and business corporations: Exploring the constraints of law and regulation. *Journal of Business Ethics*, 1-15. doi:10.1007/s10551-017-3750-9

Butler, R., & Wilson, D. C. (2015). *Managing voluntary and nonprofit organizations: Strategy and structure*. London, England: Routledge.

Cairney, P. (2013). Standing on the shoulders of giants: how do we combine the insights of multiple theories in public policy studies? *Policy Studies Journal*, *41*(1), 1-21. doi:10.1111/psj.1200

Calabrese, T. D., & Ely, T. L. (2016). Borrowing for the public good: The growing importance of tax-exempt bonds for public charities. *Non-Profit and Voluntary Sector Quarterly*, *45*(3), 458-477. doi:10.1177/0899764015584064

Carman, J. G., & Nesbit, R. (2013). Founding new nonprofit organizations: Syndrome or symptom? *Non-Profit and Voluntary Sector Quarterly*, *42*(3), 603-621. doi:10.1177%2F0899764012459255

Christie-Brown, V., Mitchell, J., & Talbot, K. (2017). The SMA trust: The role of a disease-focused research charity in developing treatments for SMA. *Gene Therapy*, *24*(9), 544. doi:10.1038/gt.2017.47

Clandinin, D. J. (2016). *Engaging in narrative inquiry*. Abingdon, England: Routledge

Collins, C. S., & Cooper, J. E. (2014). Emotional intelligence and the qualitative researcher. *International Journal of Qualitative Methods, 13,* 88-103. Retrieved from http://ejournals.library.ualberta.ca/index.php/IJQM/

Cordery, C. J., & Baskerville, R. F. (2007). Charity financial reporting regulation: A comparative study of the U.K. and New Zealand. *Accounting History*, *12*(1), 7-27. doi:10.1177%2F1032373207072806

Cordery, C. J., Fowler, C. J., & Morgan, G. G. (2016). The development of incorporated structures for charities: A 100-year comparison of England and New Zealand. *Accounting History*, *21*(2-3), 281-303. doi:10.1177/1032373216638104

Cordery, C. J., Sim, D., & van Zijl, T. (2017). Differentiated regulation: The case of charities. *Accounting & Finance*, *57*(1), 131-164. doi:10.1111/acfi.12131

Creswell, J. W. (2013). *Qualitative inquiry and research design: Choosing among the five approaches* (3rd ed.). Thousand Oaks, CA: Sage Publications, Inc.

Creswell, J. W., & Plano Clark, V. L. (2011). *Designing and conducting mixed method research* (2nd ed.). Thousand Oaks, CA: Sage.

De Giorgi, A. (2017). *Re-thinking the political economy of punishment: Perspectives on post-Fordism and penal politics*. Abingdon, England: Routledge.

Denzin, N. K., & Giardina, M. D. (Eds.). (2016). *Ethical futures in qualitative research: Decolonizing the politics of knowledge*. Abingdon, England: Routledge.

de Vries, N. J., Reis, R., & Moscato, P. (2015). Clustering consumers based on trust, confidence and giving behavior: Data-driven model building for charitable involvement in the Australian not-for-profit sector. *PloS One*, *10*(4), e0122133

Dupuy, K. E., Ron, J., & Prakash, A. (2015). Who survived? Ethiopia's regulatory crackdown on foreign-funded NGOs. *Review of International Political Economy*, *22*(2), 419-456. doi:10.1080/09692290.2014.903854

Ebrahim, A., Battilana, J., & Mair, J. (2014). The governance of social enterprises: Mission drift and accountability challenges in hybrid organizations. *Research in Organizational Behavior*, *34*, 81-100. doi:10.1016/j.riob.2014.09.001

Edwards-Jones, A. (2014). Qualitative data analysis with NVivo. *Journal of Education for Teaching: International Research and Pedagogy, 40*(2), 193-195. doi:10.1080/02607476.2013.866724

Elson, R. J., Lawrence, P., & Krispin, J. (2017). The collapse of a nonprofit organization: Without walls international church. *Global Journal of Business Pedagogy*, *1*(1), 1. Retrieved from https://igbr.org/wp-content/uploads/2017/08/GJBP_Vol_1_No_1_2017.pdf#page=6

Englander, M. (2012). The interview: Data collection in descriptive phenomenological human scientific research. *Journal of Phenomenological Psychology, 43*(1), 13-35. doi:10.1163/156916212X632943

Felix, R., Gaynor, G., Pevzner, M., & Williams, J. L. (2017). Societal trust and the economic behavior of nonprofit organizations. *Advances in Accounting*, *39*, 21-31. doi:10.1016/j.adiac.2017.09.003

Feng, N. C., Neely, D. G., & Slatten, L. A. D. (2016). Accountability standards for nonprofit organizations: Do organizations benefit from certification programs? *International Journal of Public Administration*, *39*(6), 470-479. doi:10.1080/01900692.2015.1023444

Fram, E. H. (2016). What nonprofit board members and managers don't know can hurt them financially: IRS Form 990 and the intermediate sanctions Act. *International Journal of Not-for-Profit Law*, *18*(1), 78. doi:10.1016/j.adiac.2017.09.003

Froelich, K. A., Knoepfle, T. W., & Pollak, T. H. (2000). Financial measures in non-profit organization research: Comparing IRS 990 return and audited financial statement data. *Non-Profit and Voluntary Sector Quarterly*, *29*(2), 232-254. doi:10.1177%2F0899764000292002

Furneaux, C., & Wymer, W. (2015). Public trust in Australian charities: Accounting for cause and effect. *Third Sector Review*, *21*(2), 99. Retrieved from https://search.informit.com.au

Fusch, P. I., & Ness, L. R. (2015). Are we there yet? Data saturation in qualitative research. *The Qualitative Report*, *20*(9), 1408-1416. Retrieved from https://nsuworks.nova.edu

Gagné, M. (2018). From strategy to action: Transforming organizational goals into organizational behavior. *International Journal of Management Reviews*, *20*, S83-S104. doi:10.1111/ijmr.12159

Gentilés, S. J., Charles, C., Ploeg, J., & McKibbon, K. (2015). Sampling in qualitative research: Insights from an overview of the methods literature. *The Qualitative Report*, *20*(11), 1772-1789. Retrieved from https://nsuworks.nova.edu

Gentles, S. J., Jack, S. M., Nicholas, D. B., & McKibbon, K. (2014). Critical approach to reflexivity in grounded theory. *The Qualitative Report*, *19*(44), 1-14. Retrieved from https://nsuworks.nova.edu/tqr/vol19/iss44/3

Hager, M. A., & Hedberg, E. C. (2016). Institutional trust, sector confidence, and charitable giving. *Journal of Non-Profit & Public Sector Marketing*, *28*(2), 164-184. doi: 10.1080/10495142.2015.1011508

Haahr, A., Norlyk, A., & Hall, E. O. (2014). Ethical challenges embedded in qualitative research interviews with close relatives. *Nursing Ethics*, *21*(1), 6-15. doi:10.1177%2F0969733013486370

Harris, E., Petrovits, C. M., & Yetman, M. H. (2014). The effect of nonprofit governance on donations: Evidence from the revised form 990. *The Accounting Review*, *90*(2), 579-610. doi:10.2308/accr-50874

Harris, E., Petrovits, C., & Yetman, M. H. (2017). Why bad things happen to good organizations: The link between governance and asset diversions in public charities. *Journal of Business Ethics*, *146*(1), 149-166. doi:10.1007/s10551-015-2921-9

Harris, E., Petrovits, C., & Yetman, M. H. (2015). Why bad things happen to good organizations: The link between governance and asset diversion in public charities. *Journal of Business Ethics*, 1-18. doi: 10.1007/s10551-015-2921-9

Harrow, J. (2006). Chasing shadows? Perspectives on self-regulation in U.K. charity fundraising. *Public Policy and Administration*, *21*(3), 86-104. doi: 10.1177%2F095207670602100307

Hesse-Bieber, S. N., & Leavy, P. (2006). *The practice of qualitative research.* Thousand Oaks, CA: Sage.

Hilton, J. C. (2016). Are gray skies clearing up: Shedding light on nonprofit governance in the wake of revamped IRS Form 990. *North Carolina Law Review.*, *95(1)*, 1-260. Retrieved from http://scholarship.law.unc.edu/nclr/vol95/iss1/6

Hirumi, A., Kleinsmith, A., Johnsen, K., Kubovec, S., Eakins, M., Bogert, K., & Cendan, J. (2016). Advancing virtual patient simulations through design research and interPLAY: Part I: Design and development. *Educational Technology Research and Development*, *64*(4), 763-785. doi:10.1007/s11423-016-9429-6

Hogg, E. (2018). What regulation, who pays? Public attitudes to charity regulation in England and Wales. *Non-Profit and Voluntary Sector Quarterly*, *47*(1), 72-88. doi:10.1177/0899764017728365

Hopkins, B. R. (2017). *Starting and managing a nonprofit organization: A legal guide*. Chichester, England: John Wiley & Sons.

Hyndman, N. (2017). The charity sector—changing times, changing challenges. *Non-Profit and Voluntary Sector, 47*(1), 72-88. doi:10.1080/09540962.2017.1281608

Hyndman, N., & McKillop, D. (2018). Public services and charities: Accounting, accountability and governance at a time of change. *The British Accounting Review*, *50*(2), 143-148. doi:10.1016/j.bar.2018.01.001

Jones, J. A. (2016). Viral growth in a small nonprofit organization: A case study about the nexus of governance, accountability, and organizational development. *The Journal of Non-Profit Education and Leadership*, *6*(4), 375–383. doi:10.18666/JNEL-2016-V6-I4-7073

Kallio, H., Pietilä, A. M., Johnson, M., & Kangasniemi, M. (2016). Systematic methodological review: Developing a framework for a qualitative semi□structured interview guide. *Journal of Advanced Nursing*, *72*(12), 2954-2965. doi:10.1111/jan.13031

Kamaruddin, M. I. H., & Ramli, N. M. (2015). Enhancing financial accountability of Islamic philanthropic organizations through financial disclosure. *Online Journal of Research in Islamic Studies*, *2*(1), 29-42. Retrieved from http://jice.um.edu.my

Khan, S. N. (2014). Qualitative research method-phenomenology. *Asian Social Science*, *10*(21), 298-310. doi:10.5539/ass.v10n21p298

Kirsch, D., & Schwartz, R. (2016). How accountable are charitable organizations: An empirical study of international children's aid organizations. *Doing Public Good: Private Actors, Evaluation, and Public Value*, *23*(1), 1-10, doi:10.4324%2F9780203793008-15

Lecy, J. D., & Searing, E. A. (2015). Anatomy of the Nonprofit starvation cycle: An analysis of falling overhead ratios in the non-profit sector. *Non-Profit and Voluntary Sector Quarterly*, *44(3)*, 539-563. doi:10.1177/0899764014527175

Lee, R. L., & Blouin, M. C. (2017). Factors affecting web disclosure adoption in the non-profit sector. *Journal of Computer Information Systems*, *57*(1), 1-10. doi:10.1080/08874417.2017.1370988

Lee, Y. J. (2016). What encourages non-profits' adoption of good governance policies? *Non-Profit Management and Leadership*, *27*(1), 95-112. doi:10.1002/nml.21226

Lee, Y. J., & Suh, J. (2016). Managerial development programs for executive directors and accountability practices in nonprofit organizations. *Review of Public Personnel Administration*, *7*(3), 77-83. doi:10.1177/0734371X16674783

Lewis, S. (2015). Qualitative inquiry and research design: Choosing among five approaches. *Health Promotion Practice*, *16*(4), 473-475 doi:10.1177%2F1524839915580941

Lincoln, Y. S., & Guba, E. G. (1985). Establishing trustworthiness. *Naturalistic Inquiry*, *289*, 331 CA: Sage

Lo, S. Y. J., Wei, H., Chuang, C., Yin, C. Y., & Hsieh10, J. (2017, July). Applying data science for social good in nonprofit organization with troubled family risk profiling r dashboard application. In *The R User Conference, useR! 2017 July 4-7, 2017 Brussels, Belgium* (p. 305).

Lott, C. M., Boris, E. T., Goldman, K. K., Johns, B. J., Gaddy, M., & Farrell, M. (2016). State regulation and enforcement in the charitable sector. Center for nonprofits and philanthropy, Urban Institute. Retrieved from https://www.urban.org

Mack, J., Morgan, G. G., Breen, O. B., & Cordery, C. J. (2017). Financial reporting by charities: A matched case study analysis from four countries. *Public Money & Management*, *37*(3), 165-172. doi:10.1080/09540962.2017.1281638

Maguire, K. A. (2013). South Carolina non-profit policies and procedures: Achieving best practices for nonprofit organizations of different sizes. *Journal of Management and Sustainability*, *3*(1). 1-24.doi: /10.5539/jms.v3n3p1

Mancuso, A. (2015). *How to form a non-profit corporation (National Edition): A step-by-step guide to forming a 501 (c)(3) Non-profit in Any State*. Nolo. Retrieved from http://www https://www.amazon.com/Nonprofit-Corporation-National-Step-Step/dp/1413326412

Marshall, B., Cardon, P., Poddar, A., & Fontenot, R. (2013). Does sample size matter in qualitative research? A review of qualitative interviews in research. *Journal of Computer Information Systems, 54,* 11-22. Retrieved from http://www.tandfonline.com/loi/ucis20

Marx, B. M. (2015). Has regulation of charitable foundations thrown the baby out with the bath water? *Journal of Public Economics*, *129*, 63-76. doi: 10.1016/j.jpubeco.2015.07.004

Mayer, W. J., Wang, H. C., Egginton, J. F., & Flint, H. S. (2014). The impact of revenue diversification on expected revenue and volatility for nonprofit organizations. *Nonprofit and Voluntary Sector Quarterly*, *43*(2), 374-392. doi:10.1177/0899764012464696

McCarthy, J. (2007). The ingredients of financial transparency. *Non-Profit and Voluntary Sector Quarterly*, *36*(1), 156-164. doi:10.1177/0899764006296847

McConville, D. (2017). New development: Transparent impact reporting in charity annual reports—benefits, challenges and areas for development. *Public Money & Management*, *37*(3), 211-216. doi:10.1080/09540962.2017.1282243

McDonnell, D. (2017). Improving charity accountability: Lessons from the Scottish experience. *Non-Profit and Voluntary Sector Quarterly*, *46*(4), 725-746. doi: 10.1177/0899764017692039

McDonnell, D., & Rutherford, A. C. (2018). The determinants of charity misconduct. *Non-Profit and Voluntary Sector Quarterly*, *47*(1), 107-125. doi:10.1177/0899764017728367

McKeever, B. S., & Pettijohn, S. L. (2014). *The non-profit sector in brief: Public charities, giving and volunteering.*. Retrieved from https://www.urban.org

Miles, M. B., Huberman, A. M., & Saldana, J. (2013). *Qualitative data analysis*. Thousand Oaks, CA: Sage

Mitchell, G. E., & Calabrese, T. D. (2018). Proverbs of non-profit financial management. *The American Review of Public Administration*, *2*(7), 58-74. doi:10.1177/0275074018770458

Morris, D. (2005). New charity regulation proposals for England and Wales: Overdue or overdone. *Chi.-Kent Law. Review*, *80*, 779. Retrieved from https://scholarship.kentlaw.iit.edu

Morales, L. G., & Caraballo, J. N. (2014). The element of opportunity to commit fraud in non-profit organizations that inform zero fundraising and administrative expenses. *In Forum Empresarial*, *19*(1), 1-20. Retrieved from https://dialnet.unirioja.es

Moustakas, C. (1994). *Phenomenology research*. Thousand Oaks, CA: Sage

Viader, A., & I. Espina, M. (2014). Are not-for-profits learning from for-profit-organizations? A look into governance. *Corporate Governance*, *14*(1), 1-14. doi:10.1108/CG-11-2012-0083

Myers, M. D. (2013). *Qualitative research in business management* (2nd ed.). Thousand Oaks, CA: Sage.

Ostrom, E. 2007. Institutional rational choice: An assessment of the institutional analysis and development framework. In P.A. Sabatier (Ed.). *Theories of the policy process* (2nd ed., pp. 21-64). Cambridge, MA: Westview Press.

Padilla-Díaz, M. (2015). Phenomenology in educational qualitative research: Philosophy as science or philosophical science. *International Journal of Educational Excellence*, *1*(2), 101-110. Retrieved from http://www.suagm.edu

Palinkas, L. A., Horwitz, S. M., Green, C. A., Wisdom, J. P., Duan, N., & Hoagwood, K. (2015). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health and Mental Health Services Research*, *42*(5), 533-544 doi:10.1007/s10488-013-0528-y

Patton, M.Q. (2002). Qualitative research and evaluation methods. Thousand Oaks, CA: Sage Publications.

Perego, P., & Verbeeten, F. (2015). Do 'good governance' codes enhance financial accountability? Evidence from managerial pay in Dutch charities. *Financial Accountability & Management*, *31*(3), 316-344. doi:10.1111/faam.12059

Picard, R., Belair-Gagnon, V., Ranchordás, S., Aptowitzer, A., Flynn, R., Papandrea, F., & Townend, J. (2016). *The impact of charity and tax law and regulation on not-for-profit news organizations*. Retrieved from https://www.papers.ssrn.com

Pink, S. (2016). *Digital ethnography* (pp.161). New York, NY: Springer.

Prentice, C. R. (2016). Why so many measures of non-profit financial performance? Analyzing and improving the use of financial measures in non-profit research. *Non-Profit and Voluntary Sector Quarterly*, *45*(4), 715-740. doi:10.1177/0899764015595722

Principe, K., Adams, E. K., Maynard, J., & Becker, E. R. (2012). The impact of the individual mandate and Internal Revenue Service Form 990 Schedule H on community benefits from non-profit hospitals. *American Journal of Public Health*, *102*(2), 229-237. doi:10.2105/AJPH.2011.300339

Reheul, A. M., Van Caneghem, T., & Verbruggen, S. (2014). Financial reporting lags in the non-profit sector: An empirical analysis. *Voluntas: International Journal of Voluntary and Non-Profit Organizations*, *25*(2), 352-377. doi:10.1007/s11266-012-9344-3

Robinson, O. C. (2014). Sampling in interview-based qualitative research: A theoretical and practical guide. *Qualitative Research in Psychology*, *11*(1), 25-41. doi: 10.1080/14780887.2013.801543

Ryan, C. (2015). Fixing America's embezzlement laws: A much-needed hemostasis for charitable organizations. *Journal of Law & Social Deviance*, *9*(2). Retrieved from http://www.lsd-journal.net

Ryan, C., & Irvine, H. (2012). Not for profit ratios for financial resilience and internal accountability: A study of Australian international aid organizations. *Australian Accounting Review*, *22*(2), 177-194. doi:10.1111/j.1835-2561.2012. 00163.x

Sabatier, P. A., & Weible, C. M. (2014). *Theories of the policy process* (3rd ed.). Boulder, CO: Westview Press.

Saxton, G. D., Kuo, J. S., & Ho, Y. C. (2012). The determinants of voluntary financial disclosure by non-profit organizations. *Non-Profit and Voluntary Sector Quarterly*, *41*(6), 1051-1071. doi:10.1177/0899764011427597

Saxton, G. D., & Wang, L. (2014). The social network effect: The determinants of giving through social media. *Non-Profit and Voluntary Sector Quarterly*, *43*(5*)*, 850-868. doi:10.1177/0899764013485159

Saxton, G. D., Neely, D. G., & Guo, C. (2014). Web disclosure and the market for charitable contributions. *Journal of Accounting and Public Policy*, *33*(2), 127-144. doi:10.1016/j.jaccpubpol.2013.12.003

Scheetz, A., Smalls, T., Wall, J., & Wilson, A. (2018). The effect of organization type and size on fraud reporting: non-profit fraud type opens opportunities. doi: 10.2139/ssrn.3220006

Schultz, F., Castello, I., & Morsing, M. (2013). The construction of corporate social responsibility in network societies: A communication view. *Journal of Business*

Ethics, *115*(4), 681-692. doi:10.1007/s10551-013-1826-8

Silber, N. (2018). *A corporate form of freedom: The emergence of the modern nonprofit sector*. Routledge.

Silverman, D. (Ed.). (2016). *Qualitative research*. Thousand Oaks, CA: Sage

Sun, F. K., Long, A., Tseng, Y. S., Huang, H. M., You, J. H., & Chiang, C. Y. (2016). Undergraduate student nurses' lived experiences of anxiety during their first clinical practicum: A phenomenological study. *Nurse Education Today*, *37*(1), 21-26. doi:10.1016/j.nedt.2015.11.001

Singh, S. R., Young, G. J., Daniel Lee, S. Y., Song, P. H., & Alexander, J. A. (2015). Analysis of hospital community benefit expenditures' alignment with community health needs: Evidence from a national investigation of tax-exempt hospitals. *American Journal of Public Health*, *105*(5), 914-921. doi: 10.2105/AJPH.2014.302436

Sugin, L. (2015). Rhetoric and reality in the tax law of charity. *Fordham Law Review*, *84*, 2607. Retrieved from https://ir.lawnet.fordham.edu

Taylor, S. J., Bogdan, R., & DeVault, M. (2015). *Introduction to qualitative research methods: A guidebook and resource*. Chichester, England: John Wiley & Sons.

Tran, V. T., Porcher, R., Falissard, B., & Ravaud, P. (2016). Point of data saturation was assessed using resampling methods in a survey with open-ended questions. *Journal of Clinical Epidemiology*, *80*(1), 88-96. doi:10.1016/j.jclinepi.2016.07.014

Tremblay-Boire, J., & Prakash, A. (2017). Will you trust me? How individual American donors respond to informational signals regarding local and global humanitarian charities. *VOLUNTAS: International Journal of Voluntary and Nonprofit Organizations*, *28*(2), 621-647 doi: 10.1007/s11266-016-9782-4

Vaughn, P., & Turner, C. (2016). Decoding via coding: Analyzing qualitative text data through thematic coding and survey methodologies. *Journal of Library Administration*, *56*(1), 41-51. doi:10.1080/01930826.2015.1105035

Waniak-Michalak, H., & Zarzycka, E. (2012). Performance measurement of public benefit organizations on the basis of information from financial statements and its influence on their results. *Zeszyty Teoretyczne Rachunkowości*, *68*(124), 147-160. doi: 10.000171219625

Wagner, J. (2018) "Hearts and Minds: An Analysis of Checks and Safeguards, Monitoring, and Performance Review of Executive Boards and Their Executive Directors within Select Nonprofit Corporations." *UNLV Theses, Dissertations, Professional Papers, and Capstones*. 3338. Retrieved from https://digitalscholarship.unlv.edu/thesesdissertations/3338

Waters, R. D., & Ott, H. K. (2014). *Corporate social responsibility and the nonprofit sector: Assessing the thoughts and practices across three nonprofit subsectors.* Retrieved from http://www.prsa.org

Weng, W. W., Woo, C. K., Cheng, Y. S., Ho, T., & Horowitz, I. (2015). Public trust and corruption perception: Disaster relief. *Applied Economics*, *47*(46), 4967-4981. Retrieved from https://www.tandfonline.com

Yin, R. K. (2017). *Case study research and applications: Design and methods*. Thousand Oaks, CA: Sage

Young, G. J., Chou, C. H., Alexander, J., Lee, S. Y., & Raver, E. (2013). Provision of community benefits by tax-exempt US hospitals. *New England Journal of Medicine*, *368*(16), 1519-1527. doi:10.1056/NEJMsa1210239

Zappalà, G., & Lyons, M. (2006). Factors associated with fundraising dependency among non-profit organizations in Australia. *Australian Journal of Social Issues*, *41*(1), 399-417. doi:10.1002/j.1839-4655. 2006.tb00027.x

Zhuang, J., Saxton, G. D., & Wu, H. (2014). Publicity vs. impact in nonprofit disclosures and donor preferences: A sequential game with one non-profit organization and N donors. *Annals of Operations Research*, *221*(1), 469-491. doi:10.1007/s10479-011-0967-3

Zietlow, J., Hankin, J. A., Seidner, A., & O'Brien, T. (2018). *Financial management for nonprofit organizations: Policies and practices*. Chichester, England: John Wiley & Sons.