

Financial Disclosure of Non-Profit Organizations

Xindan Zhang*

Jiangsu University of Science and Technology, Jiangsu, China

email: 18852859107@163.com

*corresponding author

Keywords: Non-Profit Organizations; Financial Information; Information Disclosure

Abstract: As is known to all, the public company is must in accordance with national requirements to disclosure the company's financial statements and financial reports of companies to disclose must go through strict audit to, for the public company financial report disclosure requirements is relatively perfect, and for domestic nonprofit financial information disclosure is not perfect, but in recent years, increasing the number of nonprofit organizations in China, combined with the development of network media, scandals about non-profit organization constantly exposed in the public eye, causing the public non-profit organization operation, This also makes China's financial information disclosure of non-profit organizations more and more obvious defects. Through the analysis of the current situation of non-profit organizations, combined with the relevant systems proposed by the state, to give constructive Suggestions.

1. Introduction

Public company is a public shareholding company, for-profit, it is considered to be "open", the open market are traded publicly and in order to protect the interests of the society, the country requires public companies to must be conducted in accordance with the information disclosure, financial report will be made public, guarantee the public transparency of information, let stakeholders and potential stakeholders fully understand the company's financial situation.

Today's society, a non-profit organization exists in all aspects of life, has a group by the national government, the China association of consumers' rights and interests protection, for example, the Red Cross Society of China, the China association for the disabled, etc., also has a private non-profit organization, established by the non-governmental sector, such as the foundation, foundation, a nonprofit organization quantity increases, but at the same time, by organization scandal was exposed by the media constantly too, are supposed to be thought that the public service organization for the purpose of, is in the public interest under the guise of seeking self-interest, and the emergence of this situation, mainly due to non-profit organizations will not financial information disclosure of the well. In addition, the relevant system of the state is not perfect. From this, it can be seen that non-profit organizations, like public companies, are also responsible for the public disclosure of financial information.

2. Status Quo of Domestic Non-Profit Organizations

2.1. Uneven Disclosure Organization and Content

Since the implementation of the accounting system for non-governmental non-profit organizations (npo) in 2005, major domestic npo began to disclose their financial reports. The accounting system for non-governmental non-profit organizations (npo) has the following three characteristics, which should be applied : (1) the non-profit organization's purpose and purpose; (ii) Resource providers do not invest resources in the organization for the purpose of obtaining economic returns; (III) The resource provider does not enjoy the ownership of the organization. But after a visit to several homepage, on a visit to the site, find China Red Cross and the foundation is dedicated to the annual report and auditing report inside the homepage navigation direct access, and

has arranged in rows, and also has a web site on a pile of information in the doping some annual department budget and final accounts department, but the lack of certain sections of the annual final accounts, the small folk non-profit organizations are not official statistics, then the organization's financial information disclosure is also not clear, and the quality of the information disclosure is not high, some foundation annual report disclosure, some foundation only revealed in the first half of the report, In addition, the statement is not detailed enough, there is no specific income detail, only the overall data, and no detailed items of expenditure, only general details such as hope Primary school, the financial information cannot be truly disclosed, which may make donors unable to know where their funds are used.

3. Cause Analysis of Financial Information Disclosure of Domestic Non-Profit Organizations

3.1. The System is Not Perfect and the Concept is Weak

Although countries in recent years to enact a lot about nonprofit information disclosure system, such as the "regulations on the administration of foundations", "folk non-profit organization accounting system", but because of non-profit organizations in China starts late, information disclosure for non-profit organizations did not like the public company's financial report disclosure, and was not in the light of the characteristics of domestic nonprofit organizations to system establishment, for non-profit organizations to disclose the standard is not strict rules, lead to domestic nonprofit organization for financial disclosure did not seriously, plus, there are also many domestic small not-for-profit organizations, and mostly spontaneous, There is no specific organization, in which simple business activities may not be clearly recorded. Therefore, the state should improve the system as soon as possible, and require non-profit organizations to disclose information by mandatory means. The passivity in the early stage will make new non-profit organizations develop initiative consciousness in the later stage.

3.2. Inadequate National Management and Low Degree of Organizational Transparency

Requirements for public companies, the state coercive power in annual financial report, and supervision by the CSRC, is doing the audit firm, for listed companies, in the exchange's website can check the financial data of companies clear, other non-listed public company on its website can also be clear to check the financial report, but for non-profit organizations in our country's financial disclosure does not set up a special website, want to query information search only scattered on its website, the network media rapid development, but the public company is more, only a handful of nonprofit organizations were exposed.

Home there are many large and small nonprofit organizations, country is not very well to manage these non-profit organizations, what degree of organization shall strictly publicly disclosed, which organisations do not strictly publicly disclosed, to this, countries also did not make clear a regulation, disclosure does not involve stakeholders nonprofit organizations profit problem, but the balance of the market regulation is lax makes no organization to carry on the detailed, cause investors to put money into the organization is difficult to know their money flows, exactly is how to use, used in what place.

Events like this will be coronavirus, unceasingly foundation have been reported, to raise hundreds of millions of money, money is zero, the scandals of the Red Cross, information opaque, social donations of goods and materials are used where, hospital emergency support notice, this tells us about the interests of the nonprofit organization the importance of information disclosure, but clearly did not look out thoroughly in this aspect, such as han hong said, because after she had the foundation, just know a pack of instant noodles can be published.

4. Countermeasures for Information Disclosure of Non-Profit Organizations

4.1. Improve the Information Disclosure System and Strengthen Law Enforcement

Compared to the country for public company strict information disclosure system, relevant

system for non-profit organizations are not so perfect, and enforcement is not strong, although set some system in our country, but many nonprofits for information disclosure is not in the form of unity, is not a clear distinction between whether all non-profit organizations require disclosure of information, improve the system of information disclosure, for national and local and public relations larger nonprofits should open its annual financial information, the non-profit organizations shall disclose in the existing system three tables: business express, the cash flow statement, balance sheet and notes to accounting statements shall be prepared, in the notes to the financial focus on disclosure of accounting policies used by preparation of accounting statements, and has been reflected in the accounting statements of important project specific instructions and important information not reflected in financial statement instructions, etc. but many nonprofits for each project has not revealed in detail, such as revenue expenditure shall be written in clear and detailed, and should not be general donation income, society to raise funds to entrust nonprofit organization storage and use, has the right to know the financial information, To better determine whether the organization is worth investing in later; How is the activity carried out, and how the public to inquire.

First of all, the measurement standards of non-profit organizations should be required to reflect the concerns of the public, and the accounting measurement information should fully reflect the situation of the organization, the use of funds, and the role of the use of funds. Secondly, the accounting information disclosure methods, disclosure timeliness, disclosure methods, disclosure procedures, disclosure of the detailed content of mandatory provisions. Only by strengthening law enforcement, establishing disciplinary system and ensuring the authenticity and reliability of financial information can the improved system be better implemented.

4.2. Strengthen Supervision and Establish a Public Platform

Development today, the Internet age, sometimes we for the latest news from the network access to various platforms, nonprofit financial information disclosure shall also be open on network platform, although now, some non-profit organizations will its annual financial information disclosure on its web site, but not a public platform for the public to query the supervision, the supervision of the state from the system on, and mandatory to non-profit organizations to disclose financial information in strict accordance with the provisions of the state, the public can through the network platform for non-profit organizations to understand the situation of the specific supervision, Today's network for all company organization holds enormous role, many aspects, such as network affects the reputation of the company organization, because the network and the supervision of the difference is that the speed of the spread of network information, and everyone has equal right to speak, and sometimes as the language of the masses to expose the supervision of neglected point, therefore, the organization for their own reputation and get more support and recognition, fraud can't happening, don't publish false information, follow the relevant laws and regulations and try our best to improve transparency, to get more support and recognition. With the implementation of national compulsion, organizations should also constantly enhance their awareness of financial information disclosure.

5. Conclusion

Domestic nonprofit organizations at the growing stage, organization quantity but quality is uneven, the lack of effective management, this article through to the non-profit organization of financial information disclosure and analyze the current situation and problems, you can see the necessity of non-profit organizations financial disclosure, and disclosure of information must be reliable, national level of the complete system is not only draw lessons from western system shall be conducted on the basis of the non-profit organizations as a result of the improvement in financial information disclosure system more in line with the real situation of the domestic, and the country's strict control is indispensable, only can let the slowly change the status quo of domestic nonprofit organizations, The establishment belongs to our country nonprofit organization prestige, forms the good nonprofit organization growth environment.

References

- [1] He Jing. Analysis on the Financing Effect of Financial Information Disclosure of non-profit Organizations [J]. Modern Economic Information, 2018(11):289.
- [2] Quan Yan. Analysis of problems related to financial management and information disclosure of non-profit organizations [J]. Modern Commerce and Trade Industry, 2017(10):103-104.
- [3] Zhu Chao. Research on problems and Countermeasures in financial Management of non-profit Organizations -- Based on the investigation of F Federation [J]. Wisdom of China, 2019(Z1):62-64.
- [4] Wang Tingzhang. Conceptual differences between Chinese and Western npO and Research on Financial Management of NPO in China [J]. Commercial Accounting, 2019(05):4-7.
- [5] Cui Yanyang, Wang Yan, Sun Meiling. Status quo and countermeasures of financial information disclosure of non-profit organizations in China [J]. Taxation, 2019, 13(01):145.
- [6] Tong xiuxiu, Zhang Bo. Analysis of financial Statements of Non-profit Organizations in China -- Taking One Foundation and Red Cross Foundation as examples [J]. Finance and Accounting Newsletter, 2018(19):51-56.
- [7] Guo Jiayu. Financial control of non-profit organizations and its Internal Governance countermeasures [J]. Finance and Accounting, 2019(02):20+22.
- [8] Pan Menglei. Characteristics of accounting Information quality and its Disclosure of non-governmental non-profit organizations [J]. Contemporary Accounting, 2019(01):40-42.
- [9] Chen Jie. Research on Fund Management of Non-profit Organizations [J]. Accounting Study, 2019(01):142-143.
- [10] Lu Yating, Zhang Junmin. Does the disclosure of defects in internal control of non-financial reporting have surplus information content? -- a theoretical analysis from the perspective of investor trust [J]. East China economic management, 2019, 33(01):137-144.