

EXHIBIT 1 Facts About Nonprofit Fraud

In a 2004 study of 508 occupational fraud cases*:

- 12.2% of the frauds occurred in the not-for-profit sector.
- The median loss of cases in not-for-profit organizations was \$100,000, up from \$40,000 in a similar study in 2002.
- Billing schemes were the most frequent form of fraud in not-for-profit organizations, accounting for 46.6% of the cases.
- 45.8% of the frauds occurred in organizations with fewer than 100 employees, with a median loss of \$98,000.

In a 2003 survey of more than 300 not-for-profit CEOs**:

- 62% said their board had not discussed the Sarbanes-Oxley Act.
- Only 20% indicated that their board had implemented any governance policy changes as a result of the Sarbanes-Oxley Act.
- 77% said they have a separate audit committee.
- Just 16% said they have a “whistle-blower” policy in place.

* Association of Certified Fraud Examiners, *2004 Report to the Nation on Occupational Fraud and Abuse*.

** Grant Thornton LLP, *National Board Governance Survey for Not-for-Profit Organizations* (www.grantthornton.com).