















monopolistic distribution channels, the fair value of drugs in the end user countries may be significantly higher than the fair value in a drug's principal market.

### **Alternate methods to review compliance with GAAP**

The Nonprofit Alliance believes that an alternate means of accomplishing the Attorney General's goal—truthful transparency regarding the value of GIK—would be best advanced not by legislation, but by adding a new question 10 to Form RRF-1 that requires additional information from significant users of GIK. For example:

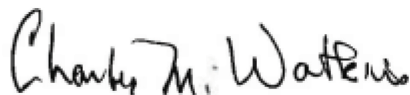
“10. During the reporting period, did the organization receive more than \$\_\_\_\_\_ in tangible personal property that the donor prohibited it from using or distributing in the United States or any of its territories? If “yes,” attach a detailed description of the method(s) by which each kind of property, e.g., pharmaceuticals, food, commodities, clothing, was valued. Include references to any pricing guides or other third-party information actually used. Summary references to “generally accepted accounting principles” are not sufficient.”

For organizations whose GIK was more than \$25,000, but less than the threshold in the question, the Attorney General would be free to review Schedule M (Noncash Contributions) filed with a charity's Form 990 to determine whether additional information should be required.

### **Conclusion**

For the reasons discussed above, The Nonprofit Alliance respectfully requests that the Judiciary Committee **vote no** on AB 1181 unless it is amended. I would be pleased to discuss any questions you may have at your convenience.

Sincerely,



Charles M. Watkins  
Legislative Counsel

cc: Senate Pro Tem Toni Atkins  
Assembly Speaker Anthony Rendon  
The Honorable Monique Limón  
Members, Senate Appropriations Committee  
Shaun Naidu, Consultant, Senate Appropriations Committee  
Anthony Lew, Deputy Attorney General, Office of Legislative Affairs  
Tania Ibanez, Deputy Attorney General  
Eric Dang, Consultant, Office of Senate Pro Tem Toni Atkins  
Darci Sears, Consultant, Office of Assembly Speaker Anthony Rendon