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MEMORANDUM

To: Reporters and Editors
Re: IRS releases revised form for non-profits
Da: Thursday, Dec. 20, 2007

Today the Internal Revenue Service (IRS) issued a final updated version of Form 990, the return that charities and other tax-exempt organizations are required to file annually. Sen. Chuck Grassley, ranking member of the Committee on Finance, had urged an updated Form 990 and more disclosure in certain areas, such as non-profit hospitals and their definition of community benefit. Grassley has conducted oversight of tax-exempt policy for the past five years. He made the following comment on the final revised Form 990.

“This means more consistent transparency from tax-exempt groups. Under the current set-up, some groups are very transparent and others are secretive or lackadaisical about what they file. For the most part, this form is the only document tax-exempt groups have to file with the IRS in exchange for their billions of dollars in tax breaks. That form should be useful. Donors and taxpayers need reliable information to gauge how well these groups serve their charitable purpose. More transparency and accountability will help keep the charitable sector going strong. The IRS has done a good job of bringing about more reporting across the board and recognizing that the tax-exempt sector is a growing part of the economy.

“I’m glad the IRS is seeking more reporting about endowments, including university endowments. Universities are tax-exempt, and the size of their tax-free endowments should be public. That’s of interest to the public as tuition costs go through the roof. On non-profit hospitals, it’s good to see a clearer, more uniform definition of community benefit. Some hospitals use a very loose definition, and this will help them focus. I’m disappointed that the revised Schedule H for hospitals will be voluntary for the first year, but I’m confident that a lot of hospitals will use the form anyway. As we saw with the Catholic Health Association, non-profit hospitals can accomplish a lot of good on their own. I’m also disappointed that the IRS isn’t doing more to make sure non-profits are accurately reporting the amount of money going to their charitable purpose. I just submitted testimony at a House hearing on veterans charities that spend more money on salaries and fund-raising than helping veterans. The IRS easily could have done more to help donors readily understand where their money goes. I plan to revisit that issue.”