



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Mail Stop 1112, PO Box 12307
Ogden, UT 84412

DATE OF THIS NOTICE:

CONTACT PERSON/ID NUMBER:

CONTACT TELEPHONE NUMBER:

Toll Free 1-877-767-2501
Long Distance 1-801-620-

RESPONSE DUE DATE:

Dear Sir or Madam:

We are conducting a compliance check of your organization as part of our ongoing efforts to increase voluntary compliance. We are asking certain colleges and universities to answer questions concerning their organizational structure, activities, unrelated business income, endowment funds and executive compensation. We are also seeking to verify information we have in our records that we use in identifying different types of organizations, such as colleges and universities.

What You Need To Do

Complete the enclosed Form 14018, *Compliance Questionnaire – Colleges and Universities*, and follow the instructions below for returning the questionnaire to us. Be sure to limit your responses to the information requested and do not send books or records with your response. If your college or university is part of a “university system,” respond to the questionnaire based on the individual campus addressed in this letter. Do not respond based on the “university system” to which you belong. We have also enclosed instructions to the questionnaire that include definitions, additional instructions for certain questions and references for where to get more information.

How to Complete the Questionnaire

There are three ways you can complete the questionnaire:

1. Use the enclosed CD that contains an electronic version of the questionnaire;
2. Download the questionnaire from IRS.gov by going to http://www.irs.gov/pub/irs-tege/cucp_questionnaire.pdf; or
3. Complete the enclosed paper questionnaire.

Go to www.adobe.com/products/acrobat/readstep2.html if you need the latest version of Adobe reader.

Letter 4397 (8-2008)
Catalog Number 51825T

What To Do if Your Organization is No Longer Operating

If your organization is no longer operating but was operating in the tax year ending in 2006, complete the questionnaire and provide:

1. Your final Form 990 or Form 990-EZ if your organization was required to but has not yet filed, and
2. A copy of the Articles of Dissolution you filed with the applicable state agency. If not available, provide a statement, signed by two officers, that includes the effective date of the dissolution and an explanation of how the organization disposed of its assets.

If your organization was not operating in the tax year ending in 2006, do not complete the questionnaire. Instead send us the items described under 1 and 2 above.

How To Send the Information to Us

Return the information by _____ using one of the following methods:

- If you completed the questionnaire electronically, save it to the CD and return it with a copy of this letter in the mailer provided.
- If you completed the questionnaire on paper, attach a copy of this letter to the front of the questionnaire and mail it to the address shown in the heading of this letter.
- If you completed the questionnaire but your organization is no longer in existence, mail the questionnaire (CD or paper), a copy of this letter, the Articles of Dissolution (or statement) and your final Form 990 or 990-EZ to the address shown in the heading of this letter.
- If your organization was not operating in the tax year ending in 2006, send the Articles of Dissolution (or statement), your final Form 990 or 990-EZ, and a copy of this letter to the address shown in the heading of this letter.

We are not able to accept responses to questionnaires via email. Failure to use the CD mailer or above mailing address may result in processing delays.

Your organization may refuse to participate in a compliance check without penalty. However, we have the option of opening a formal examination whether or not the organization agrees to participate in the compliance check.

In the space below, please give us the name, title, and telephone number of a contact person and the most convenient time for us to call should we need to speak with someone.

Contact person: _____ Time: _____

Title: _____ Telephone Number: () _____

More Information

We have enclosed Publication 4386, *Compliance Checks*, which answers some frequently asked questions about compliance checks.

We will issue a report of our findings at the conclusion of the College and University Compliance Project. The report will not include the names or other identifying information of any respondents.

If you have any questions about this letter, contact the person whose name appears in the heading of this letter.

To receive Exempt Organization's *EO Update*, a regular email newsletter with information for tax-exempt organizations and tax practitioners who represent them, go to www.irs.gov/eo and click on "EO Newsletter."

Thank you for your cooperation.

Sincerely,

Vicki L. Hansen
Acting Director, EO Examinations

Enclosures:
Form 14018 and instructions (CD & paper)
Publication 4386
CD return mailer

Compliance Checks

Examination, Audit or Compliance Check?

Tax Exempt and Government Entities Division

- **What is an examination? What is an audit?**

An examination is a review of an organization's books and records. In addition an examination may involve the questioning of third parties to determine the organization's tax liabilities. Another term for an examination is an audit.

- **What is a compliance check?**

A compliance check is a review conducted by the IRS to determine the following:

- Whether an organization is adhering to recordkeeping and information reporting requirements.
- Whether an organization's activities are consistent with their stated tax-exempt purpose.

It is a review of information and forms that we require organizations to file or maintain - for example, Forms 990, 990-T, 940, 941, W-2, 1099, or W-4. The check is a tool to help educate organizations about their reporting requirements and to increase voluntary compliance.

The 990 series of forms are used by tax-exempt organizations, including charities, private foundations and other nonprofit organizations, to provide information required by section 6033 of the Internal Revenue Code, which includes information about their programs and activities. Information on these returns is generally disclosable to the public as provided by law.

It should be noted a compliance check is not an examination; it does not directly relate to determining a tax liability for any particular period.

- **What occurs during a compliance check?**

At the beginning of a compliance check, we will inform the officer or director that the review is a compliance check and not an examination. We will not ask to examine any books and records or ask questions regarding tax liabilities. We may ask the organization whether they understand or have questions about filing obligations for required forms. We may also ask questions about an organization's activities. If, during a compliance check, we decide an examination is appropriate, we will notify the organization that we are commencing an examination before asking questions related to tax liability.

- **Is there a penalty for refusing to submit to a compliance check?**

No. The officer or director may refuse to participate in a compliance check without penalty. However, we have the option of opening a formal examination, whether or not the organization agrees to participate in a compliance check.

- **How often can the IRS do compliance checks?**

Because a compliance check only reviews whether an organization is adhering to record keeping and information reporting requirements and/or whether an organization's activities are consistent with its stated tax-exempt purpose and is not an examination, it is possible to have more than one compliance check for a tax year if facts and circumstances warrant.