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September 13, 2007

Internal Revenue Service
Form 990 Redesign, ATTN: SE:T:EO,
111 Constitution Ave., N.W.,
Washington, DC 20224.

RE: Comments on Draft Form 990

Dear Sir/Madam,

The American Heart Association (AHA) heartily endorses the Internal Revenue Service in its efforts to revise the Form 990 to facilitate accurate, complete, and consistent reporting by exempt organizations and at the same time minimizing the burden on filing organizations by asking questions in a manner that makes it relatively easy to fill out the form and that does not impose unwarranted additional recordkeeping. Enhancing transparency and promoting compliance greatly benefits the public. We have sent you, separately, a joint letter with the American Cancer Society and the American Diabetes Association outlining our principal concerns. Below are some additional observations we would urge that the Service consider as it finalizes the changes.

Implementation for Fiscal Year 2008

1. The AHA does not think it is realistic to require organizations to use a new Form with so many changes as early as Fiscal Year 2008 and encourages the IRS to delay implementation until Fiscal Year 2009. Organizations will need time to understand all the changes that are needed and time to make changes to the information and accounting systems necessary to capture all the new information required.

Implementation Considerations Prior to Broad Electronic Filing

2. In many cases, the space on the form is quite limited and hinders an organization's ability to fully disclose the information requested. The AHA recommends permitting organizations to provide attachments when needed.

*"Building healthier lives,
free of cardiovascular
diseases and stroke."*

Please remember the American Heart Association in your will.



Part 1 – Summary

3. **Activities & Governance (lines 3-9)** The AHA does not agree that the public or the organization is benefited by listing the highest compensation amount (line 7) in isolation and recommends either this line permit more disclosure or be eliminated. The overall design of the Summary page is a step forward in providing salient summary information concerning mission, governance and the summary financial information such as revenues, expenses, assets, liabilities, net assets and number of individuals receiving compensation in excess of \$100,000. The new form is also making several improvements to the reporting of compensation. Instead of line 7, the AHA encourages to IRS to refer the public to Part II where adequate and appropriate information is provided to the public.
4. We recommend that the Internal Revenue Service require unrealized investment gains to be reported. The realization of investment gains and losses is only a timing matter. These amounts can readily be tapped by organizations simply by selling the investments and the public is misled as to the overall net income and net assets of an organization when unrealized investment gains and losses are not reported.
5. Technical Correction – **Line 15, Other Revenue.** The form indicates **line 3** for membership dues and assessments from Part IV are to be included in Line 15 of Part I. The form indicates that membership dues and assessments are to be reported on **Line 13** in Part 1.

Part II - Compensation

6. We recommend the Service continue to permit organizations to use their own business locations for board members as a means of protecting them from being subjected to harassment or worse should a member of the public be aggressive in their opposition to an organization's controversial program.

Part III – Governance

7. **Governing Body Review of Form 990 Line 10.** The AHA feels it is best practice to have its Independent Audit Committee review and approve its Form 990. The AHA feels its Independent Audit Committee is the body that possesses the appropriate financial expertise to conduct a meaningful review. We recommend that this question be rephrased to ask whether the full board or a committee of the board has reviewed the Form 990.

Part VII General Activities

8. More clarification is needed for line 1a. It is not clear whether an organization should include:
 - An unsolicited contribution received from an international source
 - A contribution received from a company with its headquarters internationally
 - A research grant to an international recipient

Part IX Statement of Program Service Accomplishments

9. **Line 2** We feel the public would not be well served if the AHA were limited to providing information concerning our **most significant program accomplishment**. We recommend more space be provided for organizations to describe its four major program services. This would allow organizations like the AHA that are involved in several equally important programs to better communicate its accomplishments.

Schedule D – Supplemental Financial Statements

10. We believe that thresholds should be established for the various sections of this Schedule to make disclosure meaningful to the public yet not so detailed that extremely long attachments might be necessary to provide the information requested.

Schedule G – Fundraising Activities

11. It is not clear whether the calculation in Part II has changed from the current form. We feel the current instructions are clear that direct expenses should include “only the expenses directly attributable to the goods or services the buyer receives from a special event.” In the instructions for the proposed Form, the direction regarding what expenses to include is not clear and open to misinterpretation.

Schedule J – Supplemental Compensation Information

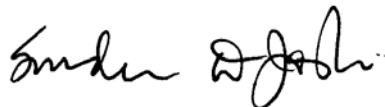
12. Answering yes in Line 3 can be misleading to the public. We recommend permitting a disclosure of the facts and circumstances why for example, a trip by first class was necessary, or the nature of the club dues paid. In rare instances, re-imburement of first class travel may be unavoidable. Checking the box without any clarification will result in an erroneous interpretation that the organization routinely pays for first class travel. Also, it is not clear whether this refers to air travel or all modes of travel. Club dues could include airline travel clubs dues which are generally re-imbursed for business reasons.

IRS Form 990 and State Filing Requirements

13. As the IRS Form 990 is revised, many of the changes incorporate questions asked by states for annual filing requirements. As an offset to any increased reporting burden, an initiative is recommended to align states in accepting the IRS Form 990 as the primary document for annual state filings. Such an alignment would substantially reduce the administrative burden on many organizations.

We appreciate the opportunity to provide feedback on this important matter. Please let me know if you have any questions or need clarification

Sincerely,



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