

From: [Pattara Theresa](#)
To: [*TE/GE-EO-F990-Revision;](#)
CC:
Subject: OMB Comments re: Single Audit monitoring
Date: Friday, September 21, 2007 7:22:35 AM
Attachments: [2007 09 13 IRS Form 990 Comments.doc](#)

From: Eric.SanJuan
Sent: Thursday, September 20, 2007 6:02 PM
To: Pattara Theresa
Cc: Schultz Ronald J
Subject: FW: 990 Revisions

[Please see attachment, thanks.](#)

-----Original Message-----

From: Cohen, Heidi
Sent: Thursday, September 20, 2007 5:39 PM
To: San Juan, Eric
Subject: FW: 990 Revisions

Hi Eric – Per my call – OMB has requested (see attached comments and email) that some additions be made to the 990. Please review their comments and let me know if you would like for me to set up a conference call or meeting to discuss with the OMB reviewers. Thanks.

-Heidi

Heidi Cohen
Senior Counsel for Regulatory Affairs
Office of the Assistant General Counsel for General Law and Ethics
Department of the Treasury
202-622-1142

Comments on the Proposed Revision to IRS Form 990:

Background:

Annually Federal agencies provide over \$450 billion in government grants, a substantial portion of which goes to non-profit organizations (Organizations) who also file the IRS form 990. The Single Audit Act Amendments of 1996 and OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” provide specific audit and reporting requirements for Federal awards (e.g., Federal grants) expended by non-profit entities. Currently the IRS Form 990 does not request Organizations under Part IV, 1e, to identify whether the “Government contributions (grants)” are Federal or non-Federal (e.g., State or local government). Enhancing the IRS Form 990 to ask Organizations to identify whether they file audit reports under OMB Circular A-133 and the amount of Federal grants expended will assist the Federal agencies and Federal Audit Clearinghouse (FAC) in monitoring OMB Circular A-133 reporting and obtaining information on the amount of Federal grants expended by Organizations. This change will also assist the public in obtaining information about Organizations as a summary of reports filed with the FAC in the form of the “Data Collection Form (SF-SAC)” is publicly available on the internet at <http://harvester.census.gov/sac/>. The additional burden should be inconsequential as organizations should readily know whether they file with the FAC and the amount of Federal grants expended that were received directly from the Federal government or indirectly from a pass-through entity (e.g., a state or local government).

Summary of Proposed Changes to IRS Form 990:

Part III – Statements Regarding Governance, Management and Financial Reporting

Insert a new question after Item 10 to identify if the organization was subject to the Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations” reporting requirements.

Item 11:

Question:

Did the organization file a report with the Federal Audit Clearinghouse under OMB Circular A-133?

Answer: Yes or No

Instructions:

Office of Management and Budget (OMB) Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations,” requires non-Federal entities (including non-profit organizations) that expend \$500,000 or more in a year in Federal awards to have an audit and report to the Federal Audit Clearinghouse. Additional information on this requirement is available at <http://harvester.census.gov/sac/> including a reference link to OMB Circular A-

133. Indicate whether or not the organization filed with Federal Audit Clearinghouse under OMB Circular A-133.

Part IV – Statement of Revenue

Break Item 1 (e) into three subparts. The question on the current form does not delineate between Federal and non-Federal grant contributions. Breaking the question into three subparts will enable the Federal Audit Clearinghouse and Federal agencies to identify the amount of direct recipients of Federal grants/awards, recipients of pass-through Federal grants/awards, and recipients of non-Federal grants/awards to help identify non-profit entities who are required to file under OMB Circular A-133 and to identify the amount of Federal awards expended by entities below the \$500,000 Circular A-133 audit threshold.

Question:

Item 1: Contributions, gifts, grants another similar amounts

- | | | |
|----|---|-----------|
| e. | Direct Federal Government Grants | \$ _____. |
| f. | Indirect (pass-through) Federal Government Grants | \$ _____. |
| g. | Other Government Grants (non-Federal contributions) | \$ _____. |

Instructions:

- **Lines 1e, 1.f, and 1g.**

Line 1e. Direct Federal Grants. Enter the total amount of contributions in the form grants (i.e., Federal awards expended as defined in OMB Circular A-133) received directly from the Federal government.

Line 1f. Indirect Federal Grants. Enter the total amount of contributions in the form of grants (i.e., Federal awards expended as defined in OMB Circular A-133) received as pass-through Federal money from state and local governments or other non-profit organizations.

Line 1g. Other Government Grant. Enter the total amount of contributions in the form of grants or similar payments from non-Federal agencies (e.g., local or state sources as well as foreign governments.) Include non-Federal grant amounts from U.S. possessions (American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands).

A grant or other payment from a non-Federal governmental unit is reported here if its primary purpose is to enable the organization to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the governmental unit. In other words, the payment is recorded on line 1g if the general public gets the primary and direct benefit from the payment and any benefit to the governmental unit is indirect and insubstantial as compared to the public benefit. The

following are examples of governmental grants and other payments that are treated as contributions and reported on line 1g:

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public.
- Payments by a governmental unit to nursing homes to provide health care to their residents.
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.