From:	Henry Bogdan
To:	PRA
Subject:	OMB Number: 1545-0056 - Document # 2014-07066/ IRS Proposed Form 1023-EZ
Date:	Wednesday, April 30, 2014 2:35:34 PM
Attachments:	image002.png

From: Henry Bogdan
Sent: Wednesday, April 30, 2014 2:34 PM
To: 'OIRA_Submission@OMB.EOP.gov'
Subject: OMB Number: 1545-0056 – Document # 2014-07066/ IRS Proposed Form 1023-EZ

MARYLAND NONPROFITS

April 30, 2014
Office of Information and Regulatory Affairs
Office of Management and Budget
Attention: Desk Officer for Treasury

By Email to - *OIRA_Submission@OMB.EOP.gov*

Re: *OMB Number:* 1545-0056 – Document # 2014-07066/
IRS Proposed adoption of Form 1023-EZ

Maryland Nonprofits is a statewide association of over 1,000 member nonprofit institutions and organizations. Our mission is to strengthen, educate and engage nonprofit organizations so they can successfully achieve their public service missions. For over twenty years we have provided training for, and actively assisted hundreds of groups forming nonprofit organizations and seeking IRS recognition of tax exempt status. We urge that implementation of the proposed new Form 1023-EZ be delayed at this time, at least with regard to organizations that project annual operating revenues beyond $50,000.

We understand the workload and resource issues facing the Tax Exempt and Government Entities Division of the IRS. We work with groups experiencing inordinate delays with the current Form 1023 process, and can attest to its need for streamlining and improvement. However we are also concerned with maintaining and enhancing the integrity and credibility of the nonprofit community. We have established the nationally recognized Standards for Excellence Program©, and at this time we do have serious questions and concerns with the proposed implementation of the draft Form 1023-EZ and the instructions published for review.

The determination by the IRS of 501(c)(3) exempt status is critically intertwined with state oversight, tax and regulatory processes. In Maryland it establishes presumption of eligibility for 'charitable' exemption from state sales tax. Further, except for groups that seek exemption with the intent to remain as essentially 'all-volunteer' associations in their efforts, required elements in the Form 1023 (not included in the 1023-EZ) force individuals (founders) or groups to engage in

important planning and decision-making about the programmatic and financial responsibilities they will face operating a nonprofit organization with responsibilities for employees and annual budget issues.

Maryland Nonprofits strongly urges that extended time, at least an additional six months, be allowed for stakeholders, including the nonprofit community and state regulators, to obtain additional information and to submit further questions and comments.

Some of our specific questions or concerns in these areas include:

- Will the IRS will have sufficient resources for enhanced review of the Forms 990-EZ or 990 to be filed by organizations approved on the basis of a Form 1023-EZ;

- Are changes to the Form 990-EZ reporting requirements being contemplated? Will governance oversight be further relaxed? (Form 990-EZ requires description of 'substantial' changes to documents apparently not required by the Form 1023-EZ);

- The draft Form 1023-EZ Eligibility Worksheet suggests prior review of the "Life Cycle of an Exempt Organization", that includes an excellent eight page summary of Governance Issues. But the limited attestations required by the Form 1023-EZ regarding governance documents include few if any of the significant points made in that document, e.g., the number of persons on the governing body, or existence of a conflict of interest policy;

- No basis will be available to a reviewer to determine if the applicant organization is an inappropriate "single member" organization with no assurance of an independent governing body;

- The lack of a required mission statement severely limits any informational value of the Form 1023-EZ to the public about the organization's purposes or program through its public disclosure;

- Whether consideration has been given to the potential number of additional 501(c)(3) organizations that may receive initial approval without adequate financial planning and the extent to which this may result in additional organizational failures or dissolutions, with risk for impairing the general credibility of charities, or increased loss or waste of charitable assets.

In conclusion, we again urge that any implementation of the draft Form 1023-EZ be limited to a smaller class of organizations, those most likely to remain all-volunteer groups, and that a longer period be allowed for engagement of stakeholders in discussion and review of these and similar issues.

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Maryland Nonprofits' mission is to strengthen, educate and engage nonprofit organizations so they can successfully achieve their missions