



# IRC Section 501(r)

## WHAT WE'VE LEARNED

Presented By  
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October 3, 2017



# Agenda

**1** DATA DRIVEN IRS  
EXAMS

**2** AUDIT EXPERIENCE

**3** SCHEDULE H

# DATA DRIVEN IRS EXAMS



- Searchable Form 990s
- 250+ queries developed as selection model for noncompliance areas
- Find questionable areas and audit solely on possible noncompliance issues – 85% audit change rate

# Form 990

## POTENTIAL QUERIES

- Fundraising expense vs contribution revenue
- Lobbying expenses are reported in Part IX but Schedule C is not completed
- Schedule L related party transactions, esp. if no conflict of interest policy
- Transactions on Schedule R, Part V, Line 2
- Top management and financial officials not properly reported
- Part VII and Schedule J do not reconcile

# IRS Exams

AS OF 9/30/16

- 6,440 completed (27% employment tax, 12% UBI, 43% filing, organizational & operational)
- 61 Revocations
- 968 reviews of hospitals, 363 referred for exam (no CHNA, no FAP or EMC policy, B&C issues)
- Overall change rate 81%
- Plan to review 400 returns with risk of private inurement + 100 private foundations

**AUDIT**



# Handouts

**1** SAMPLE IRS AUDIT  
INFORMATION  
REQUEST

**2** FORM 990  
SCHEDULE H



# Contact Us



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