

Subject: OMB Proposal Clearance Request – Follow-up Summary Report

You recently submitted an OMB clearance request for a Compliance Check Questionnaires that was approved OMB approval number 1545-2071. As a requirement, a summary report to include the information below should be submitted to our office, Special Products Section, Tax Forms & Publications Division, within 60 days after the completion of survey questionnaires. **Please provide a brief summary (1-2 pages/outline format). Do not include tables, graphs, charts, etc., since they are not included in the report to OMB.**

- 1) **OMB #:** 1545-2071
- 2) **Title of Study:** Community Foundations Questionnaire
- 3) **Purpose:** To learn how community foundations operate and follow up on ones that may have compliance issues. In addition, it will help us verify information we have in our records that identifies different types of organizations.
- 4) **Findings:** Approximately 38% of the respondents indicated that they did not consider themselves to be community foundations. Of the respondents, nearly 4% indicated that they were either a trust or master trust, 58% indicated that they were corporations, 33% did not respond to the question, and the other 5% were unincorporated associations or some other legal form. Of those that indicated they were trusts, only 28% were aggregated as a single entity. Most community foundations said they serve a specific geographic area and indicated that they do not have component parts. This information provides the IRS with important insight into the make up of this segment of the tax-exempt community.

Responses to the assets section of the questionnaire showed that a significant number of community foundations held assets in restricted, donor advised, or designated funds. This information will allow the IRS to focus its resources on community foundations with these types of funds and their potential for abuse, which was addressed in the Pension Protection Act of 2006, and has been a subject of Congressional inquiries.

- 5) **Actions taken or lessons learned:** The questionnaire was sent to organizations that had community foundation in their name or appeared from other data to be community foundations. As noted above, 38% of the respondents indicated that they were not community foundations. We will design a project to verify that information and take appropriate follow-up actions, including making corrections to the master file.

- 6) **Total Number of requests** (questionnaires sent) **or attempts for taxpayer participation:** 3,744 questionnaires sent
- 7) **Total Number of questionnaires returned or participants in focus group, etc.:** 3,530 questionnaires returned
- 8) **Date the data collection began** (date only): August 2007
- 9) **Date the data collection ended** (date only): July 2008
- 10) **Response Rate:** 94%
- 11) **Actual Burden Hours:** 3,530 questionnaires returned x 4 hours per questionnaire = 14,120 hours
- 12) **Cost:** None

The above information is needed to prepare a report requested by OMB that explains what was accomplished during the OMB clearance period under which these surveys were approved. The information you provide should not exceed two pages, if possible. If you have any questions, please contact me at (202) 622-3634 or RJoseph.Durbala@irs.gov.