



### ***Nonprofit Notes***

#### **Panel Releases Recommendations**

The Panel on the Nonprofit Sector has released its final report with more than 100 recommendations intended to promote good stewardship among the nation's 1.3 million charities and foundations. The report recommends actions in 15 specific areas, including:

- Strengthening existing state and federal enforcement and oversight mechanisms.
- Improving IRS filing requirements and revising Form 990.
- Strengthening rules governing non-cash contributions, such as appreciated property, facade or conservation easements, and household or clothing items.
- Tightening rules and improving disclosure requirements regarding board compensation, executive compensation, travel expense reimbursement and composition of governing boards.
- Supporting independent financial audits for larger nonprofits.
- Supporting the disclosure of performance data.
- Strengthening rules governing donor-advised funds.
- Reforming, but not eliminating, Type III supporting organizations.
- Restricting participation in potentially abusive tax shelters.

Formed by the Independent Sector in October 2004 at the encouragement of the U.S. Senate Finance Committee, the Panel on the Nonprofit Sector is comprised

of 24 nonprofit and philanthropic leaders representing a wide variety of missions, perspectives and scope of work.

### **NFPs Make IRS “Dirty Dozen” List**

In IRS News Release IR-2005-19, the IRS published its list of the “Dirty Dozen” areas of potential abuse. Number eight on the list was “Abuse of Charitable Organizations and Deductions,” in which the IRS noted an increase in the use of tax-exempt organizations to improperly shield income or assets from taxation.

As an example, the IRS pointed to instances in which a taxpayer moves assets or income to a tax-exempt supporting organization or donor-advised fund but maintains control over the assets or income.