

CLIENT REPORT:
**2008 Stabilization Act: Reporting Requirements for Charitable
Organizations Providing Disaster Relief**

Dear Client:

As you know, as a charitable organization, you are subject to annual information reporting on Forms 990, 990-PF, 990-EZ or 990-N, depending upon the level of your activities and contributions. Many charitable organizations such as you have received and distributed many millions of dollars in contributions and direct aid to victims of horrific natural disasters in the past several years and have engaged in direct disaster relief activities. This includes relief for the hurricane-ravaged Gulf area and the storm and flood damaged Midwestern United States.

As part of the Emergency Economic Stabilization Act of 2008 (2008 Stabilization Act), Congress has authorized the Treasury and IRS to require that the annual information returns of exempt charitable organizations include information regarding the disaster relief activities conducted by the charity. This authorization extends to reporting expenditures for disaster relief activities and the use of "qualified contributions" made by individuals to the charity which are not subject to the 50-percent contribution base deduction limitation for charitable contributions and the limitation on overall itemized deductions, as well as "qualified contributions" made by corporations to the charity which are not subject to the 10-percent of taxable income deduction limitation.

This provision is effective for returns the due date for which (determined without regard to any extensions) occurs after December 31, 2008.

Although the IRS has not yet promulgated regulations or other guidance on the reporting requirements authorized by the 2008 Stabilization Act for disaster relief activities, organizations engaging in disaster relief activities should prepare for such reporting now by keeping detailed records of activities, expenditures and contributions. Please contact our office to discuss the information reporting and recordkeeping that is likely to be required.