

# LITC

## Low Income Taxpayer Clinic

- > Access to Representation
- > Outreach and Education for Taxpayers Who Speak English as a Second Language



2010 GRANT APPLICATION  
Package and Guidelines





May 2009

Dear Prospective Low Income Taxpayer Clinic Grant Applicant:

I am pleased to announce the opening of the 2010 Low Income Taxpayer Clinic (LITC) grant application period. All applications must be postmarked, sent by private delivery service, or hand-delivered to the LITC Program Office in Washington, D.C. by July 7, 2009, in order to be considered timely. If filing electronically, applications must be submitted on or before July 7, 2009.

The LITC Program Office assists clinics in meeting program responsibilities, and encourages clinics to voice their concerns about difficulties they have in meeting program requirements. Over the past year, the Program Office received numerous comments about the difficulties clinics were experiencing when filing the Interim and Year-End Reports. To address those concerns, the LITC Program Office formed a team to revise the forms and to clarify the instructions. During the 2009 Annual LITC Grantee Conference, the Program Office held a focus group with LITCs to introduce the draft forms and to provide clinics an opportunity to comment on the draft forms. The Program Office incorporated the clinics' comments, and sent a new version of the forms to a group of clinics for their consideration. The revised Interim and Year-End Report Form and the Supplemental Issues Form, included in this publication, are a direct result of clinic and Program Office collaboration.

The Taxpayer Advocate Service (TAS) is committed to enhancing the LITC Program's quality and coverage. With participation and advice from the clinics, the LITC Program Office revised the 2010 LITC Grant Application to make it easier to understand and complete. Some of the specific improvements include:

- Adding the expanded Standard Form 424, *Application for Federal Assistance*.
- Adding the new Form 425, *Federal Financial Report* and Form 425a, *Federal Financial Report Attachment*. These forms replace Form 269, *Financial Status Report (Long Form)* and are required for all Financial Report submissions after September 30, 2009.
- Revising the LITC Report Forms, adding instructions for completing the forms and adding new Report Form Checksheets. These forms are to be used for the 2010 grant cycle reports.
- Combining provisions for the certifications and assurances into one document and requiring clinics to indicate their agreement to these provisions when signing the Standard Form 424, *Application for Federal Assistance*.
- Clarifying who is required to attend the Annual LITC Grantee Conference.
- Clarifying the context in which clinics are allowed to prepare returns and other documents, and emphasizing that clinics cannot charge a separate fee, even if it is nominal, for the preparation of returns and other documents to be filed with the IRS.

During the current 2009 grant cycle, we are pleased that we have at least one clinic in all 50 states, the District of Columbia and Puerto Rico. The Taxpayer Advocate Service remains committed to achieving maximum access to representation for low income taxpayers under the terms of this grant program. Thus, in awarding 2010 LITC grants, we will continue to work toward the following program goals:

- Ensuring that each state (plus the District of Columbia and Puerto Rico) continues to be served by at least one clinic.
- Expanding coverage in geographic areas that do not have both controversy representation and ESL education and outreach. To assist us in identifying areas in need of LITC services, the Program Office has completed an environmental scan.
- Ensuring grant recipients demonstrate that they are serving geographic areas that have sizable populations eligible for and requiring LITC services.

The LITC Program Office may award grants to qualifying organizations to fund one-year, two-year or three-year project periods. Any clinic currently receiving an LITC grant that does not expect to use all of its funds must contact the LITC Program Office immediately so that other clinics may benefit from those funds. Moreover, any clinic currently receiving a grant that does not intend to reapply for a 2010 grant must notify the LITC Program Office immediately so that we can encourage coverage of that service area by other applicants.

This package contains the current program guidelines, eligibility criteria, application materials, and instructions to transmit an application to our office electronically or by U.S. mail, private delivery service, or hand delivery. The cost of preparing and submitting an application are the responsibility of each applicant.

Your application must be postmarked, sent by private delivery service, filed electronically, or hand-delivered by Friday, July 7, 2009. Applications should be mailed or delivered to:

Internal Revenue Service  
Taxpayer Advocate Service - LITC Program Office  
Attention: LITC Applications  
1111 Constitution Ave. NW  
TA:LITC, Room 1034  
Washington, DC 20224

Applicants may also file electronically at [www.grants.gov](http://www.grants.gov).

The LITC Program Office will notify each applicant whether they were awarded a grant no later than November 27, 2009.

If you have questions about the LITC Program or grant application process, please contact the LITC Program Office at 202-622-4711 or by e-mail at [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov).

I appreciate your interest in the LITC Program and look forward to working with the 2010 Low Income Taxpayer Clinic grantees to improve the fairness and quality of federal tax administration.

Sincerely,



Nina E. Olson  
National Taxpayer Advocate

<b>TABLE OF CONTENTS</b>	<b>Page</b>
<b>I. Introduction</b> .....	1
<b>II. Program Overview</b> .....	1
<b>III. Definitions</b> .....	1
<b>IV. LITC Program Grant Requirements</b>	
A. Eligibility Criteria .....	2
1. In General .....	2
2. Controversy Clinic Requirements .....	3
3. ESL Clinic Requirements .....	5
4. Matching Funds Requirements .....	7
B. Office of Management and Budget (OMB) Requirements .....	8
C. Audit Requirements .....	8
D. Civil Rights Reporting Requirements .....	9
E. Lobbying Restrictions .....	10
F. Trafficking Victims Protection Act .....	12
G. Other Applicable Laws and Regulations .....	12
H. LITC Grant Agreement .....	13
I. Operational Requirements .....	14
1. Standards of Operation .....	14
2. Managing Funds .....	19
3. Grantee Responsibilities .....	22
J. Reporting Requirements .....	24
1. Interim Reports .....	24
2. Annual Reports .....	26
<b>V. LITC Program Office</b> .....	30
A. Responsibilities .....	30

<b>TABLE OF CONTENTS</b>	<b>Page</b>
B. Site Assistance Visits .....	31
<b>VI. Completion and Submission of Grant Application .....</b>	<b>32</b>
A. Where and When to File .....	32
B. LITC Program Grant Application Contents .....	32
C. New or Single Year Grant Applications .....	36
D. Continuing Multi-Year Grant Applications .....	37
<b>VII. Selection and Award of Grant Recipients .....</b>	<b>39</b>
A. Eligibility Screening .....	39
B. Evaluation Process .....	39
1. Technical Evaluation .....	39
2. Program Office .....	40
C. Notification of Award Decisions .....	41
 <b>Appendix A</b>	
LITC Program Grant Forms.....	A
 <b>Appendix B</b>	
LITC Program Grant Application Checklists.....	B
LITC Program Report Package Submission Checklists.....	B
 <b>Appendix C</b>	
Interim and Year-End Report Form and Instructions .....	C
Supplemental Issue Form and Instructions .....	C
 <b>Index .....</b>	 <b>D</b>

---

**Paperwork Reduction Act Notice:**

This application package is provided for awards under the Low Income Taxpayer Clinic Grant Program. The information is requested from the applicants in order to determine their eligibility for an LITC grant and evaluate their grant proposals. Applicants are not required to respond to this collection of information unless it displays a currently valid OMB number. The estimated average burden associated with this collection of information is 60 hours per respondent for program sponsors and 2 hours for student and program participants. Comments concerning the accuracy of this burden estimate and suggestions for reducing this burden should be directed to the IRS, Tax Products Coordinating Committee, SE:W:CAR:MP:T:T:SP, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Do not send grant application forms to this address. Grant applications should be sent to: Internal Revenue Service, Taxpayer Advocate Service, LITC Program Office, TA:LITC, Room 1034, 1111 Constitution Ave., NW, Washington, DC 20224.

Catalog of Federal Domestic Assistance Number:

21.008 OMB Approval No. 1545-1648

---

## I. INTRODUCTION

This publication outlines requirements for the operation of a qualifying Internal Revenue Service (IRS) Low Income Taxpayer Clinic (LITC) program and provides instructions on how to apply for a matching grant under Internal Revenue Code (IRC) § 7526. **All applications for this grant must be completed thoroughly and accurately. Failure to do so may result in the application not being considered for a grant.**

This publication and copies of the required forms and assurances should be retained for future reference. Interim and annual reporting requirements are included in this package and must be followed when those reports are prepared.

**NOTE:** When questions arise regarding the program, submit them by e-mail to the LITC Program Office at: [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov). If you are an existing clinic, you may also submit questions by e-mail to the analyst assigned to your geographic location.

## II. LITC PROGRAM OVERVIEW

IRC § 7526 authorizes the IRS to award matching grants of up to \$100,000 per year to qualifying organizations that represent low income taxpayers involved in controversies with the IRS and to organizations that provide education and outreach on the rights and responsibilities of U.S. taxpayers to individuals who speak English as a second language (ESL). IRC § 7526 requires clinics to provide services for free or for no more than a nominal fee.

Low income status is determined by reference to the Federal Poverty Guidelines, which are updated annually by the Department of Health and Human Services (HHS). Applications are accepted for project periods of up to three years duration. Funding is provided for budget periods of one year, subject to the availability of annually appropriated funds. The budget period is known as the grant cycle, which begins on January 1 and ends on December 31. With respect to applications for two or three-year project periods, the second and third years will be funded subject to satisfactory performance, compliance with grant terms, and availability of appropriated funds. All grant funds awarded to an LITC must be used for the LITC project specifically authorized in the grant.

The LITC Program is administered by the Taxpayer Advocate Service (TAS). The Director of the LITC Program Office reports directly to the National Taxpayer Advocate and is responsible for providing oversight, guidance, and assistance to LITC grantees and prospective applicants.

## III. DEFINITIONS

The term “**clinic**” includes, but is not limited to:

- A clinical program at an accredited law, business or accounting school in which students represent low income taxpayers in controversies with the IRS; and
- An organization described in IRC § 501(c) and exempt from tax under IRC § 501(a) that either directly represents taxpayers or refers taxpayers to qualified representatives.

Examples of qualifying “**controversy**” activities include:

- An IRS account, collection, examination, or Appeals matter;

- Representation on a federal tax matter in federal courts, including the United States Tax Court;
- Provision of assistance to a nonfiler in the preparation of prior year return(s);
- Provision of assistance to a victim of identity theft on a federal tax matter, or a state tax matter when the clinic is representing or referring that taxpayer in a federal tax controversy;
- Preparation of an amended return, if such assistance is necessary to resolve a controversy for which an LITC is representing a taxpayer; and
- Representation or referral of a low income taxpayer involved in a state or local tax controversy, when the clinic is representing or referring that taxpayer in a federal tax controversy.

The "**referral**" activity for which grant funds may be expended is the referral of low income taxpayers to a **pro bono** panel – one that provides representation free of charge. A *pro bono* panel consists of qualified representatives, nonprofit entities or other organizations that do not charge for representing low income individuals.

A "**qualified representative**" is any individual who is authorized to practice before the IRS (e.g., attorney, certified public accountant, enrolled agent) or applicable court. Any controversy clinic that does not have a staff member who is admitted to practice before the United States Tax Court *must* have a *pro bono* panel member who is admitted to practice before the United State Tax Court and to whom the clinic can refer litigation matters.

A "**program to inform**" is one in which the clinic educates ESL individuals about their rights and responsibilities as U.S. taxpayers.

Examples of **qualifying "ESL activities"** include:

- An educational outreach program about federal taxpayer rights and responsibilities conducted by a clinic and attended by ESL taxpayers;
- Direct consultation with ESL taxpayers regarding their rights and responsibilities as U.S. taxpayers; and
- Ancillary assistance to ESL taxpayers in the preparation of federal tax returns or other required tax forms (see Treas. Reg. § 301.7701-15(f)(2)).

## IV. LITC PROGRAM GRANT REQUIREMENTS

### A. ELIGIBILITY CRITERIA

#### 1. In General

The organization must be a qualified clinic that represents or refers low income individual taxpayers (to a *pro bono* panel) in controversies with the IRS or operates programs to inform ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Additionally, qualified clinics must offer services for free or for no more than a nominal fee.

The organization may be a clinic providing qualifying services that it conducts within a broader spectrum of activity. A clinic may provide representation in nontax matters as well

as representation in tax matters as long as grant funds are used only to support representation in tax matters. Such clinics must reasonably allocate their expenses and matching funds for services shared with nonqualifying programs or other organizations in determining allowable expenses for LITC funding and their compliance with the statutory matching funds requirement.

- *Start-Up Expenses.* Start-up operations qualify for grant funding. Thus, a clinic may be awarded an LITC grant although it anticipates that it will not begin operating until after the close of the grant cycle for which the grant is awarded. Such applicants still must satisfy the statutory matching funds requirement during the year covered by the grant and must meet all reporting requirements to provide information on the status of the start-up. In addition, LITC grants to these applicants will be conditioned on the conduct of qualifying activities during the immediately succeeding grant cycle.
- *Nominal Fee.* IRC § 7526 provides that a clinic must not charge more than a nominal fee for clinic services, in addition to reimbursement of actual costs incurred (e.g., photocopying and court costs). **If a clinic is charging a fee, the clinic must charge that same fee to everyone, regardless of the services being sought. Remember: The goal of the LITC Program is to enhance access to legal services for low income taxpayers. If the amount that a clinic charges results in fewer taxpayers served, the goal of the Program is not being achieved and that amount is not nominal.**

**Note:** A clinic may not charge a separate or additional fee (even if it is nominal) for the preparation of a tax return or other document to be filed with the IRS (except for reimbursement of actual costs incurred, e.g., photocopying).

## 2. Controversy Clinic Requirements

- *90/250 Income Requirement.* A low income taxpayer is an individual (including those that are self-employed) whose income does not exceed 250 percent of the Federal Poverty Guidelines published annually by HHS. At least 90 percent of individual taxpayers (including those that are self-employed) represented or referred must have incomes that do not exceed 250 percent of the Federal Poverty Guidelines.

A clinic must use the LITC Program's poverty guidelines to determine whether a client seeking representation is a low income taxpayer for purposes of LITC Program funding. A clinic must base its determination of whether a taxpayer satisfies the income requirement on current income information. The taxpayer must provide this information on an intake form (or similar form) at the time the taxpayer seeks the clinic's assistance. Changes in financial status during representation do not disqualify clients from continuing to receive clinic representation. A clinic may consider the taxpayer's current year return in determining the taxpayer's income, as defined below.

Whether the 90/250 income requirement is met is determined based on the taxpayers actually represented. For this purpose, representation occurs when the arrangement is memorialized through a letter of engagement, a *pro bono* representation agreement, or a Form 2848, *Power of Attorney and Declaration of Representative*. For purposes of determining the total number of taxpayers represented in controversies with the IRS, include both those who do and do not meet the income requirements. Preparation of a joint return counts as **two** taxpayers assisted. If only one spouse on a joint return is represented or referred, the represented spouse counts as **one** taxpayer assisted.

Satisfaction of the 90/250 income requirement is determined based on the income of family units, not on the average income of the taxpayers represented. For example,

suppose a clinic has the following clients: 97 unrelated individuals (*i.e.*, 97 family units) and one family unit of three related taxpayers. For purposes of determining whether the 90/250 income requirement is satisfied, at least 90 percent of the 98 family units must have incomes which do not exceed 250 percent of the Federal Poverty Guidelines.

A clinic must maintain records for the total number of taxpayers represented in controversies with the IRS, **and** the number of taxpayers represented in controversies with the IRS who have incomes that do not exceed 250 percent of the Federal Poverty Guidelines **and** whose cases meet the amount in controversy requirement (described on page 6).

- *Current Poverty Guidelines.* The LITC Program Office updates the poverty guidelines for the LITC Program annually after HHS updates the Federal Poverty Guidelines each year to account for inflation. Clinics must adopt the new income ceilings for determining LITC low income representation eligibility within 30 days from the date of publication of the HHS Federal Poverty Guidelines in the *Federal Register*.

Based on the Federal Poverty Guidelines published at 74 F.R. 4199 on January 23, 2009, the income ceilings for low income representation are as follows:

Size of Family Unit	Income Ceiling (250% of Federal Poverty Guidelines)		
	48 Contiguous States, Puerto Rico, and D.C.	Alaska	Hawaii and Guam
1	\$27,075	\$33,825	\$31,150
2	\$36,425	\$45,525	\$41,900
3	\$45,775	\$57,225	\$52,650
4	\$55,125	\$68,925	\$63,400
5	\$64,475	\$80,625	\$74,150
6	\$73,825	\$92,325	\$84,900
7	\$83,175	\$104,025	\$95,650
8	\$92,525	\$115,725	\$106,400
For each additional person, add	\$9,350	\$11,700	\$10,750

### Definition of Income for Purposes of the 90/250 Income Requirement

“Income” is defined in accordance with the definition used by the U.S. Bureau of the Census. See <http://www.census.gov/population/www/cps/cpsdef.html> for the complete list of items included in the definition of income.

**Income includes** total annual cash receipts before taxes with the exceptions provided below. For example, income includes salaries before deductions, net receipts from self-employment (receipts after deductions for business expenses), alimony, child support, federally funded and other public assistance, social security, private pensions, scholarships, dividends, interest, net gambling winnings, and survivor benefits or annuity payments.

**Income does not include** proceeds received from the sale of property (including stocks, bonds, a house, a car), withdrawals from a bank account, tax refunds, gifts, loans, a lump

sum inheritance, one-time insurance payments, compensation for injury, or noncash benefits (e.g., employer-paid or union-paid portion(s) of employee fringe benefits).

### **Definition of Family Unit**

For purposes of this grant program, a family unit is defined as an unrelated individual or a family. An unrelated individual is a person 15 years old or over who is not living with persons related by birth, marriage, or adoption. A family is a group of two or more persons related by birth, marriage, or adoption who live together. However, if related individuals live together, but the person seeking assistance from the clinic is financially independent, then that person may be treated as a family unit. If two unrelated individuals live together, they constitute two family units.

### **Amount in Controversy**

The amount in controversy for any taxable year *generally* must not exceed the amount specified in IRC § 7463 (currently \$50,000). The amount in controversy includes penalties, but does not include interest. If a clinic takes on a case in which the amount in controversy exceeds the amount specified in IRC § 7463, the clinic must provide an explanation in its interim and annual reports of why the case was accepted.

## **3. ESL Clinic Requirements**

*Outreach Activities.* Clinics must identify their target audience and develop an outreach strategy to reach that audience. An educational outreach program is a program designed to educate ESL taxpayers about their federal taxpayer rights and responsibilities. Examples of educational outreach programs:

- One-on-one consultations;
- Holding a workshop on collection alternatives or employee/independent contractor status;
- Making a presentation about federal taxpayer rights and responsibilities to an ESL class at a local community college;
- Staffing a table at a community event and handing out clinic brochures and educational materials about various tax issues, and then answering questions and scheduling appointments for interested taxpayers; and
- An outreach program at a local community center where the clinic holds weekly discussions during the filing season to educate ESL taxpayers about choosing a tax return preparer, family and education credits, refund anticipation loans, Individual Taxpayer Identification Numbers (ITINs), and other related issues.

*Publicity.* In addition to conducting outreach activities, ESL clinics are encouraged to reach out to their target audience through publicity efforts. LITCs receiving funding for qualifying ESL activities must advertise and promote themselves as providing information and education to help ESL individuals understand the federal tax system. For example, an LITC could advertise a community meeting to acquaint ESL individuals with their rights and responsibilities under the federal tax system. Additionally, clinics are encouraged to include substantive tax information (e.g., when to file, what forms to file, who is eligible for the Earned Income Tax Credit (EITC), how to file an offer in compromise (OIC)) in indirect outreach efforts.

*Ancillary Tax Return Preparation.* An ESL clinic can provide assistance with a tax return or a claim for refund under subtitle A and not be considered a tax return preparer if such

assistance is an ancillary part of the clinic's program. The term "ancillary" means incidental. That is, the LITC's program must focus on outreach and education and not tax return preparation. If, for example, an ESL client requests help with a tax return in the course of an LITC conducting outreach or education activities, the LITC may not provide such assistance unless it arises from the LITC's primary activity of outreach and education. Clinics that engage in ancillary tax return preparation cannot charge a separate fee (even if it is a nominal fee) for this service. Similarly, an LITC can assist an ESL client with a Form W-7, *Application for IRS Individual Taxpayer Identification Number*, if the assistance is requested in connection with outreach or education activities. In no circumstances should an LITC charge a separate or additional fee for the preparation of Form W-7.

**Note.** Tax return preparation assistance that is directly related to a controversy is not considered "ancillary" and is permitted under the definition of "controversy;" however, the clinic may not charge a separate fee (even if it is a nominal fee) for the preparation of such returns.

*Tax Preparation Referral.* Generally, if ESL taxpayers require tax preparation assistance, they should be referred to a Volunteer Income Tax Assistance (VITA) program or a Tax Counseling for the Elderly (TCE) site (including a co-located independently funded program), or an IRS Taxpayer Assistance Center, where available. Grant funds awarded to an LITC must be used for the LITC activities authorized in the grant agreement and cannot be used to fund VITA or TCE activities.

*Fees.* A clinic that engages in ancillary tax preparation **cannot** charge a separate fee (even if it is a nominal fee) or vary a fee based on whether it provides assistance with a tax return or a claim for refund. In addition, the clinic cannot charge more than a nominal fee for its services.

*Pro Bono Referral Panel.* Programs that inform ESL taxpayers about their federal taxpayer rights and responsibilities are required to maintain a *pro bono* referral panel to which they may refer federal tax controversies. An ESL clinic can also refer taxpayers to another LITC; however, controversy funding will not be awarded to an organization that is solely making referrals to another LITC.

#### **What is a *pro bono* panel?**

Examples of *pro bono* panels to which taxpayers may be referred include:

- A panel of qualified representatives maintained by the clinic to whom the clinic refers matters and who agree to provide *pro bono* representation to low income taxpayers;
- A panel maintained by a state bar association which makes referrals, for free or for a nominal fee, to qualified representatives who have agreed to provide *pro bono* representation; and
- A panel maintained by a state or local society of accountants or enrolled agents, which makes referrals, for free or for a nominal fee, to qualified representatives who have agreed to provide *pro bono* assistance to taxpayers.

#### 4. Matching Funds Requirements

All applicants must provide matching funds on a dollar-for-dollar basis for all LITC Program grant funds received.

- *Qualified Matching Funds include (but are not limited to):*
  - a. Cash contributions
  - b. Third party in-kind contributions (donated property or services)
  - c. Salary, including fringe benefits, paid for the individuals performing services for the clinic
  - d. The value of volunteer services furnished by professional and technical personnel, consultants and other skilled and unskilled labor, if the services are an integral and necessary part of an approved project or program
  - e. The cost of equipment used in the clinic.
  - f. The fair market rental value of office space provided to the clinic
  - g. Reasonable office supplies and equipment costs
  - h. Program income from activities that are directly related to the clinic's objectives (e.g., registration fees for training and technical assistance programs for tax practitioners who serve the low income community, registration fees for informational programs for ESL taxpayers, and nominal fees for the clinic's services).
  
- *Ineligible Matching Funds include (but are not limited to):*
  - a. Services provided by students to satisfy an academic requirement (e.g., representation of taxpayers by students enrolled in a clinic sponsored by a law, business, or accounting school)
  - b. Federal work-study funds
  - c. Funds from other federal grants unless specifically authorized by statute (See OMB Circular A-110, Subpart C, § .23)
  - d. Legal Service Corporation funds
  - e. Purchase, construction, repair, or rehabilitation of any building or any portion thereof
  - f. Expenses incurred which do not support or benefit the program
  - g. Indirect expenses, including general overhead of the institution sponsoring the clinic, except for salaries and equipment as indicated above. General overhead includes operation and maintenance expenses and depreciation.

**Note:** OMB guidance restricts percentages of overhead that can be allocated as matching funds.

- *Volunteer Services.* The rates for volunteer services shall be determined consistent with the principles stated in OMB Circular A-110, "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," Subpart C, § .23.
  
- *Documentation of Matching Funds Sources.* LITCs must maintain adequate records to substantiate the source of all matching funds. For example, if the clinic is counting services provided by employees or volunteers as matching funds, the clinic must track the amount of time employees or volunteers spend working on LITC activities (e.g., a clinic can use sign-in sheets, timesheets, or some other similar method to track the time).

While grant awards may be made based on good faith estimates of matching funds, including verifiable pledge commitment(s) or likely sources of funding, clinics must provide adequate documentation regarding the committed sources of matching funds. For a clinic to obtain a grant payment in advance of actual disbursement or receipt of the

required nonfederal match, the clinic generally must have firm commitments for the required matching funds. A firm commitment consists of a binding written agreement between the grantee and the source of the matching funds that is conditioned solely upon the availability of federal assistance (and such other conditions as approved in advance by the IRS).

**Note.** See "Managing Funds" for additional examples of qualifying and ineligible matching funds.

## **B. OFFICE OF MANAGEMENT AND BUDGET (OMB) REQUIREMENTS**

Grant award administrative requirements are set forth in OMB Circulars. The basic administrative requirements applicable to individual Grant Agreements are contained in:

- OMB Circular No. A-110, "Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations;"
- OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations;"
- OMB Circular A-21, "Cost Principles for Educational Institutions;" and
- OMB Circular A-122, "Cost Principles for Non-Profit Organizations."

All applicable provisions of these circulars, as revised, and any existing and further supplements and revisions are incorporated into these program requirements and into all grant agreements entered into between the IRS and clinics. These circulars are incorporated into Title 2 of the Code of Federal Regulations.

## **C. AUDIT REQUIREMENTS**

OMB Circular A-133 describes the audit requirements applicable to grantees. **If you expend less than \$500,000 a year in total federal awards, no audit requirements are applicable.** (See OMB Circular A-133, Subpart B, § .200(a)). The IRS, however, has the right to audit expenditures of LITC funds regardless of the dollar amount of federal funding received by the grantee.

If you expend \$500,000 or more a year in federal awards, you **must** provide the IRS with a copy of the results of an audit performed in compliance with OMB Circular A-133. You must arrange for an audit by an independent auditor in accordance with the Government Auditing Standards developed by the Comptroller General of the United States. The costs of audits performed in compliance with OMB Circular A-133 are allowable.

An audit under OMB Circular A-133 is organization-wide. The auditor must determine whether:

- Your financial statements present fairly your financial position and the results of your operations in accordance with generally accepted accounting principles;
- You have an internal control structure to provide reasonable assurance that you are managing federal awards in compliance with applicable laws and regulations, and controls that ensure compliance with the laws and regulations that could have a material impact on the financial statements; and

- You have complied with laws and regulations that may have a direct and material effect on your financial statement amounts and on each major federal program.

Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final report for the grant cycle, subject to certain exceptions set forth in OMB Circular A-110.

#### **D. CIVIL RIGHTS REPORTING REQUIREMENTS**

This information is being collected to enforce Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving federal funds; Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination on the basis of sex in any education program or activity receiving federal funds; § 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability in any program or activity receiving federal funds; and the Age Discrimination Act of 1975, as amended, which prohibits discrimination on the basis of age in any program or activity receiving federal funds.

This section describes the data collection and reporting requirements required of LITC grant applicants by the IRS to meet its responsibilities under these laws. This information is required pursuant to the civil rights statutes and the regulations of the Department of Justice and the Department of the Treasury.

This information is mandatory and required of every applicant annually. As a condition of eligibility under the LITC Program, the applicant must provide the following information in its grant application package:

1. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include: the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.
2. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
3. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include: the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
4. A signed and dated Standard Form 424, *Application for Federal Assistance*, with box 21 checked (see Appendix A) agreeing to the statement of assurance concerning civil rights compliance.
5. The External Civil Rights Unit of the IRS may request additional data only to the extent that it is readily available or can be compiled with reasonable effort, and is found to be necessary to make a civil rights compliance determination. Examples of data and information which, to

the extent necessary and appropriate for determining compliance with applicable civil rights statutes and implementing regulations may be as follows, but not limited to:

- The manner in which services are or will be provided by the program in question, and related data necessary for determining whether any persons are or will be denied such services on the basis of prohibited discrimination;
- The population eligible to be served by race, color, national origin, age, sex, or disability;
- Data regarding covered employment, including use or planned use of bilingual public contact employees serving beneficiaries of the program where necessary to permit effective participation by beneficiaries unable to speak or understand English;
- The location of existing or proposed facilities connected with the program, and related information adequate for determining whether the location has or will have the effect of unnecessarily denying access to any persons on the basis of prohibited discrimination;
- The present or proposed membership, by race, color, national origin, sex, age, or disability, in any planning or advisory body which is an integral part of the program; and
- Data, such as demographic maps, the racial composition of affected neighborhoods or census data.

Each multi-year applicant shall update the civil rights reporting requirement information annually. Each application for financial assistance shall be reviewed for its civil rights reporting requirements by an external civil rights unit staff member. Upon completion, the reviewer shall forward a letter of compliance to the applicant indicating the civil rights determination. Financial assistance shall not be awarded to the applicant until the civil rights reviewer has issued a finding of compliance or conditional compliance. Department of Justice regulations state that all federal agency staff determinations of Title VI compliance shall be made by, or be subject to review by the agency's civil rights office.

If you need additional information or have any questions, please contact William H. Williams, Director, External Civil Rights Unit, at (202) 622-5012.

#### **E. LOBBYING RESTRICTIONS (18 U.S.C. § 1913; 31 U.S.C. § 1352; 31 CFR, Part 21)**

##### **Prohibition on Using Grant Funds for Lobbying Congress**

Under 31 U.S.C. § 1352(a), recipients of Federal grants are prohibited from using appropriated funds “to pay a person for influencing or attempting to influence” the executive or legislative branches of the government with respect to any federal grant. Persons requesting or awarded a single grant exceeding \$100,000 must certify that they have not, and will not, use the grant funds in a manner prohibited by 31 U.S.C. § 1352(a). See 31 C.F.R. § 21.110(a)-(b). In addition, 18 U.S.C. § 1913 prohibits the use of appropriated funds for lobbying and provides that violations of this restriction will constitute a violation of 31 U.S.C. § 1352(a).

Section 1352 of 31 U.S.C. also requires that any lobbying activities (e.g., those conducted with non-federal funds) be disclosed by each organization that receives or accepts a federal grant of *more than \$100,000 per year*. The requirements to certify and disclose are based on the award amount of a **single** grant rather than an aggregate of all federal grants

awarded to an organization during the year.

Because the maximum amount the IRS is allowed to award to any LITC pursuant to IRC § 7526(c)(2) is \$100,000 per year, the requirements to certify and disclose lobbying activities with respect to such a grant are not applicable, unless an LITC receives a federal grant of more than \$100,000 from another federal program. The reporting period for disclosure of lobbying activities, if applicable, is the same as the grant cycle.

### **Lobbying for Purposes of 31 U.S.C. § 1352**

Influencing or attempting to influence for purposes of 31 U.S.C. § 1352 means making, with the intent to influence, any communication to or appearance before an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making or extending of a grant. Lobbying that is prohibited by 18 U.S.C. § 1913 (and consequently prohibited by 31 U.S.C. § 1352) consists of paying for any personal service, advertisement, telegram, telephone, letter, printed or written matter or other device, intended or designed to influence a Member of Congress or other government official with respect to legislation.

### **Lobbying for Purposes of IRC § 501(C)**

While engaging in lobbying activities without spending grant funds does not violate 31 U.S.C. § 1352, there may be IRC § 501(c) implications. IRC § 501(c)(3) organizations may conduct an insubstantial amount of lobbying and still maintain their tax-exempt status. The term “insubstantial” is not defined and depends on all the facts and circumstances (expenditures, volunteer time, time spent by officers and board, etc.). An IRC § 501(c)(3) organization may also voluntarily make a lobbying election under IRC § 501(h), where the amount of lobbying is limited to a moderately complex percentage expenditure test detailed in IRC § 4911 and the corresponding Treasury regulations.

IRC § 501(c) does not define the term “lobbying.” For purposes of the lobbying election under IRC § 501(h), the concept of “influencing legislation” is defined by cross-reference to IRC § 4911(d). IRC § 4911(d) defines influencing legislation to mean the following:

- (A) any attempt to influence any legislation through an attempt to affect the opinions of the general public or any segment thereof, and
- (B) any attempt to influence any legislation through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation.

### **LITC Activities with Possible Lobbying Implications**

For example, an LITC may send an e-mail to the ABA-sponsored LITC listserve to gather support (or opposition) for legislation. Although such an e-mail is an attempt to influence legislation, so long as grant funds are not used, the LITC has not violated Title 31 or Title 18. If the LITC has a requirement under Title 31 to report lobbying activities, the e-mail activity would need to be disclosed, including any research or background work performed in connection with the e-mail to the listserve.

For purposes of IRC § 501(c), sending a single e-mail to the ABA listserve would likely constitute an “insubstantial” amount of lobbying. Because the use of the ABA listserve is free, the LITC should not have any substantial expenditure in connection with the sending of the e-mail. Keep in mind that if an LITC anticipates devoting a large amount of time to the endeavor (e.g., researching the issue, drafting proposed legislation, responding to

comments on the ABA listserve about the proposal), the activity could rise to the level of being more than insubstantial, in which case a lobbying election under IRC § 501(h) would be necessary.

For more information about making a lobbying election, refer to:

- IRC § 501(h) and IRC § 4911
- Treas. Reg. §§ 1.501(h)-1 thru 1.501(h)-3
- Treas. Reg. §§ 56.4911-1 thru 56.4911-10
- Publication 557, Tax-Exempt Status for Your Organization.

#### **F. TRAFFICKING VICTIMS PROTECTION ACT OF 2000, AS AMENDED (22 U.S.C. § 7104)**

The Trafficking Victims Protection Act of 2000, as amended, requires any agency that awards grants to include a condition authorizing the agency to terminate the grant if the grantee engages in certain activities related to trafficking in persons. As part of the implementation of the Act, the Office of Federal Financial Management has established terms that must be put in every grant agreement. See 2 C.F.R. § 175.15 (2007). Thus, if you receive a matching grant under this program:

1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not:
  - i. Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
  - ii. Procure a commercial sex act during the period of time that the award is in effect; or
  - iii. Use forced labor in the performance of the award or subawards under the award.
2. The IRS, as the Federal awarding agency may unilaterally terminate your award, without penalty, if you or a subrecipient that is a private entity:
  - i. Is determined to have violated a prohibition in paragraphs (1)(i) – (iii) above of this award term; or
  - ii. Has an employee who is determined by the IRS official authorized to terminate the award to have violated a prohibition in paragraphs(1)(i) – (iii) of this award term through conduct that is either:
    - ▣ Associated with performance under this award; or
    - ▣ Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, “OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Non-procurement),” as implemented by the Department of the Treasury at 31 CFR Part 19.

#### **G. OTHER APPLICABLE LAWS AND REGULATIONS**

Programs involving use of federal funds are governed by a wide variety of federal laws and regulations. These include:

- Restrictions on political activities at 18 U.S.C. §§ 595, 598, 600-603;

- The preservation requirements in the National Historic Preservation Act (16 U.S.C. § 470 et seq.) and the Archeological and Historic Preservation Act of 1966 (16 U.S.C. § 469a-1 et seq.);
- Environmental requirements of the Clean Air Act (42 U.S.C. § 7401 et seq.); and
- The non-pollution requirement of the Federal Water Pollution Control Provisions (33 U.S.C. § 1251 et seq.).

Assurances of compliance are required for LITC funding, according to the “common rule” on non-procurement, debarment and suspension adopted by Department of Treasury at 31 CFR, Part 19, Subpart C. This means you must submit a statement that your organization and Clinic Director are not presently debarred or suspended from covered transactions by any federal agency. In addition, you must indicate that within the three-year period before applying for a grant, your organization and Clinic Director have not been convicted of or had a civil judgment rendered against them for fraud, theft or certain other offenses, and have not had one or more public transactions terminated for cause or default. You must also indicate that your organization and Clinic Director are not presently criminally or civilly charged with certain offenses.

Additional assurances are required according to the Government-wide requirements for a drug-free workplace (41 U.S.C. §§ 702-707), adopted by the Department of the Treasury at 31 CFR, Part 20, Subpart B and C, and assurance of civil rights compliance, as specified above.

**A signature is no longer required on individual Certification forms. After signing the Standard Form 424, *Application for Federal Assistance* check the box on line 21 “I agree” to indicate your acceptance of the assurances provisions. The assurance provisions that accompany Standard Form 424 appear in Appendix A.**

## H. LITC GRANT AGREEMENT

LITC organizations execute grant agreements with the IRS. The IRS, subject to the availability of appropriated funds, is authorized to award grants to provide matching funds for the development, expansion, or continuation of qualified LITCs. The LITC Grant Agreement lists the maximum amount of grant award, the type of services to be performed by the clinic, the period covered by the grant, and incorporates by reference the requirements specified in the application package.

An LITC Program grant may be awarded for up to a three-year grant cycle. Grants for an approved program plan of two or three years will be funded for each subsequent year subject to the availability of annually appropriated funds, satisfactory performance, and compliance with grant terms. Although the LITC Program generally adheres to Circular A-110, the provision in Subpart C, § .62(b) regarding hearings and appeals does not apply to LITC grant recipients; Circular A-110 only requires an agency to provide a grant recipient with an opportunity for a hearing, appeal, or other administrative proceeding if the statute or regulation authorizing the particular grant program provides for one. IRC § 7526 does not require the IRS to provide grant recipients an opportunity for hearing or appeal. Therefore, the necessity for renegotiation, suspensions, or terminations of grant agreements will be determined solely by the IRS and will not be subject to appeal. The grant agreement shall be terminated and enforced in accordance with OMB Circular A-110.

## I. OPERATIONAL REQUIREMENTS

Each LITC will be held to certain operating and ethical standards during the duration of the grant cycle.

**1. Standards of Operation.** The LITC Program Office has developed baseline standards of operation for LITC grant recipients. The standards ensure that all LITCs provide consistent and quality service to low income and ESL taxpayers and ensure that all LITCs are accountable for meeting the LITC Program requirements.

- *Qualified Tax Expert (QTE)* – Availability of staff member with tax law expertise.

In general, the QTE must be an Attorney, CPA, or Enrolled Agent currently authorized to practice before the IRS. However, consideration may be given to an applicant who can demonstrate tax expertise because of a related academic degree, documented experience or Continuing Professional Education credits.

The QTE will assume oversight of technical substantive tax matters.

- *Qualified Business Administrator (QBA)* – Availability of staff member with business administration expertise. If a department, as opposed to a single individual, fulfills this requirement, please provide detail about the staff member who oversees the department.

The QBA must demonstrate education or experience with business or program administration, such as, but not limited to, internal controls, management of federal, state or local grant funding, budget administration and procurement or the equivalent.

The QBA will have oversight of the clinic's business operations.

- *Clinic Director* – Availability of staff member with overall management responsibility for the clinic.

The Clinic Director may be the QTE, QBA, or other clinic staff member. The Clinic Director is responsible for managing the clinic, preparing or reviewing the required clinic reports, and signing the reports as the clinic's authorized representative. The Clinic Director serves as the primary contact person for both the LITC Program Office and the Local Taxpayer Advocate's office.

- *Publicity/Outreach* – Effective publicity/outreach efforts to targeted audience.

LITCs must identify their target audience and develop and describe the outreach strategy to reach that audience. LITCs should also implement a process that tracks how participants hear about the program and the services offered. For example, an intake form could be used to request this information. For ESL outreach/education seminars, the clinic could request that attendees indicate on a sign-in sheet how they learned about the seminar. The sign-in sheet also allows the clinic to keep track of the number of attendees served, without requiring individual names or signatures.

Grantees are responsible for effectively publicizing the LITC Program to low income taxpayers and ESL taxpayers. Publicity plans should be completed well in advance of the period during which representation and other assistance will be offered.

Although LITCs may prepare tax returns, claims for refund, and other IRS information documents (including Form W-7, *Application for IRS Individual Taxpayer Identification*

*Number*) in two limited contexts (if related to a controversy or an ancillary part of an ESL program). Publicity materials and announcements to advertise the services provided by an LITC may not mention tax return preparation or refund claim assistance. In addition, publicity materials and announcements should not reflect that an LITC prepares ITIN applications.

Brochures, flyers, or other clinic information distributed in IRS offices must contain language to indicate the following two key principles: (1) Although the clinic receives funding from the IRS, the clinic and its employees and volunteers are not affiliated with the IRS, and (2) A taxpayer's decision to use the LITC will not affect the taxpayer's rights before the IRS.

Such disclaimers need not be worded exactly as above, but must convey these principles.

**The LITC Program recognizes the importance of using pamphlets, brochures, and other advertisements to reach its target audience. Clinics should include substantive tax information (e.g., when to file, what forms to file, who is eligible for the Earned Income Tax Credit (EITC), how to file an offer in compromise (OIC)) in outreach efforts. The information presented in these outreach materials should be broad based and cover a variety of relevant tax topics. Additionally, clinics should use face-to-face contact (whether in one-on-one consultations or in a group workshop) as the primary method for educating taxpayers.**

- *Mentoring Programs* – Availability of mentoring and other technical assistance for clinic staff and volunteers.

Experienced LITCs may be asked to informally assist less experienced clinics with operational inquiries and technical matters or issues. All clinics are encouraged to identify best practices and submit them to the LITC Program Office for sharing with other clinics to improve the overall quality of the LITC Program.

- *Networking* – Development and maintenance of relationships with other community-based organizations.

In the program plan, the LITC must identify networks within the community or organizations with which it can work to reach its target audience.

- *Tax Library* – Accessibility to and adequacy of tax library and research arrangements.

Each clinic must have access to a current version of the Internal Revenue Code and Treasury Regulations in hard copy.

Each LITC will establish and maintain current tax information by documented subscription(s) or purchase agreement(s) demonstrating the purchase or access to current tax information, updated Internet information, or through a written agreement with another source. In the latter situation, the LITC may find research sources through bar libraries, local law schools, or accounting and law firms.

- *Continuing Professional Education (CPE)* – Each clinic must provide quality training to the clinic staff, volunteers and other program participants to increase knowledge and skills necessary to effectively deliver the services for which the clinic is funded. The QTE will be required to ensure and document that the LITC staff, volunteers, and other program participants receive appropriate training to enhance skills. The QTE, QBA and

Clinic Directors are encouraged to attend CPE programs run by the IRS and professional organizations.

All clinics must attend the **Annual LITC Grantee Conference**. The cost of attending the LITC Conference (e.g., transportation, hotel) should be included in an applicant's request for grant funding as a separate line item. If a clinic wishes to send more than two staff members to the conference, the clinic must submit a written request to the Director of the LITC Program Office no later than two weeks in advance of the conference.

**For returning clinics:** The Clinic Director must attend the Annual LITC Grantee Conference. If the Clinic Director is not the QTE, we encourage both to attend the annual conference.

**For new clinics:** The individual responsible for grant administration and reporting must attend the conference. Additionally, the individual who provides oversight for the technical tax work (cases or outreach/education) must also attend.

**For all clinics:** Any requests for an exception to the clinic attendance rules for the Annual LITC Grantee Conference must be submitted in writing to the Director of the LITC Program Office no later than two weeks prior to the conference.

- *Qualified Volunteers* – Qualifications, training, and background of volunteers used in the clinics.

Each LITC will develop a written application process or volunteer position description to determine qualifications of volunteers – that is, training, educational background and other qualifications relevant to the services offered by the clinic.

- *Referral Services* – An LITC may refer taxpayers only to individuals authorized to practice before the IRS. If controversy clinics maintain a referral panel for representing taxpayers in controversies, they must establish adequate referral system controls. Programs that inform ESL taxpayers about their taxpayer rights and responsibilities must maintain a *pro bono* panel and must establish adequate referral system controls. Clinics may have their own referral panel, a relationship with an existing referral panel, or both. (See definition of *pro bono* referral panel, page 2).

To expand clinic coverage, taxpayers with tax controversies may be referred to a panel of qualified representatives who have agreed to provide free representation or other assistance to taxpayers. Clinics are expected to have adequate procedures and a monitoring system in place to ensure such referrals are handled expeditiously and that the actual representation by individuals is, in fact, *pro bono*. *Pro bono* representatives may not charge any fees for services (other than reimbursement of expenses such as photocopying and court filing fees).

**Controversy funding will not be awarded to an organization that is solely making referrals to another LITC.**

An LITC may only refer cases to other *pro bono* organizations, including a panel maintained by a state bar association or a state or local society of accountants. Even if a taxpayer has income that exceeds 250 percent of the Federal Poverty Guidelines, an LITC cannot refer the taxpayer to a representative who charges a fee; an LITC should refer such a taxpayer to a state bar association, a state or local society of accountants or enrolled agents, or other tax professional association that provide *pro bono* or nominal fee referrals.

Generally, no one associated with the clinic should provide representation in a declined case. Additionally, no one employed by the clinic, or who serves as a volunteer, should continue providing representation in an accepted case or represent a clinic client in a subsequent, separate matter on a fee-for-service basis. For example, an LITC holds an ESL outreach program where an accountant who is the QTE for the clinic serves as a speaker. An ESL taxpayer who attended the outreach session later seeks to engage the accountant on a fee-for-service basis. Although the ESL taxpayer did not approach the LITC for representation, the accountant must decline representation of the ESL taxpayer unless the accountant is willing to represent the ESL taxpayer on a *pro bono* basis.

- *Confidentiality* – Assurance that taxpayer information will be kept confidential.

Taxpayer information is confidential and should be shared on a limited basis. Grantees are responsible for ensuring that taxpayer information is not compromised. Only those who have a need to know in order to effect resolution of the controversy should be allowed access to taxpayer information.

If a newspaper or other media reporter approaches clinic personnel to do a story about a taxpayer helped by the clinic, clinic personnel cannot provide details about any particular taxpayer's case; a newspaper or other media reporter does not have a need to know of taxpayer information.

If a client approaches clinic personnel and asks the clinic to participate in a news story, the clinic must obtain a written waiver for the disclosure of the client's taxpayer information and clinic personnel must be confident that the client fully understands the possible ramifications that could occur from disclosing taxpayer information.

In terms of a client discussing with the media the particulars of his or her case, there is nothing in the LITC Program Guidelines that would prohibit such an interview. That being said, however, this is an area where you should be very cautious. You may want the interview to go forward as a way to advertise the services offered by your clinic, but you cannot let this desire outweigh the best interests of your client.

By mentioning a potential interview to a client, the client may misunderstand and think you are encouraging him or her to participate in the interview or that he or she is under an obligation to participate as a way of thanking you for the services provided by your clinic. You should communicate to the client that he or she is under no obligation to be interviewed. Make sure the client fully understands the possible ramifications that could occur from disclosing personal information to a reporter. You do not know what potential issues other than tax issues could be lurking (*e.g.*, custody or support battles, other creditors, immigration) that could be brought to light as a result of the media coverage.

In summary, any time you receive a request from the media for a story about one of your clients, you need to act, first and foremost, in the best interests of your client. If the client chooses to participate in the interview, suggest to the client that he or she make it a condition of the interview that the story be done without photos and names.

While generally a grantee, its employees, and volunteers, are not treated as income tax return preparers for purposes of preparer penalties, the Treasury Regulations under IRC § 7216 define "tax return preparer" more broadly and generally prohibit a grantee, its employees, and volunteers from disclosing taxpayer return information except when the tax return preparer has obtained prior written consent from the taxpayer. The regulations authorize disclosure without consent only in very limited situations. These situations include disclosures made pursuant to an order of a court or a federal or state

agency. For unauthorized disclosure, IRC § 7216 imposes a sanction of up to one year in prison or a \$1,000 fine, or both. In addition, IRC § 6713 imposes a civil penalty of \$250 for each disclosure, up to \$10,000 per calendar year.

Clinics must keep taxpayer information in a secure location. Before clinic employees or volunteers leave the office each day, they must make sure that taxpayer information is stored in a locked area. If it is necessary to take taxpayer information out of the office, it should be safeguarded at all times.

Taxpayer information must be removed from materials before being used for teaching. This includes deletion of names, addresses, taxpayer identification numbers and any other information that could reasonably lead to identification of the taxpayer.

- *Recommended Back-up File System* – Storing and securing electronic information.

A clinic should have a back-up file system in place for information stored on its computers and maintain the back-up file off-site. This is good business practice and enables resumption of business in case of disaster or other work stoppage. LITC funds may be used to purchase and develop a back-up file system.

- *Workgroup Service* – Participation in an LITC workgroup.

Each clinic is required to provide a representative to serve on at least one LITC workgroup. These workgroups focus on substantive, administrative, and procedural tax issues that impact low income or ESL taxpayers. Examples of workgroups are the Earned Income Tax Credit (EITC), Individual Taxpayer Identification Numbers (ITINs), Simplification of Notices Sent to Taxpayers, Financial Literacy, Multilingual Tax Initiatives, and numerous federal tax compliance issues (e.g., Federal Payment Levy Program, Offer In Compromise (OIC), Collection Due Process (CDP), and Refund Litigation). The LITC Program Office provides guidelines to all clinics regarding the role of workgroups and the expectations for workgroup service.

- *Tax Compliance* – Compliance with federal tax responsibilities throughout the grant cycle.

Clinics must be in full compliance with their federal tax responsibilities when applying for an LITC grant and also throughout the grant cycle. To facilitate the resolution of any potential tax compliance issues, we strongly encourage each clinic that is part of a larger organization (e.g., a university) to submit with its application package a completed Tax Information Authorization Form so that the LITC Program Office may contact your office directly without violating IRC § 6103. For those clinics that are part of a larger organization, the absence of a completed form may require additional time to resolve any potential tax compliance issues and could result in a delay in the receipt of grant funds.

- *Internal Controls* – Assurance of compliance, safeguarding of assets, costs allowable, authorized and allocable.

LITCs must create written procedures explaining the process for approving expenditures from grant funds. The procedures should address which individuals have approval authority, when written approval is required, and what documentation must be submitted in order for an expense to be approved by the approving official. The approval process may differ based on size and type of expense.

LITCs must have written procedures to track the clinic's fixed assets and inventory.

- *Recordkeeping* – Maintaining adequate records to substantiate a claim for an attorneys’ fee award.

In certain situations, attorneys’ fees (including fees for *pro bono* services) may be awarded in a judgment or settlement of an administrative or judicial proceeding concerning the determination, collection, or refund of tax, interest, or penalty. See IRC § 7430. Thus, a clinic doing controversy work must keep detailed contemporaneous records so that if the situation arises, the clinic has adequate records to support an award for attorneys’ fees. Records should include all time spent by employees, volunteers, and students of the clinic. The records should describe what work was performed by each individual, the position of the individual (e.g., paralegal, attorney, volunteer, student, etc.), and the amount of time spent on each task. The services provided by the clinic should be described in sufficient detail to enable the IRS to assess the reasonableness of the amount of time expended in relation to the service performed and to identify duplicated efforts by multiple clinic personnel. The services can be identified using such classifications as: initial client interview; research (issue described); gathering pertinent facts (describe information sought); preparation of court document; preparation of letter (identify recipient and subject matter); analysis of records (identify records); consultation with third party (describe relevance to case); and telephone conversations (identify the parties and the subject matter).

## 2. Managing Funds

The limitations below on allowable and unallowable expenses apply equally to matching funds as well as grant funds. If, however, a clinic has funds available in excess of the required matching funds, these limitations do not apply to the excess funds.

### **Allowable Expenses**

Allowable expenses, which must be in accordance with the grant award including OMB Circulars A-122, “Cost Principles for Non-Profit Organizations” and A-21, “Cost Principles for Educational Institutions,” as applicable, include (but are not limited to):

- Salaries, wages, and personnel benefits;
- Reasonable office supplies and equipment costs;
- Rent, utilities, and custodial services;
- Miscellaneous services, such as printing, postage, insurance, etc.;
- Indirect costs as determined in accordance with principles set forth in OMB Circulars A-21 and A-122;
- Audit services;
- Publicity and training costs directly and solely associated with the program;

- Installation of telephone lines necessary to provide representation to low income taxpayers or information to ESL taxpayers;

**Note.** To assist taxpayers in having the least cost in contacting a clinic for assistance, it is highly recommended that the clinic have a toll-free number.

- Travel performed by program administrator, coordinator, students or volunteers to conduct clinic business. Other travel in support of clinic activities such as meetings with the Local Taxpayer Advocate and Low Income Taxpayer Clinic Program sponsored LITC meetings;
- Costs incurred in attending the mandatory Annual LITC Grantee Conference;

**Note.** If you are a returning clinic, you have discretion as to whether to use the funds for the upcoming grant cycle (i.e., funds for 2010) or funds for the current grant cycle (i.e., funds for 2009).

- Costs incurred for interpreter services for hearing-impaired or non-English speaking taxpayers;
- Cost of acquiring legal research and reference materials, including current copies of the Internal Revenue Code and Treasury Regulations;
- Providing refreshments (except alcohol) for community outreach events or one-on-one taxpayer consultations as long as the costs are reasonable. When determining whether the cost is reasonable, the expense must be consistent with market prices.

**Note.** A clinic may use grant funds for providing refreshments to volunteers so long as the costs are reasonable. However, a clinic generally may not use grant funds to buy refreshments for its employees, unless their workload requires those employees to work outside the normal hours of clinic operation.

- Costs of acquiring pens, mugs and other small items of memorabilia for *pro bono* representatives working with the clinic if the cost is reasonable. When determining whether the cost is reasonable, the expense must be consistent with market prices.

### **Unallowable Expenses**

Examples of expenses for which LITC grant funds may NOT be used include (but are not limited to):

- Purchase, construction, repair, or rehabilitation of any building or any portion thereof;
- Costs or expenses incurred which do not support or benefit the program, or which are unnecessary in carrying out the program;

- Certain advertising and public relations costs, as described in OMB Circular A-21, § J.1.f and OMB Circular A-122, Attachment B, § 1;
- Purchase of alcohol. See OMB Circular A-21, § J.3 and OMB Circular A-122, Attachment B, Paragraph 3;
- Use of grant funds to pay for lobbyist registration fees. See OMB Circular A-21, § J.28 and OMB Circular A-122, Attachment B, Paragraph 25(a)(2);
- Use of grant funds to obtain professional credentials for employees and volunteers, including application fees to become an attorney, CPA, or enrolled agent. See OMB Circular A-21, § J.22 and OMB Circular A-122, Attachment B, § 19.

**Note.** While obtaining professional credentials is generally a personal expense and therefore unallowable, you may nonetheless use grant funds to pay for continuing education courses required to maintain your professional credentials if such courses will increase the vocational effectiveness of employees. See OMB Circular A-21, § J.51 and OMB Circular A-122, Attachment B, § 49;

- Entertainment costs, as described in OMB Circular A-21, § J.17 and OMB Circular A-122, Attachment B, § 14; and
- Costs of goods or services for personal use of the clinic's employees, as described in OMB Circular A-21, § J.22 and OMB Circular A-122, Attachment B, § 19.

#### **Payments to LITC Program Grantees**

Grantees must have a signed grant agreement on file with the LITC Program Office and must provide written assurances of specific matching funds prior to the payment of any funds. If expenses are incurred prior to approval, and the grant is later denied, all costs incurred will be the responsibility of the applicant.

Electronic Funds Transfer (EFT) payments shall be timed in accordance with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. The timing and amount of EFT payments shall be as close as is administratively feasible to the actual disbursements by the recipient organization for direct program or project costs and the proportionate share of any allowable indirect costs.

LITC Program grant payments will be disbursed through EFT. Information regarding the EFT procedure is available on the Division of Payment Management segment of the HHS website at [www.dpm.psc.gov](http://www.dpm.psc.gov). Questions regarding disbursements should be directed to the LITC Program Office at (202) 622-4711 or [LITCProgramOffice@irs.gov](mailto:LITCProgramOffice@irs.gov).

Advances of federal grant funds must be maintained in insured accounts. In addition, grantees shall maintain advances of grant funds in interest bearing accounts, unless:

- The grantee receives less than \$120,000 in federal awards per year;
- The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$250 per year on federal cash balances; or

- The depository would require an average or minimum balance so high that an interest bearing account would not be feasible, given the grantee's expected federal and nonfederal cash resources.

You shall promptly, but at least annually, remit to the IRS interest earned on advances of federal grant funds. However, you may keep interest up to \$250 earned on all advances of federal grant funds per calendar year.

**When submitting the interim financial report, the clinic must indicate whether it will be drawing down the remainder of its grant award during the second half of the year.** The clinic must also state whether it expects to be **deobligating** funds and if so, how much. Because grant funds cannot generally be obligated by the Government after the end of the federal government's fiscal year (September 30), and because of the time involved to process a deobligation of funds and any potential obligation to another clinic, it is important that a clinic notify the LITC Program Office immediately if that clinic will not be using its entire award. The LITC Program Office will then contact the clinic shortly thereafter to arrange for a formal release of LITC grant funds so that any obligation to another clinic can be accomplished before September 30. Unexpended grant amounts and advance payments must be returned to the Internal Revenue Service.

Clinics wishing to make minor adjustments to their program plan, such as shifting expenses between spending categories within the grant (e.g., shifting funds from travel to outreach), are not required to notify the Program Office or seek written approval. See OMB Circular A-110, Subpart C, § .25. However, clinics making major changes to their program plan must seek prior, written Program Office approval. The movement of funds between controversy and ESL activities is a major change to the program plan and must be approved in writing by the Program Office. If a clinic is in doubt as to whether a reallocation is a major change, please seek guidance from the Program Office.

The LITC Program Office will monitor clinics' use of funds throughout the year. If you determine that you will not use all of the funds awarded during the grant cycle, the LITC Program Office should be notified **immediately** in writing, by sending an e-mail to your assigned analyst, and then following up with a letter. This will give the LITC Program Office time to reobligate those funds to other clinics prior to September 30 (the end of the federal government's fiscal year). The letter should include the amount being released, and the reason that the amount awarded is being released.

The LITC Program Director must approve any changes to the above procedures in writing.

### 3. Grantee Responsibilities

#### Program Management

Grantees are responsible for providing administrative support for the clinic by acting as managers or program leaders for students, volunteers, and LITC employees. Grantees must:

- State the amount of time managers or program leaders will devote to the LITC Program as well as the amount of time that will be devoted to the management of students, volunteers, and LITC employees;

- Provide training for students, volunteers, and LITC employees;
- Obtain a special order from the **IRS Office of Professional Responsibility** for students who will be representing taxpayers before the IRS. If you need information about how to request a special order, please contact Michael Hahn with the Office of Professional Responsibility at (202) 622-6750. Only students who are enrolled in graduate business and accounting classes or law school programs qualify for authorization by special order. The Office of Professional Responsibility authorization is limited to IRS practice. Permission must be obtained from the courts for student representation. LITCs that receive student authorization from the Office of Professional Responsibility must have their students revoke any existing Forms 2848 on file with the IRS before leaving the program. If clinic students encounter difficulty with getting Forms 2848 processed or with getting IRS personnel to recognize students as authorized representatives, please contact the LITC Program Office at (202) 622-4711;
- Monitor compliance of students, volunteers, and LITC employees with regard to program requirements and guidelines outlined in grant agreement;
- Maintain records of reimbursed expenses, if any, for students, volunteers, and LITC employees; and
- Submit timely reports, prepared in accordance with the guidelines established in this Publication.

### **Changes in LITC Program Award-Supported Activities**

Organizations should **immediately** notify the LITC Program Office of developments that have a significant impact on the award-supported activities. Grantees must notify the LITC Program Office in the case of problems, delays, or adverse conditions that materially impair the ability to meet the objectives of this award. This notification shall include a statement of the action taken or contemplated, and any assistance needed to resolve the situation. Failure to notify the LITC Program Office may result in freezing of funds or termination of the grant.

### **LITC Contact Information**

Clinics are required to confirm their contact information with the LITC Program Office twice a year. This information includes the Clinic Director and contact person (and their phone numbers and e-mail addresses), the clinic address (both the physical address and the mailing address), phone number, fax number, days and hours of operation, and the beginning and ending dates clinic services will be provided. These requests ensure that the Program Office has the most up-to-date information on each clinic. If the location or phone number changes during the year, clinics should immediately notify the LITC Program Office and submit a revised Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Application Information Sheet*. If we are unable to locate you or get in touch with you, it may be necessary to freeze your funding or terminate your grant.

### **LITC Program Materials**

Grantees that operate programs to inform ESL individuals of their taxpayer rights and responsibilities are responsible for creating, printing, and distributing the educational program materials used in conjunction with this activity.

### **Withdrawal from LITC Program or Termination of Grant**

A clinic must notify the LITC Program in writing if it withdraws from the Program or ceases to exist before December 31; all unused funds must be returned to the IRS within two weeks of the date of withdrawal or the date of termination.

If clinic activity is terminated prior to the expiration of the period of the grant agreement or if a clinic withdraws from the LITC Program, a final program and financial report must be submitted within 90 days of final clinic activity or withdrawal from the program. Similarly, if the LITC Program Office terminates a grant because of a clinic's failure to comply with the LITC Program requirements, the clinic must submit a final program and financial report within 90 days of the termination.

### **Client Satisfaction**

Clinics should solicit client feedback and use such feedback to improve clinic services. Clinics should create a method of soliciting feedback that is appropriate, depending on the services provided to the client (i.e., do not develop a "one-size fits all" type of survey). Clients should be advised that providing feedback is optional.

## **J. REPORTING REQUIREMENTS**

The LITC Program requires the submission of two reports during a grant cycle – an interim report and an annual report. The LITC Program Office will measure the effectiveness of LITC operations by the quality of service provided to low income taxpayers and ESL taxpayers. Given the complexity of federal tax laws, it is important to monitor the accuracy and thoroughness of representation and information provided to ESL taxpayers.

**Failure to timely submit required reports to the LITC Program Office may result in freezing of funds or termination of the grant.** Under unusual circumstances, clinics may request an extension of time to submit the interim or annual report. The request must be submitted in writing to the LITC Program Office prior to the due date of the report.

To avoid submitting redundant information in the annual report, a clinic may reference parts of the interim report.

**Note:** Interim and annual reports (including the report forms contained in Appendix C) are subject to Freedom of Information Act (FOIA) requests. The LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

### **1. Interim Reports**

Interim reports must be submitted to the LITC Program Office by **August 2, 2010**. The interim report covers the first half of the grant cycle (January 1 through June 30) and consists of an interim financial report and an interim program narrative.

#### **Interim Financial Report**

The interim financial report must contain the following information:

1. A completed Standard Form 425, *Federal Financial Report*, for the period from January 1, 2010, through June 30, 2010; if additional space is needed, complete Form 425a, *Federal Financial Report Attachment*. These forms replace Form 269, *Financial Status Report (Long Form)* and are required for all Financial Report submissions after September 30, 2009.

2. A complete financial narrative, describing how grant funds were expended for the period from January 1, 2010, through June 30, 2010. If the clinic has been awarded funds for both ESL and controversy, a separate financial narrative must be submitted for each program.

**Unused funds.** If the clinic has not drawn down all of its awarded grant funds by the time the interim financial report is due, the clinic must indicate whether it will be drawing down the remainder of its grant award during the second half of the year. The clinic must also state whether it expects to be deobligating funds and if so, how much. If a clinic does not expect to use its entire grant award, it must contact the LITC Program Office as soon as possible to arrange for a formal release of LITC grant funds.

**Additional funding request.** If a clinic wants to request additional funding, it should submit a **separate letter with its interim report** indicating the amount of additional funds being requested and how these funds will be spent. The clinic's initial grant award and the amount of additional funding requested for the grant cycle may not exceed \$100,000 (see IRC § 7526(c)(2)).

### **Interim Program Narrative**

The interim program narrative must contain the following information (numbered in accordance with the information requested below):

1. A detailed explanation of the strategy used for monitoring and evaluating program results.
2. A description of how you define and measure program success.
3. A detailed explanation of the progress made in implementing the LITC Program.
4. The status of proposed goals and objectives.
5. A description of any impediments to meeting established goals and objectives, and efforts made to overcome them, if applicable.
6. A description of the clinic's efforts to publicize the program and the number of individuals reached through the marketing activities. Include examples of publicity such as flyers, brochures, posters, and newsletters distributed. Other publicity efforts should also be discussed, including radio and television ads, newspaper articles, workshops, outreach events, and visits to other organizations.
7. A description of the type of representation or other assistance provided to low income taxpayers or ESL taxpayers, including a list of topics discussed during educational presentations.
8. If applicable, a description of any additional activities, not described previously, through which the clinic contributed to the community or to improving services for low income and ESL taxpayers. Such activities include (but are not limited to):
  - Training programs (both formal and informal) for other clinics, community groups, service providers, or other organizations;
  - Educating students or employees who go on to provide *pro bono* assistance to taxpayers, work for the IRS or other community groups; and

- Serving as a mentor or consultant to other clinics, attorneys, or other organizations.
9. A completed **Supplemental Issue Form**, contained in Appendix C of this Publication. This form identifies some of the most common tax issues and will help capture the type of assistance provided to taxpayers. If anything in the form requires an additional explanation, please include this explanation in the Program Narrative. You may describe cases that involve novel or complex issues. In describing cases, do not provide taxpayer identifying information.
  10. A completed copy of the **Interim and Year-End Report Form** (completed for the Interim reporting period), contained in Appendix C of this Publication. This form is designed to capture the work the clinic has performed during the first six months of the grant cycle. This form should be filled out completely. Enter N/A if a category does not apply to the clinic. The numbers contained in the interim report form are tentative. At the end of the grant cycle, when you complete the annual report form, those numbers are the final numbers for the 2010 grant cycle. If anything in the form requires an additional explanation, include this explanation in the Program Narrative. In addition, for any case opened during the period where the amount in controversy exceeded \$50,000, describe the reason(s) for accepting the case.

Interim reports should be submitted by August 2, 2010, to the following address:

Internal Revenue Service  
Taxpayer Advocate Service - LITC Program Office  
Attention: Interim Reports  
TA:LITC  
Room 1034  
1111 Constitution Ave., NW  
Washington, DC 20224

## 2. Annual Reports

Annual reports must be submitted to the LITC Program Office by **March 31, 2011**. The annual report covers the entire grant cycle (January 1 through December 31) and consists of a year-end financial report and a year-end program narrative. For grantees that have been approved for the 2010 grant cycle, failure to submit the year-end report for the 2009 grant cycle may result in freezing of grant funds or termination of the grant.

### Year-End Financial Report

The year-end financial report must contain the following information:

1. A completed Standard Form 425, Federal Financial Report, for the period from January 1, 2010, through December 31, 2010; if additional space is needed, complete Form 425a, Federal Financial Report Attachment. These forms replace the Form 269, Financial Status Report (Long Form) and are required for all Financial Report submissions after September 30, 2009.
2. A breakdown of the actual LITC expenses incurred during the calendar year;

3. The source, date, availability and amount of matching funds received for the LITC Program; and
4. An itemization and explanation of actual program costs for all expenses. If space was rented for the clinic, provide a breakdown of costs incurred, including rent and insurance.

**Note.** If the clinic has been awarded funds for both ESL and controversy, a separate statement for items 2, 3, and 4 must be submitted for each program.

### **Year-End Program Narrative**

The year-end program narrative must contain the following information (numbered in accordance with the information requested below):

1. *Implementation of the LITC Program.* Describe the strategy for monitoring and evaluating program results, including how success is defined and measured. In addition, describe the overall approach taken to implement the LITC Program and the steps taken to ensure compliance with its rules and administrative guidelines. Include a discussion of the clinic's on-site quality review procedures. (For example, explain internal procedures used to monitor and evaluate clinic activities to ensure the program was administered in accordance with grant agreement guidelines).
2. *Information Provided to ESL Taxpayers.* Identify how the topics were determined and the type of analysis that was performed to determine how to best meet the educational needs of the ESL community your organization serves.
  - If written information was developed, identify the reviewer and his or her qualifications. Identify the languages other than English in which materials were prepared. If other languages were used, identify the persons who reviewed the information and their qualifications.
  - Identify the methods used to convey information to ESL taxpayers.
  - Identify the topics discussed during educational presentations.
3. *Training Provided to Students, Volunteers, and LITC Employees.* This includes all training provided by the clinic, academic institution, or outside sources. Identify the efforts undertaken to ensure students, volunteers, and LITC employees were adequately prepared to assist taxpayers.
  - Describe how training materials were developed and prepared. Identify who prepared the training materials, the qualifications of the preparer and how the accuracy of the training materials was verified.
  - Describe how the training was provided and the qualifications of the instructor.
4. *Case Tracking.* Describe the process used to control assignment of controversy cases to students, volunteers and LITC employees.

- Describe how you determined to whom the case would be assigned. Identify the skill levels of the students, volunteers, and LITC employees in the clinic.
  - Describe clinic procedures when the controversy issue exceeds students', volunteers', and LITC employees' levels of training.
  - Describe the type of mentoring program in place to assist students, volunteers, and LITC employees in resolving controversies.
  - Describe the type of monitoring system used to insure that controversies are resolved expeditiously and appropriately.
5. *Publicity for the LITC.* Describe the clinic's efforts to publicize the program and the number of individuals reached through the marketing activities. Include examples of publicity such as flyers, brochures, posters, and newsletters distributed. Identify who developed the publicity materials. If publicity materials were translated into another language, identify who verified the accuracy of the information and their qualifications. Other publicity efforts should also be discussed, including radio and television ads, newspaper articles, workshops, outreach events, and visits to other organizations
  6. *Referral Mechanism for Controversies.* Describe the type of referral system you used to refer taxpayers with a controversy. Indicate whether follow-up action was performed to determine the outcome of the controversy or to determine if the referral person/organization was able to assist the taxpayer. Describe the procedures that you had in place to resolve controversies for taxpayers who did not receive appropriate assistance from the referral person/organization.
  7. *Privacy and Confidentiality.* Describe steps taken to ensure taxpayer privacy and to maintain the confidentiality of tax information.
  8. *Pro Bono Panel.* Describe the qualified *pro bono* representatives to whom taxpayers were referred. Include relevant education and experience of panel members.
  9. *Nominal Fee.* Describe the nominal fee, if any, charged for representing or providing tax information to taxpayers, including the basis for determining the amount of the nominal fee to be charged.
  10. *Delivery of Services.* Describe the type of assistance given by telephone and the procedures used to monitor its quality, if applicable.
  11. *Miscellaneous.* Describe the types of activity performed by the clinic that facilitated accomplishment of the LITC Program mission and that are not included elsewhere in your narrative.
  12. *Program Goals.* Explain whether established goals were met and if goals were not met, the reasons why.
  13. *Additional Activities.* If applicable, describe any additional activities, not described previously, through which the clinic contributed to the community or to improving services for low income and ESL taxpayers. Such activities include (but are not limited to):

- Training programs (both formal and informal) for other clinics, community groups, service providers, or other organizations;
- Educating students or employees who go on to provide *pro bono* assistance to taxpayers, work for the IRS or other community groups; and
- Serving as a mentor or consultant to other clinics, attorneys, or other organizations.

14. *Last Year in LITC Program.* If you are not continuing in the LITC Program for the 2011 grant cycle, please detail the steps you have taken to resolve any open cases or obtain new representation for current clients. For employees and volunteers of the clinic that are lawyers, those individuals need to adhere to their responsibilities as lawyers, not just the responsibilities within the parameters of the LITC Program. The American Bar Association (ABA) has model rules of professional conduct that are applicable when a lawyer is terminating representation. In this regard, ABA Model Rule 1.16 provides that upon terminating representation of a client, a lawyer must take reasonable steps to protect a client's interests, which includes giving notice to the client, allowing the client time to find other representation, and returning papers/property to the client. Whichever state bar a lawyer is admitted to will likely have a similar rule of professional responsibility that provides guidance for terminating representation. In addition, the clinic must notify the United States Tax Court that the clinic will not be continuing in the LITC Program so that the Tax Court does not refer taxpayers to that clinic.

15. *Special Orders for Student Practice.* Attach copies of the special orders for student practice issued by the IRS Office of Professional Responsibility, if applicable.

16. *Supplemental Issue Form.* A completed copy of the **Supplemental Issues Form** contained in Appendix C of this Publication. This form identifies some of the most common tax issues and helps capture the type of assistance provided to taxpayers. If anything in the form requires an additional explanation, please include this explanation in the body of the report. You may describe cases that involve novel or complex issues. In describing cases, please do not provide taxpayer identifying information.

17. *Report Form.* A completed copy of the **Interim and Year-End Report Form** (completed for the Year-End reporting period), contained in Appendix C of this Publication. This form is designed to capture the work the clinic has performed during the entire grant cycle. This form should be filled out completely. The numbers provided in the annual report form will be considered the final numbers for the grant cycle. If anything in the form requires an additional explanation, please include this explanation in the body of the report.

**Note.** With respect to low income taxpayers whose controversies exceeded \$50,000, explain the circumstances surrounding the representation or referral (*e.g.*, the taxpayer had other taxable years in controversy that did not exceed the statutory amount; the taxpayer's issues were of significance to the low income taxpayer population generally, etc.).

Annual Reports should be submitted by March 31, 2011, to the following address:

Internal Revenue Service  
Taxpayer Advocate Service - LITC Program Office  
Attention: Annual Reports  
TA:LITC  
Room 1034  
1111 Constitution Ave., NW  
Washington, DC 20224

**Note. LITCs that terminate clinic activity prior to the expiration period of the grant agreement or withdraw from the LITC Program must submit a final report to the IRS within 90 days of final clinic activity or withdrawal from the program. Similarly, if the LITC Program Office terminates a grant because of a clinic's failure to comply with the LITC Program requirements, the clinic must submit a final report within 90 days of the termination.**

**Note.** Subject to OMB approval, the LITC Program Office may require additional reporting information from LITC grantees. Please refer to [www.irs.gov/advocate](http://www.irs.gov/advocate) prior to submitting your application for updates to information reporting requirements.

## V. LITC PROGRAM OFFICE

### A. RESPONSIBILITIES

The LITC Program Office will assist LITCs in various ways at the national and local levels including:

- Furthering the clinics' understanding of the LITC Program and their roles within the Program;
- Assisting with the placement of clinic materials in IRS offices;
- Maintaining a publication listing all federally funded LITCs (Publication 4134) and ensuring that the publication is included in appropriate IRS mailings and mentioned in appropriate IRS publications;
- Informing the public about the availability of LITCs, as appropriate, and to the extent permitted by law, including references on the IRS Website at [www.irs.gov](http://www.irs.gov);
- Assisting with clinic marketing efforts to promote the LITC Program;
- Answering questions from potential LITC applicants and current grantees;
- Providing information on how to obtain a special order for student practice from the IRS Office of Professional Responsibility;
- Coordinating meetings between IRS officials and LITC Program grantees;
- Coordinating and making periodic on-site assistance visits;

- Providing technical assistance, suggestions, recommendations, and guidance to LITCs regarding operation of their programs;
- Coordinating the cross-functional LITC Program grant application review process;
- Coordinating LITC workgroups;
- Coordinating access to e-services products offered by the IRS; and
- Providing information on how to obtain tax forms and instructions, IRS publications and other pertinent IRS program materials.

## **B. SITE ASSISTANCE VISITS**

LITC Program Office analysts perform periodic on-site assistance visits to selected clinics. These visits provide the Program Office with an opportunity to assist in finding solutions to challenges clinics may be experiencing, provide clinics a visible resource to clarify their questions about program requirements and assess clinic compliance with Publication 3319 guidelines, as well as identifying best practices that can be shared with all LITCs.

During site assistance visits, the review process may include reviews of intake procedures, systems for recording referrals of clients, communication and publicity plans, demographics/population information, case statistics and analysis. In addition, Program Office staff will examine a sampling of expenses to ensure that they are allowable and accurately reported to the Program Office. Clinics should make documentation regarding expenses available during site visits. Prior to the assistance visit, the clinic will receive a list of items and topics to be reviewed. Additional items may be requested during or after the assistance visit. This list may be derived from the standards for clinic operation. As part of monitoring and evaluating clinic activities, however, the LITC Program Office will be mindful of the clinic's requirement to protect confidential information.

A site assistance visit generally begins with an opening conference at which the LITC Program Office personnel and clinic staff will meet and discuss the purpose of the visit and the items to be covered. A site assistance visit generally closes with a conference discussing the results of the visit. The clinic will receive a written report of the visit, including any items requiring corrective action, generally within 90 days of the visit.

- **New Clinics** - All new clinics can expect to receive a site assistance visit from the LITC Program Office staff within the first six months of the grant cycle. Clinics will be contacted prior to the date of the visit to discuss specific items that may be reviewed. This initial visit ensures that the clinic is operational and is not experiencing any major difficulties. If the Program Office identifies problems during the initial visit, the Program Office will schedule an in-depth follow-up visit.
- **Returning Clinics** - The LITC Program Office strives to conduct a site assistance visit to each clinic at least once every three years. Prior to a planned visit, the clinic will be notified of the issues and items to be addressed during the visit.

All clinics should receive at least one visit from their Local Taxpayer Advocate (LTA) during the year. This visit is designed to help foster the relationship between the clinic and its local Taxpayer Advocate Office.

**The LITC Program Office may also make unscheduled visits during the year.**

## VI. COMPLETION AND SUBMISSION OF GRANT APPLICATION

### A. WHERE AND WHEN TO FILE

Applications may be submitted either electronically or in hardcopy by U.S.P.S. mail, private delivery service, or hand delivery. To submit an electronic application, go to [www.grants.gov](http://www.grants.gov) to apply through the Federal Grants web site. For applicants applying through the Federal Grants website, the Funding Number is TREAS-GRANTS-052010-001. All applications (whether submitted electronically or in hardcopy) **must be postmarked, sent by private delivery service, hand-delivered to the LITC Program Office in Washington, D.C., or submitted** (if filed electronically) by **July 7, 2009**, in order for them to be considered for 2010 LITC Program grant funding. Applications submitted in hardcopy should be sent to the following address:

Internal Revenue Service  
Taxpayer Advocate Service - LITC Program Office  
Attention: LITC Applications  
TA:LITC  
Room 1034  
1111 Constitution Ave., NW  
Washington, DC 20224

An application may be withdrawn at any time during the application process or prior to the time grant money is awarded. All withdrawals must be made in writing to the above address.

**Note.** Grant applications may be released in response to Freedom of Information Act (FOIA) requests. Please do not include any taxpayer information in the grant application.

### B. LITC PROGRAM GRANT APPLICATION CONTENTS

- **Background Information (limited to 15 pages, double-spaced)** - This section is designed to solicit information concerning an organization's qualifications. Provide specific responses for each of the following requirements and keep comments concise and relevant. Begin each response by annotating the letter that corresponds to the appropriate requirement.
  - a. Describe nature of organization. Include a full explanation of existing affiliations with other organizations, such as schools, governmental bodies, or other charitable organizations.
  - b. Describe experience in coordinating an LITC Program. Include type and duration of service, target groups and geographic areas covered.
  - c. Describe experience in delivering services to low income taxpayers and ESL taxpayers. Include type of service provided, languages served, number of individuals reached, and geographic area covered.
  - d. Provide a detailed description of your matching funds. Identify committed sources of funding to match the amount of funding requested. Provide copies of any agreements, memoranda of understanding or similar documents pertaining to matching funds. Any good faith estimates of matching funds must be accompanied by letters of intent from third parties in an amount equal to the estimated matching funds or a statement of when such letter of intent or award

letter will be granted. For matching funds that consist of volunteer services, describe how the volunteers' time is tracked and the rate being used for those services.

- e. Describe the organization's ability to properly spend and account for program funds. Include examples of experience in managing federal grants, if any, and a description of the organization's existing accounting system and accounting support staff. Include copies of relevant internal procedures, and other pertinent information. Specifically describe the following:
    - i. Accounting procedures;
    - ii. The method for allocating allowable expenses and matching funds between qualifying and nonqualifying activities or programs, if applicable;
    - iii. The plans for audits and controls; and
    - iv. The procedures that will be used for proper cost allocation for LITC Program grant funds if the organization seeks to operate an LITC Program in conjunction with a Volunteer Income Tax Assistance (VITA) Program or a Tax Counseling for the Elderly (TCE) Program.
  - f. Certify that the applicant is in compliance with its own federal tax responsibilities. Clinics must be in compliance with federal tax responsibilities when applying for an LITC grant and also throughout the grant cycle. To facilitate the resolution of any potential tax compliance issues, we strongly encourage each clinic that is part of a larger organization (e.g., a university) to submit with its application package a completed Tax Information Authorization Form. For those clinics that are part of a larger organization, the absence of a completed form may require additional time to resolve any potential tax compliance issues and could result in a delay in the receipt of grant funds. A Tax Authorization Form is included in Appendix A.
- **Determination of Program Performance (this section is not limited in length)** - This section of the application is designed to solicit information concerning the ability of a clinic to represent taxpayers, refer taxpayers, or inform ESL taxpayers about their rights and responsibilities as U.S. taxpayers. Provide specific responses for each of the following requirements and keep comments concise and relevant. Begin each response by annotating the letter that corresponds to the appropriate requirement.
    1. Describe your ability to meet the Standards of Operation. At a minimum, you must answer the following questions when describing your ability to meet the Standards of Operation:
      - a. Who is the Qualified Tax Expert (QTE)? What are the QTE's qualifications and relevant expertise?
      - b. Who is the Qualified Business Administrator (QBA)? What are the QBA's qualifications and relevant expertise?
      - c. Who is the Clinic Director? What are his or her qualifications and relevant expertise?

- d. How much time do those working in the clinic (QTE, QBA, Clinic Director, attorneys, staff, etc.) spend on clinic activities? How do you track the time spent?
  - e. What is the clinic's publicity and outreach plans, including potential venues for outreach to low income taxpayers?
  - f. What is the clinic's experience in mentoring and providing technical assistance to staff, students, and volunteers, as well as to other clinics?
  - g. What is the clinic's experience networking with other community-based organizations with which it can work to reach its target audience?
  - h. What is the clinic's accessibility to, and adequacy of, a tax library?
  - i. What are the qualifications, training, and background of students, volunteers or staff of the clinic? This includes all training provided by the clinic, academic institution, or outside sources. How will potential students, volunteers or staff be identified, monitored, and evaluated to ensure taxpayers receive accurate assistance?
  - j. What are the continuing professional educational (CPE) activities of the clinic staff and volunteers?
  - k. Describe the clinic's *pro bono* network referral panel. How are panel members recruited and what are the procedures for monitoring and following up on referrals?
2. Provide background information on quality of management staff. List the titles, responsibilities and qualifications of the top five members of professional staff who will be involved with the LITC Program.
  3. Describe your proposed program plan. The plan should not be limited to what has been done in the past or to existing programs. Include a description of the type of assistance (Controversy or ESL) that will be provided if an award is granted. Provide a detailed description of your program goals. If the program goals extend beyond one year, state goals by annual increments of up to three years. **If the clinic will be providing both Controversy and ESL services, submit a separate program plan and goals for each.**
  4. Explain internal procedures for monitoring and evaluating clinic activities to ensure the program is administered in accordance with eligibility guidelines and that grant funds are used for program purposes. The following procedures must also be explained in this section, if applicable:
    - a. Plans for tracking the 90/250 income requirement;
    - b. Plans for tracking the amount in controversy for any taxable year generally does not exceed the amount specified in IRC § 7463 (currently \$50,000);
    - c. Plans for monitoring the effectiveness of programs designed to inform ESL taxpayers about their taxpayer rights and responsibilities and efforts planned to reach the targeted audience;

- d. Plans for charging nominal fees, if any (and the amount); and,
  - e. Plans for tracking the number of ESL taxpayers served.
5. Identify geographic area(s) the clinic will serve. This includes a breakdown of the counties served by the clinic. Identify the number of ESL taxpayers in the geographic area the clinic will serve. Also identify any languages in which the clinic provides interpreter assistance. Clarify if interpreters are available.
  6. Include dates, days and hours of clinic operation. All clinics must indicate whether the clinic will be open full-time and year round. Year-round, full-time access is preferable to part-time or partial year access for clients. In making grant awards, consideration will be given to whether clinics are open full-time and year round. Describe plans for staffing the LITC during periods of student absences if the LITC is part of an academic organization.
  7. Describe plans to protect taxpayer privacy and to maintain confidentiality of taxpayer information and any tax returns prepared.
  8. Describe the strategy for monitoring and evaluating program results (in short and long-term), including how success will be defined and measured.
  9. Describe plans, if any, to make name or organizational changes. **Requests to approve name or organizational status changes must be submitted in writing to the LITC Program Office in advance of the effective dates of proposed changes with sufficient time to afford program evaluation and legal review.** Supplemental information may be required. Supplemental information may include, but is not limited to, certifications by the clinic's legal counsel that transfers were properly affected under applicable laws and evidence that a successor-in-interest is eligible to perform the grant and will comply with all the terms of the grant, including the program plan. IRS approval criteria will include, but is not limited to, the statutory requirements of IRC § 7526. The statutory requirements include, but are not limited to, the limitation that the aggregate amount of grants which may be made to a clinic for a year shall not exceed \$100,000 (see IRC § 7526(c)(2)).
- **Civil Rights Requirements** - This section describes the data collection and reporting requirements required of LITC grant applicants by the IRS to meet its responsibilities pursuant to Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the basis of race, color, or national origin in any program or activity receiving federal funds; Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination on the basis of sex in any education program or activity receiving federal funds; § 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination on the basis of disability in any program or activity receiving federal funds; and the Age Discrimination Act of 1975, as amended, which prohibits discrimination on the basis of age in any program or activity receiving federal funds.
    1. A list of active lawsuits or complaints naming the applicant which allege discrimination on the basis of race, color, national origin, age, sex, or disability with respect to service or benefits being provided. The list should include: the date the lawsuit or complaint was filed; a summary of the allegation; and the status of the lawsuit or complaint, including whether the parties to a lawsuit have entered into a consent decree.

2. A description of all pending applications for financial assistance and all financial assistance currently provided by other federal agencies. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.
3. A summary of all civil rights compliance review activities conducted in the last three years. The summary shall include: the purpose or reason for the review; a summary of the findings and recommendations of the review; and a report on the status or disposition of such findings and recommendations. For all applicants for IRS financial assistance, this information should be relevant to the organizational entity actually submitting the application, not necessarily the larger agency or department of which the entity is a part.

**Note.** Responses to these civil rights questions must be directly related to the clinic and not the sponsoring organization. If the clinic does not have any information to report on these questions, a negative response is necessary.

- **Budget/Financial Information** – This section is designed to solicit information concerning an organization’s budget request for the grant cycle. Provide the requested forms or information listed below. **Organizations providing Controversy and ESL services must submit a separate budget for each program.**
  1. Standard Form 424A, *Budget Information – Non-Construction Programs* **(one for each qualifying program, if applicable).**
  2. Budget narrative **(one for each qualifying program, if applicable).** The budget narrative should explain the expenses stated on Standard Form 424A, *Budget Information – Non-Construction Programs*.
  3. Copy of most recent audited or unaudited financial statement. If an unaudited financial statement is submitted, please explain why an audited financial statement is not available.
  4. Copy of most recent A-133 Audit with findings, if applicable.

**C. NEW APPLICATIONS, SINGLE-YEAR APPLICATIONS, OR MULTI-YEAR APPLICATIONS - GENERAL INSTRUCTIONS FOR SUBMISSION OF LITC PROGRAM GRANT APPLICATION PACKAGES**

If you do not submit your application electronically, the Application Package must be assembled as described below and submitted in **quadruplicate** (four sets). The LITC Program Office will provide a copy of your Application Package to the IRS EEO Office, for a pre-award civil rights compliance review. **All application documents must be typed and numbered at the bottom of the page. All documents (originals and copies) must have original signatures in blue ink.**

**NOTE:** If your multi-year grant cycle has ended, you must submit a complete new application. For applicants seeking continuing funding for current multi-year grants, see below for the instructions for continuing multi-year grant applications.

**LITC Program Grant Application Package Assembly**

It is very important that the LITC Program grant application package be assembled correctly. **An improperly assembled or incomplete application will cause a delay in**

**processing and may result in rejection of the application.** A copy of IRS Form 12183, Grant Agreement, included in Appendix A, is for information only and is not required to be submitted with your package. Once a grant has been awarded, a clinic will receive a completed Form 12183 to sign and denote acceptance of the award. A checklist is provided in Appendix B to assist in assembling the package in the correct order. The application package should be assembled in the following manner:

1. Standard Form 424, *Application for Federal Assistance*: completed according to instructions provided with form and signed and dated in blue ink (not a photocopy) by an authorized representative of the organization. Check the box on Line 21, indicating agreement to the various certifications and assurances. The LITC Program Catalog of Federal Domestic Assistance Number, Block #10, is 21.008.

**NOTE:** In Box 5, the organization's legal name should be shown in the space provided. The clinic's name (if different from the organization's legal name) should be placed in the space designated for the "Organizational Unit."

2. Background Information prepared according to instructions (page 32).
3. Copy of the determination letter issued by IRS recognizing organization as exempt under IRC § 501(c), if applicable.
4. Copy of letter of academic accreditation for affiliated college, university or other institution of higher learning, if applicable.
5. Determination of Program Performance prepared according to instructions (**one for each qualifying program, if applicable**) (page 33).
6. Budget/Financial Information prepared according to instructions (**one for each qualifying program, if applicable**) (page 35).
7. Completed Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Application Information Sheet*. The form is included in Appendix A of this package.
8. Civil Rights Statement as described in Section IV, D;
9. Standard Form LLL, *Disclosure of Lobbying Activities*; and
10. Tax Information Authorization Form, if applicable.

**D. CONTINUING MULTI-YEAR GRANT APPLICATIONS - GENERAL INSTRUCTIONS FOR SUBMISSION OF LITC PROGRAM GRANT APPLICATION PACKAGES**

If you do not submit your application electronically, the Application Package must be assembled as described below and submitted in **quadruplicate** (four sets). The LITC Program Office will provide a copy of your Application Package to the IRS EEO Office, for a pre-award civil rights compliance review. **All application documents must be typed, double-spaced and numbered at the bottom of the page. All documents (original and three copies) must have original signatures in blue ink.**

**NOTE:** If your multi-year grant cycle has ended, you must submit a complete new application.

## LITC Program Grant Application Package Assembly

It is very important that the LITC Program grant application package be assembled correctly. **An improperly assembled or incomplete application will cause a delay in processing and may result in rejection of the application.** A copy of IRS Form 12183, Grant Agreement, included in Appendix A, is for information only and is not required to be submitted with your package. Once a grant has been awarded, a clinic will receive a completed Form 12183 to sign and denote acceptance of the award. A checklist is provided in Appendix B to assist in assembling the package in the correct order. The application package should be assembled in the following manner:

1. Standard Form 424, *Application for Federal Assistance*, completed according to instructions provided with form and with original signatures signed in blue ink (not a photocopy) by an authorized representative of the organization. Check “continuation” in Block 8, Type of Application. Check the box on Line 21, indicating agreement to the various certifications and assurances. The LITC Catalog of Federal Domestic Assistance Number, Block 10, is 21.008.
2. A letter requesting continuation in the LITC Program for the 2009 grant cycle. The letter must include the grant amount requested for the 2009 grant cycle and any proposed program modifications to the original application.
3. Standard Form 424A, *Budget Information – Non-Construction Programs* – check the continuation box **(one for each qualifying program, if applicable)**.
4. Budget Narrative **(one for each qualifying program, if applicable)**. The budget should explain the expenses stated on Standard Form 424A and should include the cost for up to two individuals from your organization to attend the annual IRS LITC conference.
5. Provide a detailed description of your matching funds. Identify committed sources of funding to match the amount of funding requested. Provide copies of any agreements, memoranda of understanding or similar documents pertaining to matching funds. Any good faith estimates of matching funds must be accompanied by letters of intent from third parties in an amount equal to the estimated matching funds or a description of when such letter of intent or award letter will be granted.
6. An estimate of funds that will not be expended during the 2009 year and the reason why the funds will not be used.
7. Completed Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Application Information Sheet*. The form is included in Appendix A of this package.
8. Civil Rights Statement as described in Section IV, D;
9. Standard Form LLL, *Disclosure of Lobbying Activities*; and
10. Tax Information Authorization Form, if applicable.

**NOTE: Attachments must be assembled in the order listed above and must be signed and dated in blue ink.**

## VII. SELECTION AND AWARD OF GRANT RECIPIENTS

Throughout the selection and award decision-making process, the IRS seeks to implement Congressional intent to provide grants to academic institutions and nonprofit organizations throughout the United States for low income representation and ESL tax educational services.

The IRS may award grants with one-year, two-year, and three-year project periods to clinics evaluated under this application cycle's selection and award process. Clinics awarded a two or three-year grant based on acceptance of their program plans will not undergo formal evaluation under the second or third year cycle selection and award process. However, two and three-year recipients will be reviewed annually for satisfactory performance and progress in meeting goals and objectives as well as compliance with grant terms. The funding level for subsequent years will be reviewed annually and may be increased or decreased at the discretion of the LITC Program Office. **All funding will be based on the availability of annually appropriated funds.** Awarding of multi-year grants is at the discretion of the LITC Program Office.

All applications will undergo a preliminary eligibility screening. Applications that do not meet all eligibility screening criteria will be eliminated from the award process. Applications that pass the eligibility screening will then be evaluated based on their Technical Merit, Amount of Funding Requested, and Other Considerations.

### A. ELIGIBILITY SCREENING

Applications will be reviewed to determine the following information:

- Length of Grant Requested (one-year, two-year or three-year);
- Type of Service Proposed (Controversy, ESL, or both); and
- Status of Organization (previous recipient of an LITC grant, start-up or other).

Applications will be reviewed further to determine if all required items are included in the application package. Please be sure to use the checklist in Appendix B to ensure all required items are included.

### B. EVALUATION PROCESS

Applications that pass the eligibility screening process will undergo a two-tiered evaluation process. Applications will be subject to both a technical evaluation and a secondary evaluation. The IRS retains discretionary authority to award grant funds based on controversy, ESL or a combination of program plans to achieve the goals of the LITC Program.

#### 1. Technical Evaluation

During the technical evaluation, each application will be awarded points in each of the areas listed below based on the information contained in their proposed program plan(s). Each criterion reflects the maximum number of points that may be assigned in that category. In assigning numerical points, the IRS will evaluate the program plan based on how it will assist in accomplishment of the LITC Program goals as stated elsewhere in the application package. Organizations can receive a maximum of 100 points.

If you are applying for funds to provide a combination of controversy and ESL services, you must submit separate program plans and each program plan will be evaluated separately. Points will be assigned as follows:

- Quality of programs offered to assist low income taxpayers or ESL taxpayers. This item evaluates the qualifications of administrators and qualifications and tax expertise of qualified representatives; comprehensiveness of the services to be provided; amount of time devoted to the program by clinic staff; quality of training and technical support to clinic volunteers, students, and LITC employees; plans for supervising clinic volunteers, students, and LITC employees; procedures for ensuring the confidentiality of taxpayer information; publicity of clinic operations; and the dates and days and hours of clinic operation. **(Maximum 75 points)**.
- Experience in sponsoring a tax clinic where individuals with tax controversies with the IRS were represented, or experience in sponsoring a tax clinic where taxpayers with tax controversies with the IRS were referred to a *pro bono* panel of qualified representatives, or experience in providing a program to inform ESL taxpayers about their taxpayer rights and responsibilities. **(Maximum 10 points)**.
- Quality of grant administration and internal accounting procedures. **(Maximum 10 points)**.
- Number of low income or ESL taxpayers in geographic area and proposed efforts to reach these taxpayers. **(Maximum 5 points)**.

## 2. Program Office Evaluation

After the completion of the technical evaluation, applications will undergo a secondary review by the LITC Program Office. This evaluation will be based on the information contained in the program plan, as well as the clinic's history in the LITC Program (if they are a returning clinic). Specifically, the evaluation will look at:

- **New Applicants.** The LITC Program Office will perform a general review of the application and program plan to ensure that the clinic has sufficient funds, can meet the program requirements, and that the technical review did not raise any significant concerns.
- **Returning and Multi-year Applicants.** The LITC Program Office will perform a general review of the application and program plan, as well as a more detailed review of the clinic's history in the LITC Program. The Program Office will look at:
  1. Timeliness and completeness of interim and annual reports;
  2. Any significant concerns raised by prior site assistance visits and whether the clinic has addressed those concerns;
  3. Whether the clinic's activities match its program plan;
  4. Clinic's involvement with other clinics, community groups, Taxpayer Advocate Service (TAS), and the LITC Program Office;
  5. Whether the clinic has a history of not drawing down funds timely; and

6. Whether the clinic has failed to notify the LITC Program Office of any unused funds in sufficient time for the Program Office to reobligate them to another clinic.

**All applicants will also undergo a review of the organization's federal tax compliance status. Grant funds may be withheld or denied based on an applicant's failure to be in full compliance with all current federal tax obligations.**

The decision of whether or not to award grant funds will be based on the Technical Evaluation, Program Office evaluation, and the following additional considerations:

- To foster parity regarding clinic availability and accessibility for low income and ESL taxpayers nationwide, the LITC Program Office will consider the geographic areas of applicants and the languages in which the applicants will assist taxpayers.
- If applications from more than one clinic sponsored by the same institution or organization are received, the LITC Program will consider all factors surrounding the operation of the clinics, including the geographic areas served by the clinics and the comprehensiveness of the services to be provided, in determining whether and in what amount grants will be made to one or more such clinics.
- For academic clinics, which generally serve fewer taxpayers than nonacademic clinics because of the time involved in teaching and mentoring students, the LITC Program will consider additional ways in which academic clinics can accomplish LITC Program goals (e.g., providing technical assistance, training, and mentoring to other LITC programs, publishing articles about the LITC Program, commenting on proposed Treasury regulations that affect low income or ESL taxpayers, and monitoring graduates to determine whether they perform *pro bono* work on behalf of or otherwise assist low income taxpayers).
- The number of taxpayers who will be served by the clinic, including the ESL taxpayers in the geographic area and the languages served by the clinic.
- The existence of other LITC Programs serving the same population.
- Appropriateness of funds sought for quantity and quality of services to be offered.
- Other sources of funding available to the clinic.

### **C. NOTIFICATION OF AWARD DECISIONS**

The LITC Program Office will notify organizations of their acceptance or rejection of their grant application. Accepted organizations will be provided the name, address and telephone number of a local IRS contact person after their Form 12183, Grant Agreement, is signed. The LITC Program Office may, at its discretion, conduct a site inspection visit to a prospective LITC Program location prior to awarding grant funds.

# **Appendix A**

## **LITC Program Grant Forms**



**Application for Federal Assistance SF-424**

Version 02

<b>* 1. Type of Submission:</b> <input type="checkbox"/> Preapplication <input type="checkbox"/> Application <input type="checkbox"/> Changed/Corrected Application	<b>* 2. Type of Application:</b> <input type="checkbox"/> New <input type="checkbox"/> Continuation <input type="checkbox"/> Revision	<b>* If Revision, select appropriate letter(s):</b> <input type="text"/> <b>* Other (Specify)</b> <input type="text"/>
--	--	---

<b>* 3. Date Received:</b> <input type="text"/>	<b>4. Applicant Identifier:</b> <input type="text"/>
--	---

<b>5a. Federal Entity Identifier:</b> <input type="text"/>	<b>* 5b. Federal Award Identifier:</b> <input type="text"/>
---	--

**State Use Only:**

<b>6. Date Received by State:</b> <input type="text"/>	<b>7. State Application Identifier:</b> <input type="text"/>
--	--

**8. APPLICANT INFORMATION:**

**\* a. Legal Name:**

<b>* b. Employer/Taxpayer Identification Number (EIN/TIN):</b> <input type="text"/>	<b>* c. Organizational DUNS:</b> <input type="text"/>
--	--

**d. Address:**

**\* Street1:**   
**Street2:**   
**\* City:**   
**County:**   
**\* State:**   
**Province:**   
**\* Country:**  USA: UNITED STATES  
**\* Zip / Postal Code:**

**e. Organizational Unit:**

<b>Department Name:</b> <input type="text"/>	<b>Division Name:</b> <input type="text"/>
---	---

**f. Name and contact information of person to be contacted on matters involving this application:**

**Prefix:**  **\* First Name:**   
**Middle Name:**   
**\* Last Name:**   
**Suffix:**

**Title:**

**Organizational Affiliation:**

**\* Telephone Number:**  **Fax Number:**

**\* Email:**

**Application for Federal Assistance SF-424**

Version 02

**9. Type of Applicant 1: Select Applicant Type:**

Type of Applicant 2: Select Applicant Type:

Type of Applicant 3: Select Applicant Type:

\* Other (specify):

**\* 10. Name of Federal Agency:**

**11. Catalog of Federal Domestic Assistance Number:**

CFDA Title:

**\* 12. Funding Opportunity Number:**

\* Title:

**13. Competition Identification Number:**

Title:

**14. Areas Affected by Project (Cities, Counties, States, etc.):**

**\* 15. Descriptive Title of Applicant's Project:**

Attach supporting documents as specified in agency instructions.

**Application for Federal Assistance SF-424**

Version 02

**16. Congressional Districts Of:**

\* a. Applicant

\* b. Program/Project

Attach an additional list of Program/Project Congressional Districts if needed.

**17. Proposed Project:**

\* a. Start Date:

\* b. End Date:

**18. Estimated Funding (\$):**

\* a. Federal

\* b. Applicant

\* c. State

\* d. Local

\* e. Other

\* f. Program Income

\* g. TOTAL

**\* 19. Is Application Subject to Review By State Under Executive Order 12372 Process?**

a. This application was made available to the State under the Executive Order 12372 Process for review on

b. Program is subject to E.O. 12372 but has not been selected by the State for review.

c. Program is not covered by E.O. 12372.

**\* 20. Is the Applicant Delinquent On Any Federal Debt? (If "Yes", provide explanation.)**

Yes

No

**21. \*By signing this application, I certify (1) to the statements contained in the list of certifications\*\* and (2) that the statements herein are true, complete and accurate to the best of my knowledge. I also provide the required assurances\*\* and agree to comply with any resulting terms if I accept an award. I am aware that any false, fictitious, or fraudulent statements or claims may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 218, Section 1001)**

\*\* I AGREE

\*\* The list of certifications and assurances, or an internet site where you may obtain this list, is contained in the announcement or agency specific instructions.

**Authorized Representative:**

Prefix:

\* First Name:

Middle Name:

\* Last Name:

Suffix:

\* Title:

\* Telephone Number:

Fax Number:

\* Email:

\* Signature of Authorized Representative:

\* Date Signed:

**Application for Federal Assistance SF-424**

Version 02

**\* Applicant Federal Debt Delinquency Explanation**

The following field should contain an explanation if the Applicant organization is delinquent on any Federal Debt. Maximum number of characters that can be entered is 4,000. Try and avoid extra spaces and carriage returns to maximize the availability of space.

**INSTRUCTIONS FOR THE SF-424**

Public reporting burden for this collection of information is estimated to average 60 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0043), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

This is a standard form (including the continuation sheet) required for use as a cover sheet for submission of preapplications and applications and related information under discretionary programs. Some of the items are required and some are optional at the discretion of the applicant or the Federal agency (agency). Required items are identified with an asterisk on the form and are specified in the instructions below. In addition to the instructions provided below, applicants must consult agency instructions to determine specific requirements.

Item	Entry:	Item	Entry:						
1.	<b>Type of Submission:</b> (Required): Select one type of submission in accordance with agency instructions. <ul style="list-style-type: none"> <li>• Preapplication</li> <li>• Application</li> <li>• Changed/Corrected Application – If requested by the agency, check if this submission is to change or correct a previously submitted application. Unless requested by the agency, applicants may not use this to submit changes after the closing date.</li> </ul>	10.	<b>Name Of Federal Agency:</b> (Required) Enter the name of the Federal agency from which assistance is being requested with this application.						
		11.	<b>Catalog Of Federal Domestic Assistance Number/Title:</b> Enter the Catalog of Federal Domestic Assistance number and title of the program under which assistance is requested, as found in the program announcement, if applicable.						
2.	<b>Type of Application:</b> (Required) Select one type of application in accordance with agency instructions. <ul style="list-style-type: none"> <li>• New – An application that is being submitted to an agency for the first time.</li> <li>• Continuation - An extension for an additional funding/budget period for a project with a projected completion date. This can include renewals.</li> <li>• Revision - Any change in the Federal Government’s financial obligation or contingent liability from an existing obligation. If a revision, enter the appropriate letter(s). More than one may be selected. If "Other" is selected, please specify in text box provided.                             <table style="width: 100%; border: none;"> <tr> <td style="width: 50%;">A. Increase Award</td> <td style="width: 50%;">B. Decrease Award</td> </tr> <tr> <td>C. Increase Duration</td> <td>D. Decrease Duration</td> </tr> <tr> <td colspan="2">E. Other (specify)</td> </tr> </table> </li> </ul>	A. Increase Award	B. Decrease Award	C. Increase Duration	D. Decrease Duration	E. Other (specify)		12.	<b>Funding Opportunity Number/Title:</b> (Required) Enter the Funding Opportunity Number and title of the opportunity under which assistance is requested, as found in the program announcement.
		A. Increase Award	B. Decrease Award						
		C. Increase Duration	D. Decrease Duration						
E. Other (specify)									
13.	<b>Competition Identification Number/Title:</b> Enter the Competition Identification Number and title of the competition under which assistance is requested, if applicable.								
		14.	<b>Areas Affected By Project:</b> List the areas or entities using the categories (e.g., cities, counties, states, etc.) specified in agency instructions. Use the continuation sheet to enter additional areas, if needed.						
3.	<b>Date Received:</b> Leave this field blank. This date will be assigned by the Federal agency.	15.	<b>Descriptive Title of Applicant’s Project:</b> (Required) Enter a brief descriptive title of the project. If appropriate, attach a map showing project location (e.g., construction or real property projects). For preapplications, attach a summary description of the project.						
4.	<b>Applicant Identifier:</b> Enter the entity identifier assigned by the Federal agency, if any, or the applicant’s control number if applicable.								
5a.	<b>Federal Entity Identifier:</b> Enter the number assigned to your organization by the Federal Agency, if any.	16.	<b>Congressional Districts Of:</b> (Required) 16a. Enter the applicant’s Congressional District, and 16b. Enter all District(s) affected by the program or project. Enter in the format: 2 characters State Abbreviation – 3 characters District Number, e.g., CA-005 for California 5 <sup>th</sup> district, CA-012 for California 12 <sup>th</sup> district, NC-103 for North Carolina’s 103 <sup>rd</sup> district. • If all congressional districts in a state are affected, enter “all” for the district number, e.g., MD-all for all congressional districts in Maryland. • If nationwide, i.e. all districts within all states are affected, enter US-all. • If the program/project is outside the US, enter 00-000.						
5b.	<b>Federal Award Identifier:</b> For new applications leave blank. For a continuation or revision to an existing award, enter the previously assigned Federal award identifier number. If a changed/corrected application, enter the Federal Identifier in accordance with agency instructions.								
6.	<b>Date Received by State:</b> Leave this field blank. This date will be assigned by the State, if applicable.								
7.	<b>State Application Identifier:</b> Leave this field blank. This identifier will be assigned by the State, if applicable.								
8.	<b>Applicant Information:</b> Enter the following in accordance with agency instructions:								
	<b>a. Legal Name:</b> (Required): Enter the legal name of applicant that will undertake the assistance activity. This is that the organization has registered with the Central Contractor Registry. Information on registering with CCR may be obtained by visiting the Grants.gov website.	17.	<b>Proposed Project Start and End Dates:</b> (Required) Enter the proposed start date and end date of the project.						
	<b>b. Employer/Taxpayer Number (EIN/TIN):</b> (Required): Enter the Employer or Taxpayer Identification Number (EIN or TIN) as assigned by the Internal Revenue Service. If your organization is not in the US, enter 44-4444444.	18.	<b>Estimated Funding:</b> (Required) Enter the amount requested or to be contributed during the first funding/budget period by each contributor. Value of in-kind contributions should be included on appropriate lines, as applicable. If the action will result in a dollar change to an existing award, indicate only the amount of the change. For decreases, enclose the amounts in parentheses.						

	<p><b>c. Organizational DUNS:</b> (Required) Enter the organization's DUNS or DUNS+4 number received from Dun and Bradstreet. Information on obtaining a DUNS number may be obtained by visiting the Grants.gov website.</p>	19.	<p><b>Is Application Subject to Review by State Under Executive Order 12372 Process?</b> Applicants should contact the State Single Point of Contact (SPOC) for Federal Executive Order 12372 to determine whether the application is subject to the State intergovernmental review process. Select the appropriate box. If "a." is selected, enter the date the application was submitted to the State.</p>																								
	<p><b>d. Address:</b> Enter the complete address as follows: Street address (Line 1 required), City (Required), County, State (Required, if country is US), Province, Country (Required), Zip/Postal Code (Required, if country is US).</p>	20.	<p><b>Is the Applicant Delinquent on any Federal Debt?</b> (Required) Select the appropriate box. This question applies to the applicant organization, not the person who signs as the authorized representative. Categories of debt include delinquent audit disallowances, loans and taxes. If yes, include an explanation on the continuation sheet.</p>																								
	<p><b>e. Organizational Unit:</b> Enter the name of the primary organizational unit (and department or division, (if applicable) that will undertake the assistance activity, if applicable.</p>	21.	<p><b>Authorized Representative:</b> (Required) To be signed and dated by the authorized representative of the applicant organization. Enter the name (First and last name required) title (Required), telephone number (Required), fax number, and email address (Required) of the person authorized to sign for the applicant. A copy of the governing body's authorization for you to sign this application as the official representative must be on file in the applicant's office. (Certain Federal agencies may require that this authorization be submitted as part of the application.)</p>																								
	<p><b>f. Name and contact information of person to be contacted on matters involving this applicat</b> (required), organizational affiliation (if affiliated with an organization other <b>on:</b> Enter the name (First and last name than the applicant organization), telephone number (Required), fax number, and email address (Required) of the person to contact on matters related to this application.</p>																										
9.	<p>Type of Applicant: (Required) Select up to three applicant type(s) in accordance with agency instructions.</p> <table border="0" data-bbox="134 846 894 1434"> <tr> <td data-bbox="134 846 537 873">A. State Government</td> <td data-bbox="537 846 894 873">M. Nonprofit</td> </tr> <tr> <td data-bbox="134 873 537 900">B. County Government</td> <td data-bbox="537 873 894 900">N. Nonprofit</td> </tr> <tr> <td data-bbox="134 900 537 947">C. City or Township Government</td> <td data-bbox="537 900 894 947">O. Private Institution of Higher Education</td> </tr> <tr> <td data-bbox="134 947 537 974">D. Special District Government</td> <td data-bbox="537 947 894 974">P. Individual</td> </tr> <tr> <td data-bbox="134 974 537 1001">E. Regional Organization</td> <td data-bbox="537 974 894 1043">Q. For-Profit Organization (Other than Small Business)</td> </tr> <tr> <td data-bbox="134 1001 537 1029">F. U.S. Territory or Possession</td> <td data-bbox="537 1043 894 1071">R. Small Business</td> </tr> <tr> <td data-bbox="134 1029 537 1115">G. Independent School District</td> <td data-bbox="537 1071 894 1115">S. Hispanic-serving Institution</td> </tr> <tr> <td data-bbox="134 1115 537 1184">H. Public/State Controlled Institution of Higher Education</td> <td data-bbox="537 1115 894 1184">T. Historically Black Colleges and Universities (HBCUs)</td> </tr> <tr> <td data-bbox="134 1184 537 1253">I. Indian/Native American Tribal Government (Federally Recognized)</td> <td data-bbox="537 1184 894 1253">U. Tribally Controlled Colleges and Universities (TCCUs)</td> </tr> <tr> <td data-bbox="134 1253 537 1323">J. Indian/Native American Tribal Government (Other than Federally Recognized)</td> <td data-bbox="537 1253 894 1323">V. Alaska Native and Native Hawaiian Serving Institutions</td> </tr> <tr> <td data-bbox="134 1323 537 1350">K. Indian/Native American Tribally Designated Organization</td> <td data-bbox="537 1323 894 1350">W. Non-domestic (non-US) Entity</td> </tr> <tr> <td data-bbox="134 1350 537 1377">L. Public/Indian Housing Authority</td> <td data-bbox="537 1350 894 1377">X. Other (specify)</td> </tr> </table>	A. State Government	M. Nonprofit	B. County Government	N. Nonprofit	C. City or Township Government	O. Private Institution of Higher Education	D. Special District Government	P. Individual	E. Regional Organization	Q. For-Profit Organization (Other than Small Business)	F. U.S. Territory or Possession	R. Small Business	G. Independent School District	S. Hispanic-serving Institution	H. Public/State Controlled Institution of Higher Education	T. Historically Black Colleges and Universities (HBCUs)	I. Indian/Native American Tribal Government (Federally Recognized)	U. Tribally Controlled Colleges and Universities (TCCUs)	J. Indian/Native American Tribal Government (Other than Federally Recognized)	V. Alaska Native and Native Hawaiian Serving Institutions	K. Indian/Native American Tribally Designated Organization	W. Non-domestic (non-US) Entity	L. Public/Indian Housing Authority	X. Other (specify)		
A. State Government	M. Nonprofit																										
B. County Government	N. Nonprofit																										
C. City or Township Government	O. Private Institution of Higher Education																										
D. Special District Government	P. Individual																										
E. Regional Organization	Q. For-Profit Organization (Other than Small Business)																										
F. U.S. Territory or Possession	R. Small Business																										
G. Independent School District	S. Hispanic-serving Institution																										
H. Public/State Controlled Institution of Higher Education	T. Historically Black Colleges and Universities (HBCUs)																										
I. Indian/Native American Tribal Government (Federally Recognized)	U. Tribally Controlled Colleges and Universities (TCCUs)																										
J. Indian/Native American Tribal Government (Other than Federally Recognized)	V. Alaska Native and Native Hawaiian Serving Institutions																										
K. Indian/Native American Tribally Designated Organization	W. Non-domestic (non-US) Entity																										
L. Public/Indian Housing Authority	X. Other (specify)																										

**BUDGET INFORMATION - Non-Construction Programs**

OMB Approval No. 0348-0044

**SECTION A - BUDGET SUMMARY**

Grant Program Function or Activity (a)	Catalog of Federal Domestic Assistance Number (b)	Estimated Unobligated Funds		New or Revised Budget		
		Federal (c)	Non-Federal (d)	Federal (e)	Non-Federal (f)	Total (g)
1.		\$	\$	\$	\$	\$
2.						
3.						
4.						
5. Totals		\$	\$	\$	\$	\$

**SECTION B - BUDGET CATEGORIES**

6. Object Class Categories	GRANT PROGRAM, FUNCTION OR ACTIVITY			Total (5)
	(1)	(2)	(3)	
a. Personnel	\$	\$	\$	\$
b. Fringe Benefits				
c. Travel				
d. Equipment				
e. Supplies				
f. Contractual				
g. Construction				
h. Other				
i. Total Direct Charges (sum of 6a-6h)				
j. Indirect Charges				
k. TOTALS (sum of 6i and 6j)	\$	\$	\$	\$

7. Program Income	\$	\$	\$	\$	\$
-------------------	----	----	----	----	----

**Authorized for Local Reproduction**

**SECTION C - NON-FEDERAL RESOURCES**

(a) Grant Program	(b) Applicant	(c) State	(d) Other Sources	(e) TOTALS
8.	\$	\$	\$	\$
9.				
10.				
11.				
12. TOTAL (sum of lines 8-11)	\$	\$	\$	\$

**SECTION D - FORECASTED CASH NEEDS**

	Total for 1st Year	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
13. Federal	\$	\$	\$	\$	\$
14. Non-Federal					
15. TOTAL (sum of lines 13 and 14)	\$	\$	\$	\$	\$

**SECTION E - BUDGET ESTIMATES OF FEDERAL FUNDS NEEDED FOR BALANCE OF THE PROJECT**

(a) Grant Program	FUTURE FUNDING PERIODS (Years)			
	(b) First	(c) Second	(d) Third	(e) Fourth
16.	\$	\$	\$	\$
17.				
18.				
19.				
20. TOTAL (sum of lines 16-19)	\$	\$	\$	\$

**SECTION F - OTHER BUDGET INFORMATION**

21. Direct Charges:	22. Indirect Charges:
23. Remarks:	

## INSTRUCTIONS FOR THE SF-424A

Public reporting burden for this collection of information is estimated to average 180 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0044), Washington, DC 20503.

**PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE OFFICE OF MANAGEMENT AND BUDGET. SEND IT TO THE ADDRESS PROVIDED BY THE SPONSORING AGENCY.**

### General Instructions

This form is designed so that application can be made for funds from one or more grant programs. In preparing the budget, adhere to any existing Federal grantor agency guidelines which prescribe how and whether budgeted amounts should be separately shown for different functions or activities within the program. For some programs, grantor agencies may require budgets to be separately shown by function or activity. For other programs, grantor agencies may require a breakdown by function or activity. Sections A, B, C, and D should include budget estimates for the whole project except when applying for assistance which requires Federal authorization in annual or other funding period increments. In the latter case, Sections A, B, C, and D should provide the budget for the first budget period (usually a year) and Section E should present the need for Federal assistance in the subsequent budget periods. All applications should contain a breakdown by the object class categories shown in Lines a-k of Section B.

### Section A. Budget Summary Lines 1-4 Columns (a) and (b)

For applications pertaining to a *single* Federal grant program (Federal Domestic Assistance Catalog number) and *not requiring* a functional or activity breakdown, enter on Line 1 under Column (a) the Catalog program title and the Catalog number in Column (b).

For applications pertaining to a *single* program *requiring* budget amounts by multiple functions or activities, enter the name of each activity or function on each line in Column (a), and enter the Catalog number in Column (b). For applications pertaining to multiple programs where none of the programs require a breakdown by function or activity, enter the Catalog program title on each line in *Column* (a) and the respective Catalog number on each line in Column (b).

For applications pertaining to *multiple* programs where one or more programs *require* a breakdown by function or activity, prepare a separate sheet for each program requiring the breakdown. Additional sheets should be used when one form does not provide adequate space for all breakdown of data required. However, when more than one sheet is used, the first page should provide the summary totals by programs.

### Lines 1-4, Columns (c) through (g)

*For new applications*, leave Column (c) and (d) blank. For each line entry in Columns (a) and (b), enter in Columns (e), (f), and (g) the appropriate amounts of funds needed to support the project for the first funding period (usually a year).

*For continuing grant program applications*, submit these forms before the end of each funding period as required by the grantor agency. Enter in Columns (c) and (d) the estimated amounts of funds which will remain unobligated at the end of the grant funding period only if the Federal grantor agency instructions provide for this. Otherwise, leave these columns blank. Enter in columns (e) and (f) the amounts of funds needed for the upcoming period. The amount(s) in Column (g) should be the sum of amounts in Columns (e) and (f).

*For supplemental grants and changes* to existing grants, do not use Columns (c) and (d). Enter in Column (e) the amount of the increase or decrease of Federal funds and enter in Column (f) the amount of the increase or decrease of non-Federal funds. In Column (g) enter the new total budgeted amount (Federal and non-Federal) which includes the total previous authorized budgeted amounts plus or minus, as appropriate, the amounts shown in Columns (e) and (f). The amount(s) in Column (g) should not equal the sum of amounts in Columns (e) and (f).

**Line 5** - Show the totals for all columns used.

### Section B Budget Categories

In the column headings (1) through (4), enter the titles of the same programs, functions, and activities shown on Lines 1-4, Column (a), Section A. When additional sheets are prepared for Section A, provide similar column headings on each sheet. For each program, function or activity, fill in the total requirements for funds (both Federal and non-Federal) by object class categories.

**Line 6a-i** - Show the totals of Lines 6a to 6h in each column.

**Line 6j** - Show the amount of indirect cost.

**Line 6k** - Enter the total of amounts on Lines 6i and 6j. For all applications for new grants and continuation grants the total amount in column (5), Line 6k, should be the same as the total amount shown in Section A, Column (g), Line 5. For supplemental grants and changes to grants, the total amount of the increase or decrease as shown in Columns (1)-(4), Line 6k should be the same as the sum of the amounts in Section A, Columns (e) and (f) on Line 5.

**Line 7** - Enter the estimated amount of income, if any, expected to be generated from this project. Do not add or subtract this amount from the total project amount, Show under the program

## INSTRUCTIONS FOR THE SF-424A (continued)

narrative statement the nature and source of income. The estimated amount of program income may be considered by the Federal grantor agency in determining the total amount of the grant.

### Section C. Non-Federal Resources

**Lines 8-11** Enter amounts of non-Federal resources that will be used on the grant. If in-kind contributions are included, provide a brief explanation on a separate sheet.

**Column (a)** - Enter the program titles identical to Column (a), Section A. A breakdown by function or activity is not necessary.

**Column (b)** - Enter the contribution to be made by the applicant.

**Column (c)** - Enter the amount of the State's cash and in-kind contribution if the applicant is not a State or State agency. Applicants which are a State or State agencies should leave this column blank.

**Column (d)** - Enter the amount of cash and in-kind contributions to be made from all other sources.

**Column (e)** - Enter totals of Columns (b), (c), and (d).

**Line 12** - Enter the total for each of Columns (b)-(e). The amount in Column (e) should be equal to the amount on Line 5, Column (f), Section A.

### Section D. Forecasted Cash Needs

**Line 13** - Enter the amount of cash needed by quarter from the grantor agency during the first year.

**Line 14** - Enter the amount of cash from all other sources needed by quarter during the first year.

**Line 15** - Enter the totals of amounts on Lines 13 and 14.

### Section E. Budget Estimates of Federal Funds Needed for Balance of the Project

**Lines 16-19** - Enter in Column (a) the same grant program titles shown in Column (a), Section A. A breakdown by function or activity is not necessary. For new applications and continuation grant applications, enter in the proper columns amounts of Federal funds which will be needed to complete the program or project over the succeeding funding periods (usually in years). This section need not be completed for revisions (amendments, changes, or supplements) to funds for the current year of existing grants.

If more than four lines are needed to list the program titles, submit additional schedules as necessary.

**Line 20** - Enter the total for each of the Columns (b)-(e). When additional schedules are prepared for this Section, annotate accordingly and show the overall totals on this line.

### Section F. Other Budget Information

**Line 21** - Use this space to explain amounts for individual direct object class cost categories that may appear to be out of the ordinary or to explain the details as required by the Federal grantor agency.

**Line 22** - Enter the type of indirect rate (provisional, predetermined, final or fixed) that will be in effect during the funding period, the estimated amount of the base to which the rate is applied, and the total indirect expense.

**Line 23** - Provide any other explanations or comments deemed necessary.

# FEDERAL FINANCIAL REPORT

(Follow form instructions)

1. Federal Agency and Organizational Element to Which Report is Submitted		2. Federal Grant or Other Identifying Number Assigned by Federal Agency (To report multiple grants, use FFR Attachment)			Page	1	of	
pages								
3. Recipient Organization (Name and complete address including Zip code)								
4a. DUNS Number		4b. EIN		5. Recipient Account Number or Identifying Number (To report multiple grants, use FFR Attachment)		6. Report Type <input type="checkbox"/> Quarterly <input type="checkbox"/> Semi-Annual <input type="checkbox"/> Annual <input type="checkbox"/> Final		7. Basis of Accounting <input type="checkbox"/> Cash <input type="checkbox"/> Accrual
8. Project/Grant Period From: (Month, Day, Year)				To: (Month, Day, Year)		9. Reporting Period End Date (Month, Day, Year)		
10. Transactions							Cumulative	
<i>(Use lines a-c for single or multiple grant reporting)</i>								
<b>Federal Cash (To report multiple grants, also use FFR Attachment):</b>								
a. Cash Receipts								
b. Cash Disbursements								
c. Cash on Hand (line a minus b)								
<i>(Use lines d-o for single grant reporting)</i>								
<b>Federal Expenditures and Unobligated Balance:</b>								
d. Total Federal funds authorized								
e. Federal share of expenditures								
f. Federal share of unliquidated obligations								
g. Total Federal share (sum of lines e and f)								
h. Unobligated balance of Federal funds (line d minus g)								
<b>Recipient Share:</b>								
i. Total recipient share required								
j. Recipient share of expenditures								
k. Remaining recipient share to be provided (line i minus j)								
<b>Program Income:</b>								
l. Total Federal program income earned								
m. Program income expended in accordance with the deduction alternative								
n. Program income expended in accordance with the addition alternative								
o. Unexpended program income (line l minus line m or line n)								
11. Indirect Expense		a. Type	b. Rate	c. Period From	Period To	d. Base	e. Amount Charged	f. Federal Share
					g. Totals:			
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation:								
<b>13. Certification: By signing this report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me to criminal, civil, or administrative penalties. (U.S. Code, Title 18, Section 1001)</b>								
a. Typed or Printed Name and Title of Authorized Certifying Official						c. Telephone (Area code, number and extension)		
						d. Email address		
b. Signature of Authorized Certifying Official						e. Date Report Submitted (Month, Day, Year)		
14. Agency use only:								

Standard Form 425  
OMB Approval Number: 0348-0061  
Expiration Date: 10/31/2011

**Paperwork Burden Statement**

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is 0348-0061. Public reporting burden for this collection of information is estimated to average 1.5 hours per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0060), Washington, DC 20503.

## Federal Financial Report Instructions

### Report Submissions

- 1) Recipients will be instructed by Federal agencies to submit the *Federal Financial Report (FFR)* to a single location, except when an automated payment management reporting system is utilized. In this case, a second submission location may be required by the agency.
- 2) If recipients need more space to support their *FFRs*, or *FFR Attachments*, they should provide supplemental pages. These additional pages must indicate the following information at the top of each page: Federal grant or other identifying number (if reporting on a single award), recipient organization, Data Universal Numbering System (DUNS) number, Employer Identification Number (EIN), and period covered by the report.

### Reporting Requirements

- 1) The submission of interim *FFRs* will be on a quarterly, semi-annual, or annual basis, as directed by the Federal agency. A final *FFR* shall be submitted at the completion of the award agreement. The following reporting period end dates shall be used for interim reports: 3/31, 6/30, 9/30, or 12/31. For final *FFRs*, the reporting period end date shall be the end date of the project or grant period.
- 2) Quarterly and semi-annual interim reports shall be submitted no later than 30 days after the end of each reporting period. Annual reports shall be submitted no later than 90 days after the end of each reporting period. Final reports shall be submitted no later than 90 days after the project or grant period end date.

Note: For single award reporting:

1) Federal agencies may require both cash management information on lines 10(a) through 10(c) and financial status information lines 10(d) through 10(o).

2) 10(b) and 10(e) may not be the same until the final report.

### Line Item Instructions for the Federal Financial Report

FFR Number	Reporting Item	Instructions
<b>Cover Information</b>		
1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or as instructed by the agency.
2	Federal Grant or Other Identifying Number Assigned by Federal Agency	For a single award, enter the grant number assigned to the award by the Federal agency. For multiple awards, report this information on the <i>FFR Attachment</i> . <i>Do not complete this box if reporting on multiple awards.</i>
3	Recipient Organization	Enter the name and complete address of the recipient organization including zip code.
4a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number.
4b	EIN	Enter the recipient organization's Employer Identification Number (EIN).
5	Recipient Account Number or Identifying Number	Enter the account number or any other identifying number assigned by the recipient to the award. This number is for the recipient's use only and is not required by the Federal agency. For multiple awards, report this

FFR Number	Reporting Item	Instructions
		information on the <i>FFR</i> Attachment. <i>Do not complete this box if reporting on multiple awards.</i>
6	Report Type	Mark appropriate box. <i>Do not complete this box if reporting on multiple awards.</i>
7	Basis of Accounting (Cash/Accrual)	Specify whether a cash or accrual basis was used for recording transactions related to the award(s) and for preparing this <i>FFR</i> . Accrual basis of accounting refers to the accounting method in which expenses are recorded when incurred. For cash basis accounting, expenses are recorded when they are paid.
8	Project/Grant Period, From: (Month, Day, Year)	Indicate the period established in the award document during which Federal sponsorship begins and ends.  Note: Some agencies award multi-year grants for a project period that is funded in increments or budget periods (typically annual increments). Throughout the project period, agencies often require cumulative reporting for consecutive budget periods. Under these circumstances, enter the beginning and ending dates of the project period not the budget period. <i>Do not complete this line if reporting on multiple awards.</i>
	Project/Grant Period, To: (Month, Day, Year)	See the above instructions for “Project/Grant Period, From: (Month, Day, Year).”
9	Reporting Period End Date: (Month, Day, Year)	Enter the ending date of the reporting period. For quarterly, semi-annual, and annual interim reports, use the following reporting period end dates: 3/31, 6/30, 9/30, or 12/31. For final <i>FFRs</i> , the reporting period end date shall be the end date of the project or grant period.
10	<b>Transactions</b>	Enter cumulative amounts from date of the inception of the award through the end date of the reporting period specified in line 9. Use Lines 10a through 10c, Lines 10d through 10o, or Lines 10a through 10o, as specified by the Federal agency, when reporting on single grants. Use Line 12, Remarks, to provide any information deemed necessary to support or explain <i>FFR</i> data.
<b>Federal Cash (To report multiple grants, also use FFR Attachment)</b>		
10a	Cash Receipts	Enter the cumulative amount of actual cash received from the Federal agency as of the reporting period end date.
10b	Cash Disbursements	Enter the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.  For multiple grants, report each grant separately on the <i>FFR</i> Attachment. The sum of the cumulative cash disbursements on the <i>FFR</i> Attachment must equal the amount entered on Line 10b, <i>FFR</i> .
10c	Cash On Hand (Line 10a Minus Line 10b)	Enter the amount of Line 10a minus Line 10b. This amount represents immediate cash needs. If more than three business days of cash are on hand, the Federal agency may require an explanation

FFR Number	Reporting Item	Instructions
		on Line 12, Remarks, explaining why the drawdown was made prematurely or other reasons for the excess cash.
<b>Federal Expenditures and Unobligated Balance:</b> Do not complete this section if reporting on multiple awards.		
10d	Total Federal Funds Authorized	Enter the total Federal funds authorized as of the reporting period end date.
10e	Federal Share of Expenditures	Enter the amount of Federal fund expenditures. For reports prepared on a cash basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense charged; the value of third-party in-kind contributions applied; and the amount of cash advance payments and payments made to subrecipients. For reports prepared on an accrual basis, expenditures are the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; the value of in-kind contributions applied; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required. Do not include program income expended in accordance with the deduction alternative, rebates, refunds, or other credits. (Program income expended in accordance with the deduction alternative should be reported separately on Line 10o.)
10f	Federal Share of Unliquidated Obligations	Unliquidated obligations on a cash basis are obligations incurred, but not yet paid. On an accrual basis, they are obligations incurred, but for which an expenditure has not yet been recorded. Enter the Federal portion of unliquidated obligations. Those obligations include direct and indirect expenses incurred but not yet paid or charged to the award, including amounts due to subrecipients and contractors. On the final report, this line should be zero unless the awarding agency has provided other instructions.  <i>Do not include any amount in Line 10f that has been reported in Line 10e. Do not include any amount in Line 10f for a future commitment of funds (such as a long-term contract) for which an obligation or expense has not been incurred.</i>
10g	Total Federal Share (Sum of Lines 10e and 10f)	Enter the sum of Lines 10e and 10f.
10h	Unobligated Balance of Federal Funds (Line 10d Minus Line 10g)	Enter the amount of Line 10d minus Line 10g.
<b>Recipient Share:</b> Do not complete this section if reporting on multiple awards.		
10i	Total Recipient Share Required	Enter the total required recipient share for reporting period specified in line 9. The required recipient share should include all matching and cost sharing provided by recipients and third-party providers to meet the level required by the Federal agency. This amount should not include cost sharing and match amounts in excess of the amount required by the Federal agency (for example, cost overruns for which the recipient incurs additional expenses and, therefore, contributes a greater level of cost

FFR Number	Reporting Item	Instructions
		sharing or match than the level required by the Federal agency).
10j	Recipient Share of Expenditures	Enter the recipient share of actual cash disbursements or outlays (less any rebates, refunds, or other credits) including payments to subrecipients and contractors. This amount may include the value of allowable third party in-kind contributions and recipient share of program income used to finance the non-Federal share of the project or program. Note: On the final report this line should be equal to or greater than the amount of Line 10i.
10k	Remaining Recipient Share to be Provided (Line 10i Minus Line 10j)	Enter the amount of Line 10i minus Line 10j. If recipient share in Line 10j is greater than the required match amount in Line 10i, enter zero.
<b>Program Income:</b> Do not complete this section if reporting on multiple awards.		
10l	Total Federal Program Income Earned	Enter the amount of Federal program income earned. Do not report any program income here that is being allocated as part of the recipient's cost sharing amount included in Line 10j.
10m	Program Income Expended in Accordance With the Deduction Alternative	Enter the amount of program income that was used to reduce the Federal share of the total project costs.
10n	Program Income Expended in Accordance With the Addition Alternative	Enter the amount of program income that was added to funds committed to the total project costs and expended to further eligible project or program activities.
10o	Unexpended Program Income (Line 10l Minus Line 10m or Line 10n)	Enter the amount of Line 10l minus Line 10m or Line 10n. This amount equals the program income that has been earned but not expended, as of the reporting period end date.
11	<b>Indirect Expense:</b> Complete this information only if required by the awarding agency and in accordance with agency instructions.	
11a	Type of Rate(s)	State whether indirect cost rate(s) is Provisional, Predetermined, Final, or Fixed.
11b	Rate	Enter the indirect cost rate(s) in effect during the reporting period.
11c	Period From; Period To	Enter the beginning and ending effective dates for the rate(s).
11d	Base	Enter the amount of the base against which the rate(s) was applied.
11e	Amount Charged	Enter the amount of indirect costs charged during the time period specified. (Multiply 11b. x 11d.)
11f	Federal Share	Enter the Federal share of the amount in 11e.
11g	Totals	Enter the totals for columns 11d, 11e, and 11f.
<b>Remarks, Certification, and Agency Use Only</b>		
12	Remarks	Enter any explanations or additional information required by the Federal sponsoring agency including excess cash as stated in line 10c.
13a	Typed or Printed Name and Title of Authorized Certifying Official	Enter the name and title of the authorized certifying official.
13b	Signature of Authorized Certifying Official	The authorized certifying official must sign here.
13c	Telephone (Area Code, Number and Extension)	Enter the telephone number (including area code and extension) of the individual listed in Line 13a.
13d	E-mail Address	Enter the e-mail address of the individual listed in Line 13a.

<b>FFR Number</b>	<b>Reporting Item</b>	<b>Instructions</b>
13e	Date Report Submitted (Month, Day, Year)	Enter the date the <i>FFR</i> is submitted to the Federal agency using the month, day, year format.
14	Agency Use Only	This section is reserved for Federal agency use.

### **Line Item Instructions for the Federal Financial Report Attachment**

(To be completed if reporting on cash management activity for multiple grants.)

<b>Box Number</b>	<b>Reporting Item</b>	<b>Instructions</b>
1	Federal Agency and Organizational Element to Which Report is Submitted	Enter the name of the Federal agency and organizational element identified in the award document or otherwise instructed by the agency. (This information should be identical to that entered in Box 1, <i>FFR</i> .)
2	Recipient Organization	Enter the name and complete address of the recipient organization including zip code. (Same information as entered in Box 3, <i>FFR</i> .)
3a	DUNS Number	Enter the recipient organization's Data Universal Numbering System (DUNS) number or Central Contract Registry extended DUNS number. (Same information as entered in Box 4a, <i>FFR</i> .)
3b	EIN	Enter the recipient organization's Employer Identification Number (EIN). (Same information as entered in Box 4b, <i>FFR</i> .)
4	Reporting Period End Date: (Month, Day, Year)	Enter the ending date of the reporting period of this report. (Same information as entered in Box 9, <i>FFR</i> .)
5	Federal Grant Number	Enter the grant number assigned to each award by the Federal agency.
	Recipient Account Number	Enter the account number or any other identifying number assigned by the recipient to each award. This number is for the recipient's use only and is not required by the Federal agency.
	Cumulative Federal Cash Disbursement	Enter the cumulative amount of the Federal share of cash disbursed for each award. Cash disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.
	Total	Enter the total for the Cumulative Cash Disbursement. This column should equal the amount reported on Line 10b, <i>FFR</i> .



# ASSURANCES AND CERTIFICATIONS

Signing the certification on SF 424 certifies that the Applicant will comply with the Assurances and Certifications listed below if an award is made. Certain of these Assurances and Certifications may not be applicable to the Applicant. An Applicant may not modify any of the Assurances and Certifications.

## A. Standard Form 424B: Assurances -- Non-Construction Programs

As the duly authorized representative of the Applicant, I certify that the Applicant:

1. Has the legal authority to apply for Federal assistance, and the institutional, managerial and financial capability (including funds sufficient to pay the non-Federal share of project costs) to ensure proper planning, management and completion of the project described in this Application.
2. Will give the awarding agency, the Comptroller General of the United States, and if appropriate, the State, through any authorized representative, access to and the right to examine all records, books, papers, or documents related to the award; and will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.
3. Will establish safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain.
4. Will initiate and complete the work (activities in Application) within the applicable time frame after receipt of approval of the awarding agency.
5. Will comply with the Intergovernmental Personnel Act of 1970 (42 U.S.C. 4728-4763) relating to prescribed standards for merit systems for programs funded under one of the nineteen statutes or regulations specifies in Appendix A of OPM's Standards for a Merit System of Personnel Administration (5 CFR 900, Subpart F).
6. Will comply with all Federal statutes relating to nondiscrimination. These include but are not limited to: (a) Title VI of the Civil Rights Act of 1964 (P.L. 88-352) which prohibits discrimination on the basis of race, color or national origin; (b) Title IX of the Education Amendments of 1972, as amended (20 U.S.C. 1681-1683, 1685-1686), which prohibits discrimination on the basis of sex; (c) Section 504 of the Rehabilitation Act of 1973, as amended (29 U.S.C. 794), which prohibits discrimination on the basis of handicaps; (d) the Age Discrimination Act of 1975, as amended (42 U.S.C. 6101-6107), which prohibits discrimination on the basis of age; (e) the Drug Abuse Office and Treatment Act of 1972 (P.L. 92-255), as amended, relating to nondiscrimination on the basis of drug abuse; (f) the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment and Rehabilitation Act of 1970 (P.L. 91-616), as amended, relating to nondiscrimination on the basis of alcohol abuse or alcoholism; (g) Sections 523 and 527 of the Public Health Service Act of 1912 (42 U.S.C. 290 dd-3 and 290 ee-3), as amended, relating to confidentiality of alcohol and drug abuse patient records; (h) Title VIII of the Civil Rights Act of 1968 (42 U.S.C. 3601 et seq.), as amended, relating to nondiscrimination in the sale, rental or financing of housing; (i) any other nondiscrimination provisions in the specific statute(s) under which Application for Federal assistance is being made; and (j) the requirements of any other nondiscrimination statutes which may apply to the Application.
7. Will comply, or has already complied, with the requirements of Titles II and III of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (P.L. 91-646) which provide for fair and equitable treatment of persons displaced or whose property is acquired as a result of Federal or federally assisted programs. These requirements apply to all interests in real property acquired for project purposes regardless of Federal participation in purchases.
8. Will comply with the provisions of the Hatch Act (5 U.S.C. 1501-1508 & 7324-7328) which limit the political activities of employees whose principal employment activities are funded in whole or in part with Federal funds.
9. Will comply, as applicable, with the provisions of the Davis-Bacon Act (40 U.S.C. 276a to 276a-7), the Copeland Act (40 U.S.C. 276c and 18 U.S.C. 874), and the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-333), regarding labor standards for federally assisted construction subagreements.
10. Will comply, if applicable, with flood insurance purchase requirements of Section 102(a) of the Flood Disaster Protection Act of 1973 (P.L. 93-234) which requires recipients in a special flood hazard area to participate in the program and to purchase flood insurance if the total cost of insurable construction and acquisition is \$10,000 or more.
11. Will comply with environmental standards which may be prescribed pursuant to the following: (a) institution of environmental quality control measures under the National Environmental Policy Act of 1969 (P.L. 91-190) and Executive Order 11514; (b) notification of violating facilities pursuant to EO 11738; (c) protection of wetlands pursuant to EO 11990; (d) evaluation of flood hazards in floodplains in accordance with EO 11988; (e) assurance of project consistency with the approved State management program developed under the Coastal Zone Management Act of 1972 (16 U.S.C. 1451 et seq.); (f) conformity of Federal actions to State Implementation Plans under Section 176(c) of the Clean Air Act of 1955, as amended (42 U.S.C. 7401 et seq.); (g) protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, (P.L. 93-523); and (h) protection of endangered species under the Endangered Species Act of 1973, as amended, (P.L. 93-205).
12. Will comply with the Wild and Scenic Rivers Act of 1968 (16 U.S.C. 1271 et seq.) related to protecting components or potential components of the national wild and scenic rivers system.
13. Will assist the awarding agency in assuring compliance with Section 106 of the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470), EO 11593 (identification and protection of historic properties), and the Archaeological and Historic Preservation Act of 1974 (16 U.S.C. 469a-1 et seq.).
14. Will comply with P.L. 93-348 regarding the protection of human subjects involved in research, development, and related activities supported by this award of assistance.
15. Will comply with the Laboratory Animal Welfare Act of 1966 (P.L. 89-544, as amended, 7 U.S.C. 2131 et seq.) pertaining to the care, handling, and treatment of warm blooded animals held for research, teaching, or other activities supported by this award of assistance.
16. Will comply with the Lead-Based Paint Poisoning Prevention Act (42 U.S.C. 4801 et seq.) which prohibits the use of lead based paint in construction or rehabilitation of residence structures.
17. Will cause to be performed the required financial and compliance audits in accordance with the Single Audit Act of 1984.
18. Will comply with all applicable requirements of all other Federal laws, executive orders, regulations and policies governing this program.

## B. Additional Certifications

In addition to the assurances and certifications provided by the Applicant pursuant to OMB Standard Form 424B, the Applicant hereby assures and certifies that:

1. It is duly organized and validly existing under the laws of the jurisdiction in which it was incorporated or otherwise established, and is (or within 30 days will be) authorized to do business in any jurisdiction in which it proposes to undertake activities specified in this Application;
2. Its Board of Directors (or similar governing body) has by proper resolution or similar action authorized the filing of this Application, including all understandings and assurances contained herein, and directed and authorized the person identified as the authorized representative of the Applicant to act in connection with this Application and to provide such additional information as may be required;
3. It will comply with all applicable requirements of the Community Development Banking and Financial Institutions Act of 1994 (the Act) [12 U.S.C. 4701 et seq.], regulations implementing the Act and all other applicable Department of the Treasury regulations and implementing procedures (and any regulations or procedures which are later promulgated to supplement or replace them);
4. It will comply, as applicable and appropriate, with the requirements of OMB Circulars (e.g., A-110 and A-133) and any regulations and circulars which are later promulgated to supplement or replace them, including standards for fund control and accountability;
5. It has not knowingly and willfully made or used a document or writing containing any false, fictitious or fraudulent statement or entry as part of this Application or any related document, correspondence or communication. (The Applicant and its authorized representative should be aware that, under 18 U.S.C. 1001, whoever knowingly and willfully makes or uses such document or writing shall be fined or imprisoned for not more than five years, or both); and
6. The information in this Application, and in these assurances and certifications in support of the Application, is true and correct to the best of the Applicant's knowledge and belief and the filing of this Application has been duly authorized.

## C. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions: Instructions for Certification

1. By signing and submitting this Application, the prospective primary participant (the Applicant) is providing the certification set out below.
2. The inability of a person to provide the certification required below will not necessarily result in the denial of participation in this covered transaction. The prospective Applicant shall submit an explanation of why it cannot provide the certification set out below. The certification or explanation will be considered in connection with the Fund's determination whether to enter into this transaction (approval and funding of the Application). However, failure of the Applicant to

- furnish a certification or an explanation shall disqualify such person from participation in this transaction.
3. This certification is a material representation of fact upon which reliance is placed when the Fund determines to enter into this transaction. If it is later determined that the Applicant knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.
  4. The Applicant shall provide immediate written notice to the Fund if at any time the Applicant learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
  5. The terms "covered transactions," "debarred," "suspended," "ineligible," "lower tier covered transaction," "participant," "person," "primary covered transaction," "principal," "proposal", and "voluntarily excluded," as used in this clause (certification), have the meanings set out in the Definitions and Coverage sections of the rules implementing Executive Order 12549. You may contact the Fund for assistance in obtaining a copy of those regulations (31 CFR part 19).
  6. The Applicant agrees by submitting this Application that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible, or voluntarily excluded from participation in this covered transaction, unless authorized by the Fund.
  7. The Applicant further agrees by submitting this Application that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion-Lower Tier Covered Transaction," to be provided by the Fund, without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions (see 31 CFR part 19, Appendix B).
  8. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the Nonprocurement List.
  9. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.
  10. Except for transactions authorized under paragraph 6 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier covered transaction with a person who is suspended, debarred, ineligible, or voluntarily excluded from participation in this transaction, in addition to other remedies available to the Federal Government, the Fund may terminate this transaction for cause or default.

**D. Certification Regarding Debarment, Suspension, and Other Responsibility Matters -- Primary Covered Transactions**

1. The prospective primary participant (the Applicant) certifies to the best of its knowledge and belief, that it and its principals:
  - (a) are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions by any Federal department or agency;
  - (b) have not within a three-year period preceding this Application been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;
  - (c) are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in paragraph (1)(b) of this certification; and
  - (d) Have not within a three-year period preceding this Application had one or more public transactions (Federal, State or local) terminated for cause or default.
2. Where the Applicant is unable to certify to any of the statements in this certification, such Applicant shall attach an explanation to this proposal.

**E. Certification Regarding Drug-Free Workplace Requirements**

1. The Applicant certifies that it will provide a drug-free workplace by:
  - (a) publishing a statement notifying employees that the unlawful manufacture, distribution, dispensing, possession, or use of a controlled substance is prohibited in the Applicant's workplace and specifying the actions that will be taken against employee for violations of such prohibition;

- (b) establishing a drug-free awareness program to inform employees about:
    - (i) the dangers of drug abuse in the workplace;
    - (ii) the Applicant's policy of maintaining a drug-free workplace;
    - (iii) any available drug counseling, rehabilitation, and employee assistance program;
    - (iv) the penalties that may be imposed upon employees for drug abuse violations occurring in the workplace
  - (c) making it a requirement that each employee to be engaged in the performance of the award be given a copy of the statement required by subparagraph (a);
  - (d) notifying the employee in the statement required by subparagraph (a) that, as a condition of employment in such grant, the employee will:
    - (i) abide by the terms of the statement; and
    - (ii) notify the employer of any criminal drug use statute conviction for a violation occurring in the workplace no later than five calendar days after such conviction;
  - (e) notifying the granting agency in writing, within ten calendar days after receiving notice of a conviction under subparagraph (d) (ii) from an employee or otherwise receiving actual notice of such conviction;
  - (f) taking one of the following actions, within 30 days of receiving notice under subparagraph (d)(ii), with respect to any employee who is so convicted:
    - (i) taking appropriate personnel action against such an employee, up to and including termination, consistent with the requirements of the Rehabilitation Act of 1973, as amended; or
    - (ii) requiring such employee to participate satisfactorily in a drug abuse assistance or rehabilitation program approved for such purposes by a Federal, State, or local health, law enforcement, or other appropriate agency; and
  - (g) making a good faith effort to continue to maintain a drug-free workplace through implementation of subparagraphs (a), (b), (c), (d), (e), and (f).
2. The Applicant may insert in the space provided below the site(s) for the performance of work (activities carried out by the Applicant) to be done in connection with the award (Place of Performance (Street Address, City, County, State and zip Code)):
 

Not Applicable

**F. Certification Regarding Lobbying**

1. The Applicant certifies, to the best of its knowledge and belief, that:
  - (a) No Federal appropriated funds have been paid or will be paid, by or on behalf of the Applicant, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement;
  - (b) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Application, the undersigned shall complete and submit Standard Form LLL, "Disclosure Form to Report Lobbying, " in accordance with its instructions; and
  - (c) The Applicant shall require that the language of this certification be included in the award documents for all subawards of all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.
2. This certification is a material representation of fact upon which reliance is placed when this transaction is made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

# DISCLOSURE OF LOBBYING ACTIVITIES

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352

Approved by OMB

0348-0046

(See reverse for public burden disclosure.)

<b>1. Type of Federal Action:</b> <input type="checkbox"/> a. contract <input type="checkbox"/> b. grant <input type="checkbox"/> c. cooperative agreement <input type="checkbox"/> d. loan <input type="checkbox"/> e. loan guarantee <input type="checkbox"/> f. loan insurance	<b>2. Status of Federal Action:</b> <input type="checkbox"/> a. bid/offer/application <input type="checkbox"/> b. initial award <input type="checkbox"/> c. post-award	<b>3. Report Type:</b> <input type="checkbox"/> a. initial filing <input type="checkbox"/> b. material change <b>For Material Change Only:</b> year _____ quarter _____ date of last report _____
<b>4. Name and Address of Reporting Entity:</b> <input type="checkbox"/> Prime <input type="checkbox"/> Subawardee Tier _____, <i>if known</i> :  <b>Congressional District, if known:</b> 4c	<b>5. If Reporting Entity in No. 4 is a Subawardee, Enter Name and Address of Prime:</b>   <b>Congressional District, if known:</b>	
<b>6. Federal Department/Agency:</b>	<b>7. Federal Program Name/Description:</b>  CFDA Number, <i>if applicable</i> : _____	
<b>8. Federal Action Number, if known:</b>	<b>9. Award Amount, if known:</b> \$ _____	
<b>10. a. Name and Address of Lobbying Registrant</b> <i>(if individual, last name, first name, MI):</i>	<b>b. Individuals Performing Services</b> <i>(including address if different from No. 10a)</i> <i>(last name, first name, MI):</i>	
<b>11.</b> Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____	
<b>Federal Use Only:</b>		Authorized for Local Reproduction Standard Form LLL (Rev. 7-97)

## INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a followup report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.  
  
(b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

# Low Income Taxpayer Clinics (LITCs) Application Information

**Type of Grant** (Check one)  ESL  Controversy or  Both

**Grant Period Request** (Check one)

New or Single Year request

Multi-year (If you are in a multi-year grant, indicate which year)  1st of 3 years  2nd of 3 years  3rd of 3 years

## Sponsoring Organization Information

Name

### Contact Information

Name			Title		
Phone number		Fax number	E-mail address		
<b>Street Address</b>			<b>Mailing Address</b>		
Street			Street		
City	State	ZIP + 4 code	City	State	ZIP + 4 code

## Clinic Information

Name of Clinic

<b>Clinic Street Address</b>			<b>Clinic Mailing Address</b>		
Street			Street		
City	State	ZIP + 4 code	City	State	ZIP + 4 code
Public telephone number			Toll-Free telephone number (if applicable)		
Languages served			LITC Internet (Web) address		

### Clinic Director Information

Name			Title		
Phone number		Fax number	E-mail address		

## Grants Officer/Financial Administrator Information (Funds will be forwarded to this address)

Name			Title		
Phone number		Fax number	E-mail address		
<b>Street Address</b>			<b>Mailing Address</b>		
Street			Street		
City	State	ZIP + 4 code	City	State	ZIP + 4 code

## LITC Tax Information Authorization

*As provided for in Publication 3319, all applicants for an LITC grant must be in compliance with Federal tax responsibilities. The LITC Program Office will conduct compliance checks on organizations applying for an LITC grant and will also conduct periodic checks throughout the grant period. Therefore, any LITC that is part of a larger organization (e.g., university) will need to have an authorized official from the larger organization complete the following authorization:*

Name of Academic Institution or other Parent Organization:

---

Name of Low Income Taxpayer Clinic:

---

I authorize the Internal Revenue Service to disclose the following return information, as that term is defined in Internal Revenue Code section 6103(b), of the Academic Institution or Parent Organization (listed above) to the Director of the Low Income Taxpayer Clinic (listed above) in connection with the clinic's application for a low income taxpayer clinic matching grant and continued entitlement to such grant. Specifically, I authorize the Internal Revenue Service to disclose that the Academic Institution or Parent Organization has an outstanding federal tax liability (amount, type of tax, and periods) that may affect the approval of the clinic's grant application by the Internal Revenue Service or the clinic's continued entitlement to such grant.

I am aware that without this authorization the return information of the Academic Institution or Parent Organization is confidential and is protected by law under the Internal Revenue Code. I certify that I am authorized by law to bind the Academic Institution or Parent Organization and that I have authority to execute this consent to disclose return information.

Taxpayer Name: \_\_\_\_\_

Taxpayer Address: \_\_\_\_\_  
\_\_\_\_\_

Employer Identification Number: \_\_\_\_\_

Name and Title of Authorized Person: \_\_\_\_\_

Signature of Authorized Person: \_\_\_\_\_

Telephone Number of Authorized Person: \_\_\_\_\_

Date: \_\_\_\_\_

**GRANT AGREEMENT**

The Grant Agreement is entered into by the Internal Revenue Service, Department of the Treasury, United States of America, hereinafter referred to as the IRS, and \_\_\_\_\_  
**Contract Number** \_\_\_\_\_, hereinafter referred to as the recipient.

The recipient agrees to operate an LITC Program in conformity with the approved Grant Application, which is governed by:

- 1. 26 U.S.C. § 7526; and
- 2. LITC Program Requirements (as stated in Publication 3319, "Low Income Taxpayer Clinics 2008 Grant Application Package and Guidelines");

**Grant Agreement Period:**

**NOTE:** If expenses are incurred prior to approval, and the grant is later denied, all costs incurred will be the responsibility of the Recipient.

**Maximum Amount of Funds Available from the IRS for Expense Reimbursement:**

The Maximum amount available from the IRS under this Grant Agreement is \$ \_\_\_\_\_. This amount may be increased in writing only by the IRS, Taxpayer Advocate Service, LITC Program Office, TA:LITC, 1111 Constitution Ave., NW, Room 1034, Washington, DC 20224.

**Implementation of the Trafficking Victims Protection Act of 2000, as amended (22 U.S.C. § 7104) – See 2 C.F.R. § 175.15 (2007)**

- 1. You as the recipient, your employees, subrecipients under this award, and subrecipients' employees may not—
  - i.) Engage in severe forms of trafficking in persons during the period of time that the award is in effect;
  - ii.) Procure a commercial sex act during the period of time that the award is in effect; or
  - iii.) Use forced labor in the performance of the award or subawards under the award.
- 2. The IRS, as the Federal awarding agency may unilaterally terminate this award, without penalty, if you or a subrecipient that is a private entity-
  - i) Is determined to have violated a prohibition in paragraphs (1)(i) – (iii) above of this award term; or
  - ii.) Has an employee who is determined by the IRS official authorized to terminate the award to have violated a prohibition in paragraphs (1)(i)-(iii) of this award term through conduct that is either –
    - A. Associated with performance under this award; or
    - B. Imputed to you or the subrecipient using the standards and due process for imputing the conduct of an individual to an organization that are provided in 2 CFR part 180, "OMB Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," as implemented by the IRS in Publication 3319.

**Approved by an Authorized Representative of the Program Sponsor by:**

Name (Please Print)	Title
Signature	Date

**Approved for the IRS by:**

Name (Please Print)	Title
Signature	Date

# **Appendix B**

## **LITC Program Grant Application Checklists**

**and**

## **LITC Program Report Package Submission Checklists**

---

This page intentionally left blank.

## LITC PROGRAM GRANT APPLICATION PACKAGE SUBMISSION CHECKLIST

### NEW OR SINGLE YEAR GRANT APPLICATIONS

New or single year applications for the LITC Program Grant Application **must** include the following information:

#### **Background Information (limited to 15 pages, double spaced)**

Items described under Section VI of this package.

#### **Determination of Program Performance**

Items described under Section VI of this package.

#### **Budget/Financial Information**

Items described under Section VI of this package.

#### **Requisites for Package Submission**

Submit application in quadruplicate (four sets). Double space and sign all documents (application, certifications, etc) in **blue ink**. Each set must have original signatures.

#### **Package Assembly**

It is very important that the LITC Program Grant Application Package be assembled correctly. A copy of the standard forms and certifications are included Appendix A of this publication. The application package **must** be assembled in the following manner:

- \_\_\_ 1. Standard Form 424, *Application for Federal Assistance*.
- \_\_\_ 2. Background Information.
- \_\_\_ 3. Copy of determination letter issued by IRS recognizing organization as exempt under IRC Section 501(c) (if applicable).
- \_\_\_ 4. Copy of letter of academic accreditation for college, university or other institution of higher learning (if applicable).
- \_\_\_ 5. Determination of Program Performance (**one for each qualifying program, if applicable**).
- \_\_\_ 6. Budget/Financial Information (**one for each qualifying program, if applicable**).
- \_\_\_ 7. Completed Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Program Grant Application Sheet*.
- \_\_\_ 8. Standard Form LLL, *Disclosure of Lobbying Activities*, signed in **blue ink** by an authorized representative of the organization.
- \_\_\_ 9. Tax Information Authorization (if applicable) signed in **blue ink** by an authorized representative of the organization.

## LITC PROGRAM GRANT APPLICATION PACKAGE SUBMISSION CHECKLIST

### CONTINUING MULTI-YEAR GRANT APPLICATIONS

Continuing multi-year applications for the LITC Program Grant Application **must** include the following information:

#### **Continuation Request**

Letter described under Section VI of this package.

#### **Budget/Financial Information**

Items described under section VI of this package.

#### **Requisites for Package Submission**

Submit application in quadruplicate (four sets). Double Space and sign all documents (application, certifications, etc) in **blue ink**.

Each set must have original signatures.

#### **Package Assembly**

It is very important that the LITC Program Grant Application Package be assembled correctly. A copy of the standard forms and certifications are included Appendix A of this publication. The application package **must** be assembled in the following manner:

- \_\_\_ 1. Standard Form 424, *Application for Federal Assistance*.
- \_\_\_ 2. Letter requesting continuation in the LITC Program for the 2010 grant cycle.
- \_\_\_ 3. Standard Form 424A, *Budget Information – Non-Construction Programs* (**one for each qualifying program, if applicable**).
- \_\_\_ 4. Budget Narrative (**one for each qualifying program, if applicable**).
- \_\_\_ 5. Detailed description of matching funds.
- \_\_\_ 6. Estimate of funds that will not be expended during the 2009 year.
- \_\_\_ 7. Completed Form 13424, *IRS Low Income Taxpayer Clinic (LITC) Program Grant Application Sheet*.
- \_\_\_ 8. Standard Form LLL, *Disclosure of Lobbying Activities*, signed in **blue ink** by an authorized representative of the organization
- \_\_\_ 9. Tax Information Authorization (if applicable) signed in blue ink by an authorized representative of the organization.

## LITC Program Interim Report Package Submission Check List

- A completed Form 425, *Federal Financial Report* and Form 425a, *Federal Financial Report Attachment* (if necessary) for the period from January 1, through June 30.
- A complete financial narrative, describing how grant funds were expended for the period from January 1 through June 30.
  - \_\_\_\_\_ If you are funded for both controversy and ESL each needs a separate financial narrative.
  - \_\_\_\_\_ Statement of unobligated funds
- Program Narrative must include the following:
  - \_\_\_\_\_ Detailed strategy used for monitoring/evaluating program
  - \_\_\_\_\_ Description of how you define and measure program success
  - \_\_\_\_\_ Explanation of the progress made in implementing the program
  - \_\_\_\_\_ Status of proposed goals and objectives
  - \_\_\_\_\_ Impediments to meeting established goals and objectives
  - \_\_\_\_\_ Describe the clinic's efforts to publicize the program
  - \_\_\_\_\_ Describe the type of representation and name of workshops
  - \_\_\_\_\_ Describe any additional activities not described previously
- Interim and Year-End Report Form (Appendix C)
- Supplemental Issues Form (Appendix C (controversy only))
- Statement describing the reason a case was accepted for any opened controversy case during the period where the amount of controversy exceeded \$50,000.
- Additional funding. If your organization would like to request additional funding, include a separate letter requesting the additional funding and explain how the funds will be spent. The grant award and amount of additional funds being requested cannot exceed \$100,000.
- Interesting Issue or Success Story Identified

## LITC Program Annual Report Package Submission Check List

- A completed Form 425, *Federal Financial Report* and Form 425a, *Federal Financial Report Attachment* (if necessary) for the period from January 1, through December 31.
- A complete financial narrative, describing how grant funds were expended for the period from January 1 through December 31.
  - \_\_\_\_\_ Itemization and explanation of the actual costs.
  - \_\_\_\_\_ The source, date, availability and amount of matching funds received for the LITC program.
  - \_\_\_\_\_ Separate narratives for ESL/Controversy.
  - \_\_\_\_\_ Statement of amount of unobligated or deobligated Funds.
- Program Narrative for the period January 1 through December 31
  - \_\_\_\_\_ Implementation of the LITC Program
  - \_\_\_\_\_ Information provided to ESL taxpayers
  - \_\_\_\_\_ Training provided to students, volunteers, and LITC employees
  - \_\_\_\_\_ Case tracking
  - \_\_\_\_\_ Publicity for the LITC
  - \_\_\_\_\_ Referral Mechanism for Controversies
  - \_\_\_\_\_ Privacy and confidentiality
  - \_\_\_\_\_ *Pro Bono* panel
  - \_\_\_\_\_ Nominal fees
  - \_\_\_\_\_ Delivery of services
  - \_\_\_\_\_ Miscellaneous
  - \_\_\_\_\_ Program goals
  - \_\_\_\_\_ Special orders for student practice
  - \_\_\_\_\_ IRC 7463 (\$50,000)
- Interim and Year-End Report Form (Appendix C)
- Supplemental Issues Form (Appendix C (controversy only))
- Statement describing the reason a case was accepted for any opened controversy case during the period where the amount of controversy exceeded \$50,000.
- Interesting Issue or Success Story Identified:

# **Appendix C**

**Interim and Year-End Report Form  
and Instructions**

**and**

**Supplemental Issues Form  
and Instructions**

---

This page intentionally left blank.

## Low Income Taxpayer Clinics (LITCs) 2010 Interim and Year-End Report

**Name of Clinic** \_\_\_\_\_

**Reporting Period**  Interim Report - January 1 through June 30, 2010 or  Year-End Report - January 1 through December 31, 2010

**Report Type**  Original Report or  Amended Report

**Clinic Type**  ESL Clinic  Controversy Clinic  Both

Does the organization have a pro bono panel  Yes  No

Does the organization provide CLE or CPE tax law training  Yes  No

Does the organization have a U.S. Tax Court agreement  Yes  No

<b>Part I. ESL Activities</b>		(i) Interim Report	(ii) Year-End Report
1	Enter the number of outreach activities conducted during the reporting period.		
	a. Enter the number of ESL taxpayers who attended outreach activities during the reporting period.		
2	Enter the number of Educational Workshops conducted during the reporting period.		
	a. Enter the number of ESL taxpayers who attended Educational Workshops during the reporting period.		
3	Enter the number of Educational Programs conducted during the reporting period.		
	a. Enter the number of ESL taxpayers who attended Educational Programs during the reporting period.		
4	Enter the number of direct contacts or one-on-one consultations with ESL taxpayers during the reporting period.		
5	Enter the number of radio or television advertisements / appearances and newspaper articles during the reporting period.		
6	Enter the number of ESL taxpayers referred for controversy representation during the reporting period.		
<b>Return and Other Tax Form Preparation Activities</b>			
7	Enter the number of returns that were ancillary to ESL outreach and educational activities. (If providing ESL and controversy services and the preparation of a return is directly related to a controversy, do not count any such return here. See Part II, Line 11)		
8	Enter the number of Individual Taxpayer Identification Number (ITIN) applications prepared during the reporting period that were ancillary to ESL outreach and educational activities.		



**If your clinic is ESL only, DO NOT complete any other portion of this form for the reporting period.**

<b>Part II. Controversy Activities</b>		(i) Interim Report	(ii) Year-End Report
1	Enter the number of cases that were worked in the previous year that remained open as of <b>January 1, 2010</b> .		
2	Enter the number of new cases opened during the reporting period. I For the <b>Year-End Report</b> , enter the total number of new cases opened from January 1, 2010 through December 31, 2010.		

<b>Part II. Controversy Activities</b> <i>(continued)</i>		<b>(i) Interim Report</b>	<b>(ii) Year-End Report</b>
3	Total number of cases opened during the reporting period. I For the Interim Report add lines 1i and 2i. I For the Year-End Report add lines 1i and 2ii.		
<b>For the number of cases reported on line 3 above, complete lines a through i for the reporting period.</b>			
	a. Enter the number of cases where the taxpayer's income exceeded 250% of the poverty level during the reporting period.		
	b. Enter the number of cases where the amount in controversy (tax and penalty) <b>exceeded</b> \$50,000 per taxable year (IRC § 7463) during the reporting period.		
	c. Enter the number of ALL issues addressed during the reporting period. This line should equal <b>line 37</b> on the Supplemental Issues Form		
	d. Enter the number of cases where a petition is filed in U.S. Tax Court during the reporting period.		
	e. Enter the number of refund suits filed in U.S. District Court or U.S. Court of Federal Claims during the reporting period.		
	f. Enter the number of bankruptcy cases, related to an LITC case, worked during the reporting period.		
	g. Enter the number of controversy cases opened for ESL taxpayers during the reporting period.		
	h. Enter the number of cases referred to a qualified pro bono or other LITC representative during the reporting period.		
	i. Enter the number of cases referred to TAS during the reporting period.		
4	Enter the number of cases closed during the reporting period.		
5	Enter the number of consultations during the reporting period that did not result in representation.		
6	Enter the number of informal consultations in U.S. Tax Court during the reporting period.		
7	Enter the number of informal consultations in U.S. District Court or U.S. Court of Federal Claims during the reporting period.		
8	Enter the number of consultations that <b>did not qualify</b> for clinic services but were referred to appropriate alternatives such as state bars during the reporting period.		
9	Enter the number of state income tax matters handled during the reporting period.		
10	Enter the number of taxpayers assisted during the reporting period, including those for whom cases were not opened.		
<b>Return and Other Tax Form Preparation Activities</b>			
11	Enter the number of tax returns (including amended returns) that were prepared by the clinic during the reporting period that were directly related to a controversy. (If providing ESL and controversy services and the preparation of a return is ancillary to ESL outreach and educational activities, do not count any such return here. See Part I, Line 7).		
12	Enter the number of ITIN applications prepared during the reporting period that were directly related to a controversy.		
<b>Publicity and Outreach Activities</b>			
13	Enter the number of outreaches conducted during the reporting period.		
14	Enter the number of radio or television advertisements / appearances and newspaper articles during the reporting period.		

# Instructions for the 2010 Low Income Taxpayer Clinics Interim and Year-End Report Form

**Note.** When submitting your Interim or Annual Reports package, this form is part of the Program Narrative.

Under unusual circumstances, clinics may request an extension of time to submit the Interim Report package or the Annual Report package. Requests for an extension must be submitted in writing to the LITC Program Office prior to the due date of the report. The request should be sent to your assigned program analyst via e-mail. Once received, the analyst will ask the Director of the Low Income Taxpayer Clinic Program to review it and make a determination. For additional information on Report Packages, see Publication 3319.

**Note.** Failure to timely submit required reports to the LITC Program Office may result in freezing of funds or termination of the grant.

## Purpose

This form is designed to capture the work the clinic has performed during the reporting periods. The LITC program requires clinics to submit two reports during a grant cycle - an Interim report and an Annual report. These reports are used by the Program Office to determine the effectiveness of LITC operations by reviewing services provided to low income taxpayers and ESL taxpayers.

**Note.** Interim and Annual Reports (including this report form contained) are subject to Freedom of Information Act (FOIA) requests. The LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

## Reporting Requirements

This form must be completed by both ESL and Controversy clinics.

**ESL Clinics.** If your clinic has been funded for ESL activity only, complete Part I of the form.

**Controversy Clinics.** If your clinic has been funded for controversy activity only, complete Part II of the form.

**Both ESL and Controversy.** If your clinic has been funded for both ESL and controversy activities, complete both Part I and Part II of the form

**Reporting period.** Check all boxes that apply. LITCs are required to report on clinic activities twice during the grant cycle. The **grant cycle** is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required for the period January 1, 2010 through June 30, 2010; the Year-End Report is required and covers the period of January 1 through December 31, 2010.

## Specific Instructions

### Part I. ESL, Publicity, and Outreach Activities

**Line 1.** Outreach activities include community events such as fairs, forums, meetings, etc to inform the public about clinic services. Clinic service information at these events can include but are not limited to public speaking, distribution of marketing materials, and face-to-face conversation. This is typically not an avenue for education about taxpayer rights and responsibilities.

**Line 2.** Educational workshops are conducted in a class-type setting with direct interaction with the participants. Examples could be community college classes, sessions at local community centers, or sessions at churches. Workshops can cover information such as: how to complete a Form W-4 for withholding, filing requirements, collection or examination issues, or how to locate trustworthy tax professionals. This would not be to one individual or to a large crowd at a community fair.

**Line 3.** Educational Programs would deliver tax education via lecture. Typically there is little or no audience interaction. Educational Programs could cover the same topics as listed above on line 2.

**Line 4.** Direct contacts and one-on-one consultation typically follow an outreach event, educational workshop, or educational program about taxpayer rights and responsibilities.

**Line 5.** List only the number of events, articles and advertisements on this line. Use the Program Narrative to provide additional information such as, the number of potential listeners, viewers and readers, as well as the frequency of the advertisements, programs, articles and any other information about your publicity efforts.

### Return and Other Tax Form Preparation Activities

**Line 7.** Ancillary means directly related to or secondary to an ESL outreach or educational activity. Thus, tax return preparation for an ESL only clinic should be limited. Taxpayers that need current year tax return preparation should be referred to a VITA or TCE site. If the tax return preparation is connected to a controversy, it is not considered “ancillary” and should not be reported on this line; instead, it should be reported in Part II, line 11.

**Line 8.** Preparation of ITIN applications is limited to two contexts: (1) If preparation is necessary to resolve the taxpayer’s controversy with the IRS, or (2) If preparation is ancillary to the education of a taxpayer for whom English is a second language. Include on this line only the number of ITIN applications that fit into category (2).

## **Part II. Controversy Activities**

For the purposes of completing this form a **case** means the clinic has entered into an agreement with the client for representation involving a controversy with the Internal Revenue Service (IRS). A case includes all issues for one taxpayer with whom the clinic enters into a *pro bono* or clinic representation agreement, or for whom the clinic obtains a Power of Attorney (POA) or other official authorization.

**Line 2.** Report on this line the number of new cases opened in the identified reporting period. A case is also considered new if the issue was closed in a prior reporting period and then reopened to provide additional assistance.

**Line 3a.** For information on the poverty guidelines, see Publication 3319, Section IV. LITC PROGRAM GRANT REQUIREMENTS.

**Line 3b.** For cases that exceeded \$50,000 you must explain why the case was accepted and the circumstances surrounding the representation or referral in your Program Narrative.

**Line 3c.** The number on this line should equal line 33 on the Supplemental Issues Form.

**Line 3g.** Include on this line the total number of cases where the clinic entered into a representation agreement and referred the case to a qualified pro bono or other LITC representative to assist in resolution of the case.

**Line 3h.** Include on this line the total number of cases where the clinic entered into a representation agreement and referred to TAS for resolution of the case.

**Line 4.** A case is considered closed when the clinic is no longer in a representation agreement with the client. This includes cases that were opened with a representation agreement then closed due to non-responsiveness.

**Line 5.** Consultations are where brief advice or guidance is given but no written representation agreement is entered into. This can occur either by telephone or in a face-to-face meeting.

**Line 6.** For the definition of consultation, see the instructions for line 5.

**Line 8.** Include on this line consultations where the client did not qualify for LITC services but were referred to an alternative professional representative to assist in resolution of the case.

**Line 9.** Controversy cases can sometimes involve a state tax matter that must be resolved to move the federal portion of the case to resolution.

**Line 10.** For reporting purposes, preparation of a joint return counts as two taxpayers assisted. If Representation or referral is provided to only one spouse on a joint return, the number of taxpayers assisted should be reported as one.

## **Return and Other Tax Form Preparation Activities**

**Line 11.** This includes amended returns and prior year returns that the clinic prepared during this period. Taxpayers that need current year tax return preparation should be referred to a VITA or TCE site.

**Line 12.** Preparation of ITIN applications is limited to two contexts: (1) If preparation is necessary to resolve the taxpayer’s controversy with the IRS, or (2) If preparation is ancillary to the education of a taxpayer for whom English is a second language. Include on this line only the number of ITIN applications that fit into category (1).

## **Controversy Publicity, and Outreach Activities**

**Line 13.** Outreach activity is when the clinic informs the public about clinic services by attending community events, meetings, etc.

**Line 14.** Do not enter the number of potential listener/viewers just the number of actual events. The Program Narrative is where you would reflect the number of potential listener/viewer audience.

## Low Income Taxpayer Clinics (LITCs) 2010 Supplemental Issues

**Name of Clinic**

**Reporting Period**     Interim Report - January 1 through June 30, 2010    or     Year-End Report - January 1 through December 31, 2010

**Report Type**     Original Report    or     Amended Report

**For each column, enter the number of issues worked for the reporting period**

Part I. Collection Issues		(i) Interim Report	(ii) Year-End Report
1	Levies		
2	Liens		
3	Payments		
4	Collection Due Process (CDP)		
5	Collection Appeals Process (CAP)		
6	Bankruptcy		
7	Offers in Compromise (OIC)		
8	Installment Agreements		
9	Currently Not Collectible (CNC)		
10	<i>Total Collection Issues</i>		
<b>Part II. Examination Issues</b>			
11	Earned Income Tax Credit (EITC)		
12	Assisting Victims of Fraudulent Preparers		
13	Other Correspondence		
14	Office or Field Exam (Non-EITC)		
15	Audit Reconsideration		
16	Automated Substitute for Return (ASFR)		
17	Automated Under Reporter (AUR)		
18	Amended Returns		
19	<i>Total Examination Issues</i>		
<b>Part III. Miscellaneous Issues</b>			
20	Appeals (not CDP)		
21	Refund Claim		
22	Refund Litigation		
23	Relief from Joint and Several Liability (Innocent Spouse)		
24	Injured Spouse		
25	Employment Tax Liability		
26	IRC § 6672 Trust Fund Recovery Penalty		
27	Other Civil Penalties		
28	Identity Theft		
29	Cancellation of Debt (COD)		
30	Individual Taxpayer Identification Numbers (ITINs)		
31	Nonfiler		
32	Identity Theft		
33	<i>Total Miscellaneous Issues</i>		
<b>Part IV. Other Issues</b>			
34			
35			
36	<i>Total Other Issues</i>		
<b>Part V. Total Issues Reported</b>			
37	Enter the total number of issues. Add the amounts reported on lines 10, 19, 33, & 36. <i>Enter the total here and on Form 13424-A, the 2010 Low Income Taxpayer Clinics Interim and Year-End Report, Part II, line 3c.</i>		

# Instructions for the 2010 Low Income Taxpayer Clinics (LITC) Supplemental Issues Form

**Note:** When submitting your Interim or Year-End Reports package, this form is part of the Program Narrative.

Under unusual circumstances, clinics may request an extension of time to submit the Interim Report package or the Year-End Report package. Requests for an extension must be submitted in writing to the LITC Program Office prior to the due date of the report. The request should be sent to your assigned program analyst via email. Once received the analyst will ask the Director of the Low Income Taxpayer Clinic Program to review it and make a determination. For additional information on Report Packages, see Publication 3319.

**Note:** Failure to timely submit required reports to the LITC Program Office may result in freezing of funds or termination of the grant.

## Purpose

The Supplemental Issues Form is used by Controversy LITCs to report clinical work on some of the most common tax issues and captures the type of assistance provided to taxpayers.

**Note:** Interim and Year-End Reports (including the report forms contained in Appendix C) are subject to Freedom of Information Act (FOIA) requests. The LITC Program Office will release these reports after appropriate redactions to ensure confidentiality of taxpayer information.

## Reporting Requirements

**Who should complete the Supplemental Issues Form?** The Supplemental Issues Form is to be completed by any clinic reporting cases in *Part II. Controversy Activities* of the Low Income Taxpayer Clinics Interim and Year-End Report. This form must be attached to the Low Income Taxpayer Clinic (LITC) Interim and Year-End Report packages for each reporting period.

**Reporting period.** Check all boxes that apply. LITCs are required to report on clinic activities twice during the grant cycle. The *grant cycle* is January 1 through December 31 for the year in which a grant award is received. An Interim Report is required for the period January 1, 2010 through June 30, 2010;

the Year-End Report is required and covers the period of January 1 through December 31, 2010.

**Interim reporting period.** Complete column “a” for the reporting period of January 1, thru June 30.

**Year-End reporting period.** Complete column b reporting issues for the period January 1 through December 31. Column a should have the totals previously reported for the interim reporting period and column b will be completed reflecting the total activity that occurred during the reporting period of January 1, through December 31.

## Specific Instructions

### Parts I, II and III

For each issue listed in Parts I, II, and III, provide the total number of issues worked during the reporting period. Cases can involve more than one issue and each issue should be reported separately.

**Example 1:** Organization A worked ten cases between January 1 and June 30. Each case has three issues - levy, installment agreement, and non-filer. To complete this form Organization A would enter “10” on lines 1, 6, and 28.

**Example 2:** Organization B worked a levy case that developed a CDP issue. The issues in this case would be counted on lines 1 and 4.

### Parts I. Collection Issues

**Payments.** Report on this line the number of cases where you assisted the taxpayer with any payment issue, including a lost payment, tracing a payment, or making a payment.

### Part II. Examination Issues

**Earned Income Tax Credit (EITC).** Include on this line all EITC Examination issues (correspondence exam or field exam). Do not include EITC Certification issues and EITC Recertification issues; report these on either line 10 or 11.

**Other Correspondence Exam.** Include on this line correspondence exam issues other than EITC Exams, EITC Certification and EITC Recertification. Field or office exam issues should be considered on line 13. Field or office Examinations are not conducted through correspondence from an IRS campus; they involve appointments with an examiner.

**Automated Substitute for Return (ASFR).**

Include on this line ASFR assessment issues. This typically involves issues where IRS determines the correct tax liability by computing tax, penalties, and interest, based upon Information Reporting Program (IRP) information submitted by payers, combined with other internally available information.

**Automated Underreporter (AUR).** Include issues on this line any Automated Underreporter (AUR) Program issue. Taxpayers are typically notified of an AUR through CP 2000 notice. This process is part of the Information Reporting Program, where the IRS matches third-party information returns to identify income and deductions that do not appear to be reported on tax returns.

**Part III. Miscellaneous Issues**

**Appeals.** Report on this line any cases that involved an Appeals hearing except for Collection Due Process cases.

**Refund Claims.** Include on this line any issues that deal with any type of claim for a refund, except for innocent spouse or injured spouse relief.

**Innocent Spouse Relief.** Include on this line any issue that deals with innocent spouse relief, whether the relief was granted or not. Do not include on this line Injured Spouse issues; these issues should be listed on Part III, line 21.

**Employment Tax Liability.** Include on this line Federal Employment Tax issues that may include: Federal Withholding, Federal Insurance Contributions Act (FICA), Railroad Retirement Act (RRTA), Federal Unemployment Tax Act (FUTA), Railroad Unemployment Repayment Tax.

**IRC § 6672 Trust Fund Recovery Penalty.**

Include issues involving the Trust Fund Recovery Penalty. The TFRP is a penalty provided by IRC 6672 against any person required to collect, account for, and pay over taxes held in trust who willfully fails to perform any of these activities.

**Other Civil Penalties.** Include on this line, issues involving all other civil penalties. Civil penalties can be assessed for failure to timely file a federal tax return, substantial understatement of tax, understating a reportable transaction, filing an erroneous claim for refund or credit, filing a frivolous tax submission, or failing to supply an SSN or individual taxpayer identification number, etc

**Part IV. Other Issues**

For issues not listed on this form, indicate the specific issue and the number of issues worked during the reporting period. If additional space is needed, attach a separate sheet of paper listing the reporting period, the issues, and the number of times the issue occurred. At the top of the separate sheet, identify your organization.

---

## Publication 3319 -- Index of LITC Terms

<b>Term</b>	<b>Page</b>
90/250 Requirement . . . . .	3,4
Additional Funding Request . . . . .	25
Amount in Controversy . . . . .	5
Ancillary Tax Return Preparation . . . . .	5
Annual Report . . . . .	26
Report Form . . . . .	Appendix C
Contents of . . . . .	26, Appendix B
Application . . . . .	32
Assembly of . . . . .	38
Background Information . . . . .	32
Budget/Financial Information . . . . .	36
Civil Rights Requirements . . . . .	35
Contents . . . . .	32
Continuing Multi-Year Grant Applications . . . . .	37
Determination of Program Performance . . . . .	33
Electronic Application Website . . . . .	32
New or Single-Year Grant Applications . . . . .	36
Where and When to File . . . . .	32
Audit Requirements . . . . .	8
Civil Rights Reporting Requirements . . . . .	9,35
Clinic, defined. . . . .	1
Clinic Director . . . . .	14
Confidentiality . . . . .	17
Continuing Professional Education (CPE) . . . . .	15
Controversy . . . . .	1
Controversy Clinic Requirements . . . . .	1
Deobligating Funds . . . . .	22
Determination of Program Performance . . . . .	33
Documentation of Matching Funds Sources . . . . .	7
ESL Activities/Clinic Requirements . . . . .	5
Expenses . . . . .	19
Allowable Expenses . . . . .	19
Unallowable Expenses . . . . .	20
Family Unit, defined . . . . .	5

<b>Term</b>	<b>Page</b>
Fees .....	6
Grant Agreement .....	13
Grant Application Forms .....	Appendix A
Grantee Responsibilities .....	22
Income, defined .....	4
Interim Report .....	24
Contents of .....	24, Appendix B
Report Form .....	Appendix C
Internal Controls .....	18
Laws and Regulations .....	12
LITC Conference .....	16
LITC Contact Information .....	23
LITC Program Office .....	30
LITC Program Overview .....	1
Lobbying Restrictions .....	10
Matching Funds .....	7
Ineligible Funds .....	7
Qualified Funds .....	7
Mentoring Programs .....	15
Name or Organization Change .....	35
Networking .....	15
Nominal Fee .....	12
Office of Professional Responsibility .....	23
OMB Circulars/Requirements .....	8
Operational Requirements .....	14
Outreach/Publicity Activities .....	5,14
Payments to LITC Grantees .....	21
Poverty Guidelines .....	4
<i>Pro Bono</i> Panel .....	6
Qualified Business Administrator (QBA) .....	14
Qualified Representative .....	2
Qualified Tax Expert (QTE) .....	14
Qualified Volunteers .....	16
Recordkeeping .....	19
Referral Activity .....	2,16
Reporting Requirements .....	24

<b>Term</b>	<b>Page</b>
Site Assistance Visits .....	31
Standards of Operation .....	14
Start-up Expenses .....	3
Student Power of Attorney.....	22, 29
Supplemental Issue Form .....	Appendix C
Tax Compliance .....	18
Tax Information Authorization Form .....	Appendix A
Tax Library .....	15
Tax Preparation .....	6
Trafficking Victims Protection Act of 2000 .....	12
Unused Funds .....	25
Withdrawal from Program .....	24
Workgroup .....	17
Volunteer Services .....	7

---

---



