



TAX - EXEMPT CHECKUP

Quantify your facility's community benefit.
Protect its tax-exempt status.

Not-for-profit hospitals are facing increased scrutiny of their tax-exempt status from a wide range of sources—sources with the clout to make these challenges matter. Whether it's from the IRS and its new agents focusing on not-for-profits, Congressional investigations of the tax-exempt sector, or even local governments seeking to increase revenues, tax-exempt healthcare facilities are finding themselves under the microscope. To make sure they can withstand this heightened scrutiny, hospital administrators, CFOs and board members should be prepared to demonstrate that their facilities are indeed tax-exempt.

Dixon Hughes can help. Our healthcare professionals still make housecalls—and are happy to visit your facility to perform an annual Tax-Exempt Checkup. Like good preventive medicine, our Tax-Exempt Checkup reviews a variety of financial health indicators to determine your compliance with guidelines for tax-exempt status.

Determining the Value of Your Community Benefit

Our annual Tax-Exempt Checkup evaluates your hospital's 501(c)3 vital signs, runs tests and reviews symptoms. Our experienced healthcare professionals calculate the value of your facility's community benefits by assessing such indicators as charity care offered, bad debts written off, governmental costs not paid and community donations/ services provided. After this initial calculation has been completed, we can then train your staff to perform these calculations in the future.

Calculating Your Tax Liability

Since the IRS expects tax-exempt entities to offer community benefits that outweigh their waived tax liability, not-for-profit hospitals must be prepared to demonstrate that they do so. By calculating your facility's tax liability as if it were a for-profit entity and then comparing that number to the value of the community benefit your hospital provides, a Tax-Exempt Checkup can substantiate your position—and explain its ramifications for your hospital.



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Reporting the Results

Once your Tax-Exempt Checkup is complete, our practitioners prepare and present an extensive report that provides a prognosis for your facility in the event of an IRS audit or other inquiries. Whether you receive a clean bill of health or a referral to a qualified specialist in the not-for-profit arena, we let you know where your facility stands. Your Tax-Exempt Checkup report can also help with your facility's bond rating by providing evidence of a solid tax-exempt status evaluated by an independent outside agency.

Mitigating Your Risks

It all boils down to mitigating your risks. A Dixon Hughes Tax-Exempt Checkup allows you to approach the current healthcare environment in a proactive manner. It helps prepare and enable you to demonstrate to the IRS your compliance with tax-exemption standards in a timely manner to avoid stiff fines, probation—or even a loss of your facility's tax-exempt status.

A Tax-Exempt Checkup can provide you with concrete support for your tax-exempt status—or with a referral to specialists who can help you plan your next steps. Either way, taking charge of your hospital's future with a preventive checkup can help you meet the challenges ahead.

For more information:

To learn more about our services, visit our web site at www.dixon-hughes.com/healthcare or call us toll-free at 1.877.424.6324.

The Service You Need— The Way You Need It.

As the largest Southeast-based CPA firm, we combine deep industry experience, comprehensive accounting and advisory services and a strong commitment to personal service. Members located throughout the region direct our resources to your best advantage. In short, we can give you the service you need, the way you need it.