

Policy Decision Issued by the Court Regarding Non-Profit Entities

1. ***Introduction.*** On 11/28/12, the Claims Administrator announced to the Parties the policy adopted for treatment of grants for non-profit entities. On 12/12/12, the federal District Court in New Orleans approved the policy for the processing and payment of non-profit Entities. The policy affects Business Economic Loss (“BEL”) claims. This Alert explains the policy decision.
2. ***Revenue Treatment and Requirement of Tax Returns for Non-Profit Entities.*** This policy decision concerns the process by which the Claims Administrator will process and pay BEL Claims from non-profit Entities:
 - (a) Income received by non-profit entities in the form of grant monies or contributions shall typically be treated as revenue for that entity for purposes of the various required calculations under the terms of the Settlement Agreement.
 - (b) For those non-profit entities who are required to file income tax returns or who have in fact filed income tax returns (whether required to file or not), submission of income tax returns is required as outlined in Exhibit 4A of the Settlement Agreement.
 - (c) If a non-profit entity is not required by law to file an income tax return and in fact has not filed such a return, such entity may submit a Verification of Nonfiling from the IRS, together with the entity’s organizational documents indicating that the entity is a Non-Profit organization, in satisfaction of the requirement to produce income tax returns as outlined in Exhibit 4A of the Settlement Agreement.
3. ***Questions.*** If you have any questions about the information in this Alert, email Questions@dhecc.com.