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Setting the Record Straight



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The Delivering on Government Efficiency (DOGE) Subcommittee of the House Committee on Oversight is slated to hold a hearing on June 4 on “Public Funds, Private Agendas: NGOs Gone Wild.” The premise of this hearing is based on false, rhetorical political attacks and ignores the true work that charitable nonprofits across the country are doing to support their communities, respond to urgent needs, and provide critical services – all while contributing to their local economies, creating jobs, and generating a return on the federal government’s investments.

What do nonprofits do?

Nonprofit organizations are local, accountable, and transparent.

America's 1.5 million charitable nonprofits feed, heal, shelter, and nurture people of every age, gender, race, socioeconomic status and political persuasion in every community, from coast to coast.

The public depends on the nonprofit sector to provide a reliable social safety net and deliver a wide range of other services that are vital to the cultural, economic, spiritual, and environmental wellbeing of our citizenry and communities. Nonprofit organizations are fundamentally about service to our fellow Americans, stepping in to fill gaps not met by government or other entities. Nonprofits show up in times of crisis, providing disaster relief, crisis support, and safety from danger. They also show up for everyday needs, from providing childcare and eldercare, to job training, to essential food and shelter.

Is partnering with nonprofits an effective use of taxpayer money?

Yes, the federal government generates a significant return on investment by partnering with nonprofit organizations.

Many nonprofits receive federal funds to deliver vital services to local communities across the country that are often overlooked and underserved by federal and state governments alike. These organizations are entrusted with federal resources to help fill the gaps where government support falls short and meet rigorous requirements to ensure these resources are well-spent. By partnering with nonprofit organizations, the federal government can ensure critical services can reach households most in need in communities across the country.

What is the process for determining which nonprofits will receive federal grants?

Nonprofits are selected for discretionary federal grants through a thorough competitive process.

Federal agencies provide public notice of grant opportunities so that any eligible grantee can apply. Federal grantees, including nonprofit organizations, are selected after a thorough evaluation of applications. For discretionary grants, a panel of independent experts evaluates each application using the uniform rating or scoring system established by each awarding agency and makes its selection based on factors, such as the applicant's capacity to meet

grant criteria. A series of policies and assurances are in place to maintain a fair, objective process based on material facts in the applications and without conflicts of interest.

What tools does the executive branch have to ensure transparency and accountability for nonprofit grantees?

The executive branch has several legal tools to provide oversight and ensure that nonprofit organizations receiving federal funds are held accountable.

In return for receiving tax-exempt status from the Internal Revenue Service (IRS), nonprofit organizations are required to be transparent and publicly share information about how they operate and their funding sources. If an organization does not comply with the law, the IRS can revoke its tax-exempt status after following the required processes.

In addition, as federal grantees, nonprofit organizations are subject to reporting and monitoring requirements to ensure accountability and transparency. The Federal Funding Accountability and Transparency Act of 2006 created government-wide reporting procedures for organizations receiving federal funding. This law requires such organizations to disclose to the public through the [USASpending.gov](https://www.USASpending.gov) website key information, including the organization's name, amount of the grant, funding agency, and location among other requirements. Grantees are expected to include in their reporting to the federal government financial data, including expenses paid for with federal funds, compliance information, and project data. This information may be collected through regular progress reports, site visits, and audits.

As required by law, nonprofit organizations that receive money from the federal government and spend more than \$1 million in a fiscal year are required to have a “Single Audit” – an independent compliance audit that covers the entire organization’s financial operations.

Are charitable nonprofits allowed to engage in political activities?

By law and in practice, nonprofits are nonpartisan.

Charitable nonprofits are absolutely prohibited by law from directly or indirectly participating or intervening in any political campaign on behalf of - or in opposition to - a candidate for elective office. These laws are strictly enforced and organizations that violate these rules could have their tax-exempt status revoked.

Are nonprofit organizations required to comply with federal law?

Yes, charitable nonprofits must comply with all applicable federal laws and regulations, and applicable laws and regulations of the states and the local jurisdictions where it operates.

Any nonprofit that violates the law may be subjected to significant civil and criminal penalties.

Background Resources

- [How to Appeal an IRS Determination on Tax-Exempt Status](#), Internal Revenue Service.
- [Grant Reporting](#), Grants.Gov.
- [Single Audit Act Amendments of 1996](#), Grants.Gov.
- [Restriction of Political Campaign Intervention by Section 501\(c\)\(3\) Tax-Exempt Organization](#), Internal Revenue Service.