

Are You Ready for the New Form 990?

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Agenda

- Background
- Form 990 Core Form Highlights
- Form 990 Schedule Highlights
- Form 990-EZ Revisions



Background

- Form 990
- Form 990-EZ
- Form 990-N (e-postcard)
 - Gross receipts of \$25,000 or less



Background

- New Form 990 released December 20, 2007
 - New structure: Core Form & 16 schedules
- Revised instructions released August 19, 2008
- Revised 990-EZ instructions available

Available at www.irs.gov/eo



Background

- IRS Tools and Resources
 - Instructions (www.irs.gov/eo)
 - Glossary (www.irs.gov/eo)
 - On demand webinars (www.stayexempt.org)



Filing Phase-In

- Phase-in over three years for most organizations

2008 Tax Year	Form to File
Gross receipts normally \leq \$25,000	990-N
Gross receipts $>$ \$25,000 and $<$ \$1 million AND Total assets $<$ \$2.5 million	990-EZ or 990
Gross receipts \geq \$1 million and/or total assets \geq \$2.5 million	990

- Some exceptions to phase-in



Core Form Highlights



Core Form – Part I


Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities:		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.		
	3 Enter the number of voting members of the governing body (Part VI, line 1a)	3	
	4 Enter the number of independent voting members of the governing body (Part VI, line 1b)	4	
	5 Enter the total number of employees (Part V, line 2a)	5	
	6 Enter the total number of volunteers (estimate if necessary)	6	
	7a Enter total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	
7b Enter net unrelated business taxable income from Form 990-T, line 34	7b		
Revenue	8 Contributions and grants (Part VIII, line 11)		
	9 Program service revenue (Part VIII, line 2g)		
	10 Investment income (Part VIII, lines 3, 4, and 7d)		
	11 Other revenue (Part VIII, lines 5, 6d, 8c, 9c, and 10c of column (A), and 11e)		
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, line 12, column (A))		
Expenses	13 Grants and similar amounts paid (Part IX, lines 1–3, column (A))		
	14 Benefits paid to or for members (Part IX, line 4, column (A))		
	15 Salaries, other compensation, employee benefits (Part IX, lines 5–10, column (A))		
	16a Professional fundraising expenses (Part IX, line 11e, column (A))		
	b (Enter amount from Part IX, line 25, column (D))		
	17 Other expenses (Part IX, lines 11d, 11f–24f)		
	18 Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))		
19 Revenue less expenses—line 12 minus line 18			
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Year	End of Year
	21 Total liabilities (Part X, line 26)		
	22 Net assets or fund balances, line 20 minus line 21		



Core Form – Part IV

- Two page checklist to determine which schedules the organization must complete
- Examples:

Part IV Checklist of Required Schedules			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A	1		
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2		
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	3		
4	501(c)(3) organizations. Did the organization engage in lobbying activities? If "Yes," complete Schedule C, Part II	4		


COUNCIL of FOUNDATIONS

Core Form – Part V

- Questions about other IRS tax filings
 - Examples:
 - Federal employment tax returns
 - 990-T (unrelated business income tax return)
- Questions about compliance
 - Quid pro quo disclosures
 - Other charitable contribution filings (e.g. Form 8282)



Core Form – Part VI

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions.

		Yes	No
1a Enter the number of voting members of the governing body	1a		
b Enter the number of voting members that are independent	1b		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		

- Provide numbers as of end of tax year
- “Independent” – defined in instructions
 - not independent if governing body member (or relative) receives certain levels of compensation from filing organization or related organization



Core Form – Part VI

d Enter the number of voting members that are independent	1d		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		

- Family Relationship:
 - Spouse, ancestors
 - Siblings, children, grandchildren, great grandchildren, and spouses of these individuals



Core Form – Part VI

1 Enter the number of voting members that are independent

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?

2			

▪ **Business Relationship - generally**

- One person employed by other in sole proprietorship or organization with which other is a trustee, director, officer, key employee or greater than 35% owner
- Two are each director, trustee, officer, greater than 10% owner in same business or investment entity
- One person transacting business with other (> \$10,000)

Exception: Transactions in ordinary course of business



2008 Form 990 – Part VI A

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:

8a			
8b			

a the governing body?

b each committee with authority to act on behalf of the governing body?

9a Does the organization have local chapters, branches, or affiliates?

9a			
9b			

b If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?

10 Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990

10			

11 Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O

11			



Core Form – Part VI B

Section B. Policies

	Yes	No
12a Does the organization have a written conflict of interest policy? If "Yes":		
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?		
c Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done		
13 Does the organization have a written whistleblower policy?		
14 Does the organization have a written document retention and destruction policy?		
15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:		
a The organization's CEO, Executive Director, or top management official?		
b Other officers or key employees of the organization? Describe the process in Schedule O.		
16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		
b If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		



Core Form – Part VI C

Section C. Disclosure

- 17 List the States with which a copy of this Form 990 is required to be filed.
- 18 IRC Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 own website another's website upon request
- 19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:
 - Describe in Schedule O whether and how you make available to the public:
 - Governing documents
 - Conflict of interest policy
 - Financial statements



Core Form – Part VII

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation, and **current** key employees. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the organization did not compensate any officer, director, trustee, or key employee.

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply) Individual trustee or director Institutional trustee Officer Key employee Highest compensated employee Former	(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations



Schedule R

Related Organizations & Unrelated Partnerships

- **Related =**
 - Parent (organization controls filing organization)
 - Subsidiary (organization controlled by filing organization)
 - Brother/Sister (organization controlled by same person(s) as filing organization)
 - Supporting/Supported organization relationship



Other Core Form Tips

- Review list in instructions about suggested order for completion
- Pay careful attention to the required list of schedules & check to make sure all applicable scheduled filed
- Governance section – act now to make sure policies in place



Schedule Highlights



Schedule A

Public Charity Status and Public Support

Key changes:

- Schedule reduced to focus solely on public charity status
- Public support calculated over 5 year period (current year + previous four years)
- Public support schedule completed using same accounting method (i.e. cash or accrual) as the organization used to complete the rest of the Form



Schedule A

Public Charity Status and Public Support


- IRS temporary and proposed regulations:
 - Implement the above
 - Eliminated advance ruling period
 - Letters of determination dated June 9, 2008 or later treated as permanent rulings



Schedule D Part I

Supplemental Financial Statements

- Part I: Donor advised funds or similar accounts
- Part II: Conservation easements
- Part III: Collections of art, historical treasures, or similar assets
- Part IV: Trust, escrow and custodial arrangements



Schedule D Part V

Supplemental Financial Statements

- Complete if hold assets in term, permanent, or quasi-endowments

Part V Endowment Funds (Complete if organization answered "Yes," to Form 990, Part IV, line 10)

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the year end balances held as:

a Board designated or quasi-endowment: _____ %

b Permanent endowment: _____ %

c Term endowment: _____ %


3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	<input type="checkbox"/>
(ii) related organizations	3a(ii)	<input type="checkbox"/>

b If "Yes," to 3a (i), are the related organizations listed as required on Schedule R?

3b

4 Describe in Part XIV the intended uses of the organization's endowment funds.



Schedule D Parts VI-VIII Supplemental Financial Statements

- Part VI: Land, Buildings and Equipment
- Part VII: Other Securities
 - Includes derivatives
 - Includes closely-held stock
- Part VIII: Program Related Investments
- Reconciliation with financial statements



Schedule G Fundraising or Gaming Activity

- Fundraising:
 - Method of solicitations (e.g., mail, email, phone)
 - Types of fundraising
 - Use of professional fundraisers
 - If total gross income from fundraising events (less contributions) exceeds \$15,000, provide detail event information for events with gross receipts greater than \$5000
- Gaming
 - Detail information if gross income from gaming activities exceeds \$15,000



Schedule I Grants and Other Assistance in U.S.

- Not required to report grants to an organization if grants to the organization totaled \$5,000 or less during the tax year

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? Yes No
 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Governments and Organizations in the United States. Complete this table if the organization reported more than \$5,000 on Form 990, Part IX, line 1 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Use Schedule I-1 if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance

Part III Grants and Other Assistance to Individuals in the United States. Enter information in this table for each type of grant or assistance reported on line 2, Form 990, Part IX, if the aggregate amount of all grants and assistance to individuals in the United States exceeds \$5,000. Use Schedule I-1 if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance



Schedule J Compensation Information

- Checklist of types of compensation (e.g. first class/charter travel, travel for companions)
 - Written policy regarding payment/reimbursement
- Method for determining compensation of ED/CEO

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Schedule J-1 if additional spaces needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note: The sum of columns (D)-(F) (ii) must equal the applicable column (D) or (E) amounts on Form 990, Part VII, line 1a.


(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation (i)	(D) Nonqualified benefits (ii)	(E) Total of columns (B)-(D) (i)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation (i)	(ii) Bonus & incentive compensation (ii)	(iii) Other compensation (i)				
(i) (ii)							



Schedule L

Transactions with Interested Persons

- Part I – Excess Benefit Transactions
- Part II – Loans to/from Interested Persons
- Part III – Grants or Assistance Benefiting Interested Persons
- Part IV – Business Transactions Involving Interested Persons
- Interested person –
 - Definition slightly different depending on section
 - Reasonable effort provision in instructions




Schedule M

Non-Cash Contributions

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				



Schedule M Non-Cash Contributions

<p>29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed <i>Part IV, Donee Acknowledgement</i></p>	29			
		Yes	No	
<p>30a During the year, did the organization receive by contribution any property reported in Part I that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?</p> <p style="margin-left: 20px;">b If "Yes," describe the arrangement in Part II.</p>		30a		
<p>31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?</p>		31		
<p>32a Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?</p>		32a		



Other Schedules

- Schedule B – Contributor List
 - No significant changes
- Schedule C – Political Campaign and Lobbying Activities
- Schedule E – Schools
- Schedule F – Activities outside of U.S.
- Schedule H – Hospitals
- Schedule K – Tax Exempt Bonds



Other Schedules

- Schedule N – Liquidation, Termination, Dissolution or Significant Disposition of Assets
- Schedule O – Supplemental Information
- Schedule R – Related Organizations & Unrelated Partnerships



Form 990-EZ

- Only changed to conform with changes in Form 990
- Separate instructions
- Some information previously reported in Schedule A now reported on Form 990-EZ
- Still potentially will file several schedules
 - A, B, C, E, G, L, N

