

Form 990 Top Ten Considerations

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10 Filing requirements of Form 990

Most tax-exempt organizations are required to file a Form 990 series return:

- Form 990N (electronically filed e-postcard): \$50,000 or less
- Form 990-EZ: \$200,000 AND total assets less than \$500,000
- Form 990: \$200,000 or more AND total assets of \$500,000 or more
- Form 990-PF: all private foundations must file Form 990-PF regardless of financial status

9 Identify the Readers of Form 990

To Whom do Exempt Organizations Report?

- Internal Revenue Service
- State Attorney General
- State Department of Revenue (if state taxes UBI)
- Donors
- General Public/Media
- Charity watchdog organizations
- Bond financing authorities
- Supported organization (509(a)(3) entities)

8 Form 990 and Schedules

12-page "Core" Form including financial data, narratives about the organization, questions around governance, and other details. Filers may need to also complete one or more of 16 additional schedules depending on activities.

7 Describing Mission and Exempt Purpose

- Part I: Briefly describe the organization's mission – is it consistent with organization's website and other materials?
- Part III: Statement of Program Service Accomplishments – it is an opportunity to describe program service accomplishment?

6 Form 990 Part VI: Governance Disclosures

Discloses information about the organization's governance, policies, and procedures. Think about items such as:

- What is the organization's overall governance structure?
- Are there written policies and procedures regarding review of investments and joint venture activities, conflicts of interest, whistle blowing, document retention and destruction, etc.?
- What is the process to review the 990 - does the governing body review the return before it is filed?

5 Compensation Disclosures

Requires reporting on compensation provided to officers, directors, trustees, key employees, and five highest compensated employees.

- Form 990, Part VII – the reported compensation amounts will be based on calendar-year data from Forms W-2 and 1099, not fiscal-year data.
- Form 990, Schedule J – requests that taxpayers provide more details on total compensation packages.

4 Transactions with Interested Persons

Form 990, Schedule L – Interested Persons includes disclosures of certain transactions between the organization and:

- Current or former officers
- Directors
- Key employees
- Five highest compensated employees
- Disqualified persons
- Substantial contributors
- Related persons

3 Joint Ventures

Joint Venture Disclosures appear throughout the Form 990 and Schedules:

- Core Form, Governance Section, Balance Sheet
- Schedule D, investment detail
- Schedule H, joint venture disclosures
- Schedule L, transactions involving interested persons

2 Related Organizations

Form 990, Schedule R, related party disclosures and disclosures of unrelated partnerships

- Disclose list of related organizations, including name, address, EIN, financial information
 - Disregarded entities
 - Tax-exempt organizations
 - Partnerships
 - Trusts
 - Corporations
- Disclose transactions with related organizations in excess of \$50,000
 - Contributions, grants, sales, leases, sharing of space and employees, reimbursement of expenses, other transfers of cash or property

1 Resources

- Charities and Nonprofit: <https://www.irs.gov/charities-non-profits>
 - Includes information on filing requirements, charities search, life cycle, and other educational materials
- GuideStar: <https://www.guidestar.org>
 - Repository of information pertaining to exempt organizations, including copies of Form 990
- State Attorney General websites