



Top 5 Must Do's for Reviewing Form 990

Presented By
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Agenda

1 FORM 990 OVERVIEW

- What's a 990?
- What Should We File?
- Schedules, Schedules, and More Schedules!

3 WRAP-UP & QUESTIONS

2 TOP 5 FORM 990 REVIEWING MUST DO'S

- Part I – 990 Snapshot
- Part III – Program Accomplishments
- Part VI – Governance, Management & Disclosure
- Part VII – BOD Listing/Compensation & Sch J
- Schedules – Sch A, Sch B, Sch L & Sch O



Form 990 Overview

WHAT'S A 990?

- Annual Information Return, not an income tax return (no tax due)
- Public Document (except Schedule B), available for 3 years from date of filing

WHO IS THE INTENDED AUDIENCE?

- General Public
- Potential Donors
- Media
- Employees/Volunteers
- IRS & State Taxing Authorities

Form 990 Overview

WHAT SHOULD WE FILE? (NOTE: YOU MUST FILE SOMETHING)

- Form 990-N (e-postcard) – Gross Receipts *normally* \$50,000 or less.
Filed online with IRS, very easy to complete
- Form 990-EZ – Gross Receipts < \$200,000, **AND** total end of year assets < \$500,000
More cumbersome than 990-N, but still not a 990
- Form 990 – Gross Receipts > \$200,000 **OR** total end of year assets > \$500,000

NOTE: If nothing filed for 3 consecutive years, tax exemption is automatically revoked!!!

Form 990 Overview

SCHEDULES, SCHEDULES & MORE SCHEDULES!

- Old Form 990 (pre 2008) – Schedules A & B
- New Form 990 (post 2008) – Schedules A-R
 - Schedule A – Public Charity Status & Public Support
 - Schedule B – Schedule of Contributors
 - Schedule J – Compensation Information
 - Schedule L – Transactions with Interested Persons
 - Schedule O – Supplemental Information to Form 990

Form 990

PART I

Summary

- A snapshot summary of financial information (PY vs. CY)
 - Revenue – 990, Part VIII
 - Expenses – 990, Part IX
 - Balance Sheet – 990, Part X
- Brief description of mission or most significant activities
A single sentence (or less) is ok here.

Form 990

PART III

Statement of Program Service Accomplishments

- Description of Organization's Mission
Listing the Organization's official mission statement here is ok, but not necessary.
- Program Service Accomplishments (lines 4a-4c)
 - All 990 filers must describe their largest program service accomplishments
 - Less than 3 is ok
 - Allows the Organization to "tell their story" to the world (donors, media, etc.)
 - Descriptions should be comprehensive - provide statistical information where applicable (ex. "We provided aid to 14,400 during 20XX" vs. "Aid was provided during 20xx").

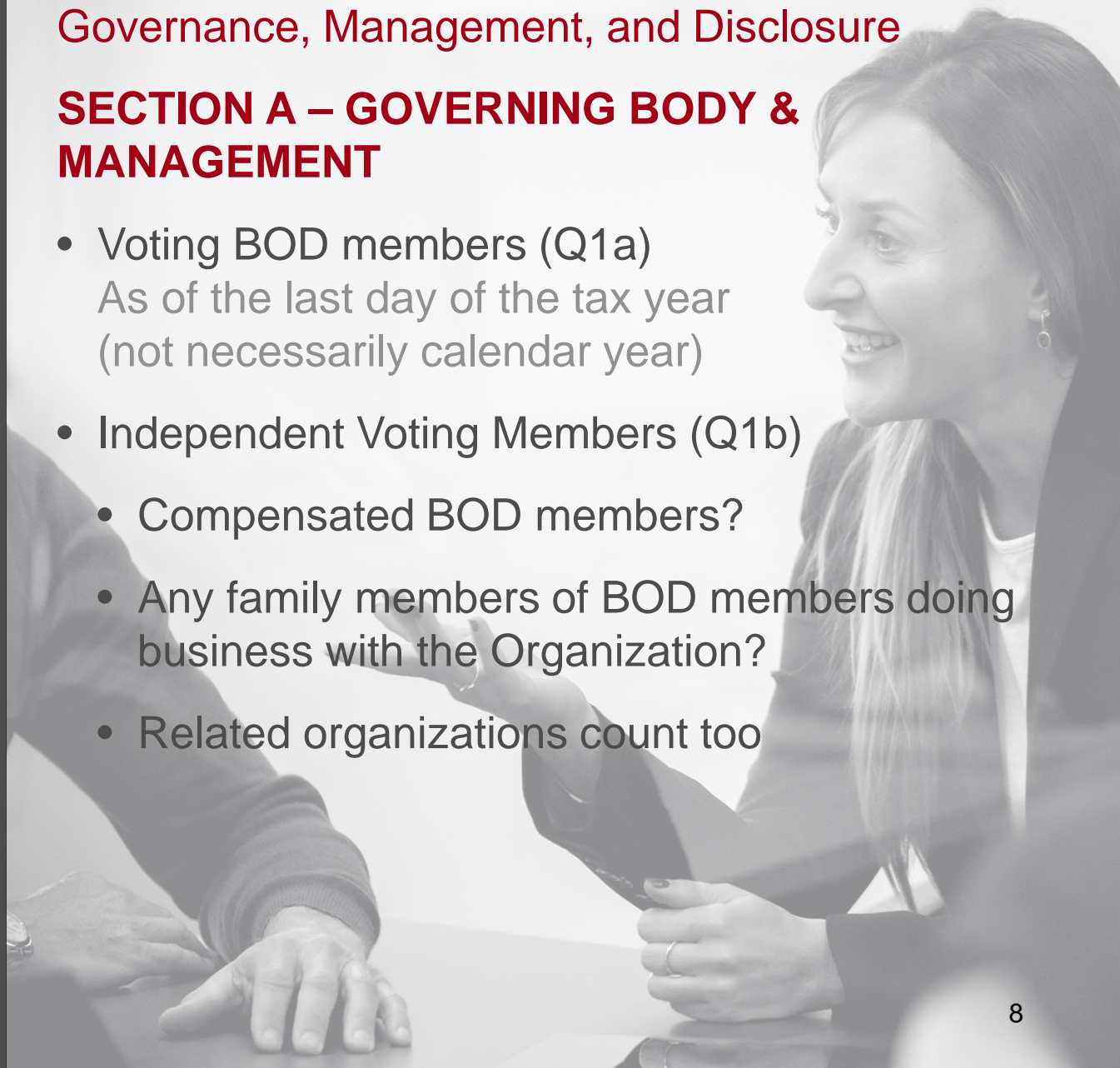


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PART VI

Governance, Management, and Disclosure

SECTION A – GOVERNING BODY & MANAGEMENT

- Voting BOD members (Q1a)
As of the last day of the tax year
(not necessarily calendar year)
 - Independent Voting Members (Q1b)
 - Compensated BOD members?
 - Any family members of BOD members doing business with the Organization?
 - Related organizations count too
- 

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PART VI

Governance, Management, and Disclosure

SECTION A – GOVERNING BODY & MANAGEMENT

- Any changes to Bylaws or other governing documents? (Q4)
If yes, must describe significant changes in Sch O
- Any significant diversion (\$250,000) of assets? (Q5)
If yes, must describe significant changes in Sch O
- Membership questions (Q6-7b)
Answers generally come from bylaws, must disclose in Sch O

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PART VI

Governance, Management, and Disclosure

SECTION B – POLICIES

- Q11a – Has the Organization provided a complete copy to all members of governing body before filing?
 - If a redacted copy (no Sch B), answer should be no
 - Question does not ask whether or not reviewed, just if a copy was provided
 - Q11b - Organization must describe on Sch O the 990 review process in specific detail regardless of whether Q11a is yes or no.

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PART VI

SECTION B – POLICIES

- Q12a - Conflict of Interest Policy – do you have one?
 - Q12b – Were TDOKE’s required to disclose COI’s annually?
 - Q12c – Organization must describe on Sch O how the Organization consistently monitored and enforced compliance with the COI policy.
- Q15 - Compensation Setting Standards (Intermediate Sanctions)
 - Did CEO (top mgmt. official) process include review/approval by independent persons, comparability data and contemporaneous substantiation of the deliberation & decision? (Q15a)
 - Other officers of the Organization? (Q15b)
 - If yes, must describe the process in Sch O.

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Part VII

Compensation of Officers, Directors, Trustees, Key Employees, & Highest Compensated Employees

(NOTE: All comp is reported on calendar year basis!)

SECTION A – TDOKES & HCES

- BOD Members & Officers
 - Must list anyone that served at any point during the year
 - Must list BOD title (Chair, Secretary, Trustee, etc.) & hours per week devoted to Organization. Must report related org. hours too!
 - Must list any compensation paid to ODTs – no threshold

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Part VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees

(NOTE: All comp is reported on calendar year basis!)

SECTION A – TDOKES & HCES

- Key Employees (include job title)
 - At least \$150k W2 Box 5 wages
 - Powers similar to ODTs
 - One of the Top 20 Highest paid in the Organization
- 5 Highest Compensated Employees (HCEs) (include job title)
 - Regular employees (not TDOKES)
 - \$100,000 Box 5 W2 threshold

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PART VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees

- Compensation Includes:
 - Amounts reported to employee on Box 5 W2 or I/C 1099-MISC Box 7
 - Any deferred compensation paid by Organization on behalf of the employee (i.e. Employer Match)
 - 401(k)
 - 403(b)
 - 457 plans

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PART VII

Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees

- All Non-taxable benefits
 - Section 125 items: Health Insurance, Vision, Dental, etc.
 - Includes amounts paid by employer on behalf of the employee PLUS amounts paid by the employee before taxes (pre-tax portion).
- If total compensation exceeds \$150,000, Sch J is required.
 - Sch J, Part I – basic compensation questions
 - Sch J, Part II – extensive compensation breakdown for those over \$150,000

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TOP 5 REVIEWING MUST DO'S

ADDITIONAL SCHEDULES TO REVIEW

- Schedule A – Public Charity Status & Public Support
 - Churches (Box 1), Schools (Box 2), & Hospitals (Box 3) just check the box
 - Certain other Organizations must actually complete either Part II or Part III
 - Mathematical computation of Public Support %
 - % must stay above 33.3% in order to remain a public charity
 - Less than 33.3% for 2 consecutive years = loss of public charity status (become a Private Foundation)

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TOP 5 REVIEWING MUST DO'S

ADDITIONAL SCHEDULES TO REVIEW

- Schedule B – Schedule of Contributors
 - Not open to public inspection
- Schedule L – Transactions with Interested Persons
 - Excess Benefit Transactions
 - Loans to/from
 - Grants or Assistance
 - Business Transactions
 - Beware of Transactions with Family Members – consult tax advisors!

Form 990

TOP 5 REVIEWING MUST DO'S

ADDITIONAL SCHEDULES TO REVIEW

- Schedule O – Supplemental Information to Form 990/990-EZ
 - Blank lined pages of paper
 - Generally the place where most narratives are written
 - Including overrun from other sections where type did not fit.
 - 990 Review narrative
 - COI monitoring & enforcement
 - Compensation setting procedures



Wrap-Up & Questions

- **CHECKLISTS**

- 990 Review Checklist
- Intermediate Sanctions Compliance Checklist

- **CONFLICTS OF INTEREST**

- Are BOD members disclosing all interests fully?
- Any family members employed by or doing business with the Organization?

QUESTIONS???



Contact Us



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