



GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

New Form 990 – What It Means to Your Organization!

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New Form 990

Form 990 redesign was based on three guiding principles:

- Enhancing transparency – giving the IRS and the public a more detailed and accurate view of the organization
- Promoting compliance – allowing the IRS to efficiently assess non-compliance risk
- Burden minimization on filing organizations – we'll see what you think at the end of this session!

New Form 990

Transparency

- More detailed disclosure and explanations on operations, policies, and procedures should provide a better insight into the organization

New Form 990

Compliance

- Specific questions throughout Form 990 (especially Part V) and the organization's responses will identify supplemental schedules to be filed and will highlight areas of potential non-compliance
- IRS may use information on new Form 990 to begin new compliance checks (Lois Lerner's comments to AICPA conference June 19)

New Form 990

Burden Minimization

- Comprehensive (over 300 pages in length) instructions that include examples and a glossary of terms are intended to make it easier to file a complete Form 990 and promote more uniform filing among organizations
- The schedules that an organization must complete beyond the core form depend on the organization's facts and circumstances (largely determined by its responses to 37 questions) – not a “one size fits all” form

New Form 990

Current Status

- Draft Instructions released April 7, 2008
- Instruction comment period closed June 1, 2008
- “Final” instructions released August, 19, 2008
- Final forms and instructions released December 23, 2008
- New Form 990 and background information available on IRS website:

<http://www.irs.gov/charities/index.html>

New Form 990 Effective Dates

New Form 990

Effective Dates

- Years beginning on or after 1/1/08
- 2008 – must file new form if gross receipts \geq \$1MM or assets \geq \$2.5MM
- 2009 – must file new form if gross receipts \geq \$500,000 or assets \geq \$1.25MM
- 2010 and later – must file new form if gross receipts \geq \$200,000 or assets \geq \$500,000

New Form 990

Effective Dates

- If not required to file Form 990, file Form 990-EZ or 990-N
- Form 990-EZ will be much less burdensome, but organizations may still be required to complete Schedules A, B, C, E, G, L, or N
- Limited Reporting on Schedule H (Hospitals) for 2008
- Bond reporting on Schedule K delayed for 1 year (limited reporting in 2008)

New Form 990

Much more detailed reporting:

- Many responses require explanations
- More pointed questions about all aspects of the organization and its operations

GRF estimate of time (combined client and GRF hours) to prepare 990 will increase 50%-100% in first year

New Form 990 Structure

New Form 990

Core Form

- To be completed by all organizations required to file
- Consists of eleven parts (not including any required or optional attachments)
- Responses to questions on core form dictates which of sixteen additional schedule(s) must be filed

New Form 990

Schedules

- Schedule A - Public Charity Status and Public Support
- Schedule B - Schedule of Contributors
- Schedule C - Political Campaign and Lobbying Activities
- Schedule D - Supplemental Financial Statements
- Schedule E - Schools

New Form 990

Schedules

- Schedule F - Statement of Activities Outside the United States
- Schedule G - Supplemental Information Regarding Fundraising or Gaming Activities
- Schedule H - Hospitals
- Schedule I - Grants and Other Assistance to Organizations, Governments, and Individuals in the U.S.
- Schedule J - Compensation Information
- Schedule K - Supplemental Information on Tax Exempt Bonds

New Form 990

Schedules

- Schedule L - Transactions with Interested Persons
- Schedule M - Non-Cash Contributions
- Schedule N - Liquidation, Termination, Dissolution, or Significant Distribution of Assets
- Schedule O - Supplemental Information to Form 990
- Schedule R - Related Organizations and Unrelated Partnerships

Core Form Review

Overall Observations

- Some questions in Core Form appear in Form 990 schedules – intentional redundancy
- Responses determine which of the sixteen schedules organization must complete
- Questions have specific compliance issues in mind

Core Form Review

Heading

- Question F – name and address of principal officer
- Question L – year of formation
- Question M – state of incorporation

Part I - Summary

- Brief description of organization's mission or most significant activity (first opportunity to use Schedule O?)
- Number of independent voting members
- Number of volunteers
- Gross and net unrelated business income
- Expense lines: grants, compensation, professional fundraising, and other

Core Form Review

Part I - Summary (continued)

- Board member is independent if all of the following are true:
 - Not compensated as officer or employee of the organization or any related organization
 - Did not receive payments in excess of \$10,000 as IC (other than compensation or reasonable expense reimbursement for services as board member) from the organization or any related organization
 - Neither board member nor any family member was involved in a transaction (directly or indirectly) that is required to be reported on Schedule L for the tax year or in a transaction with a related organization that would be reportable on Schedule L if required to be filed by the related organization

Core Form Review

Part II – Signature Block

Part III – Program Service Accomplishments

- Describe organization's mission (again!)
- Any significant new programs not reported on previous Form 990? If so, explain on Schedule O
- Cease conducting or make significant changes to how it conducts programs? If so, explain on Schedule O

Core Form Review

Part III – Program Service Accomplishments

- For three largest programs, provide:
 - Achievements
 - Expenses
 - Grants and allocations
 - Revenue (if any)
 - Code (leave blank for 2008)
 - Donated services – instructions say that organization may describe services here, but don't include amounts in revenue or expense

Core Form Review

Part IV – Checklist of Required Schedules

- Most critical portion of the new Form 990
- 37 detailed questions – “yes” answers require additional schedules to be filed
- Providing incorrect information here could lead to an “incomplete” filing and penalties
- These questions should be reviewed by organizations NOW – waiting until after year-end may be too late

Core Form Review

Part IV – Checklist of Required Schedules

- Lobbying or political activities – Schedule C
- Have conservation easements or works of art, provide credit counseling, or have assets in term, permanent or quasi-endowment – Schedule D
- Foreign Activities – Schedule F

Core Form Review

Part IV - Checklist of Required Schedules

- More than \$15,000 from special events or gaming or spent more than \$15,000 for professional fundraiser? – Schedule G
- More than \$5,000 of grants – Schedule I
- Answered “yes” to question 3, 4, or 5 on Part VII (compensation) – Schedule J

Core Form Review

Part IV – Checklist of Required Schedules

- Tax-Exempt Bonds – Schedule K
- Excess benefit transaction (EBT) or other transactions with current or former officers, directors, key employees – Schedule L

Core Form Review

Part IV – Checklist of Required Schedules

- Noncash contributions greater than \$25,000 or receive art, historical treasures or conservation easements – Schedule M
- Transactions with “related” organizations or conduct more than 5% of exempt activities through a partnership – Schedule R

Core Form Review

Part V – Statements Regarding Other IRS Filings and Tax Compliance

- Detailed questions about other tax filings, such as:
 - Number of Forms W-2, 1099, W-2G, 8282
 - Required payroll tax forms
 - Form 990-T
 - Foreign bank account reporting

Core Form Review

Part V

- E-File Issues
 - Question 1 a and b
 - Question 2 a and b
- “Trick Questions”
 - Question 1 c
 - Question 6
 - Question 7 g and h

Core Form Review

Part VI – Governance, Management and Disclosure

- IRS admits requesting information that is not required under Internal Revenue Code
- Section A – Governing Body and Management
- Section B – Policies
- Section C – Disclosure

Core Form Review

Part VI – Section A: Governing Body and Management

- Number of voting and independent board members
- Family and business relationships of officers, directors trustees or key employees
 - Ordinary course of business and privileged relationship exceptions
- Note: reasonable efforts, e.g. annual questionnaire, may be relied upon to make independence and relatedness determination

Core Form Review

Part VI – Section A: Governing Body and Management (continued)

- Delegate control to management company?
- Significant changes to organizational documents?
- Material diversion of assets?

Core Form Review

Part VI – Section A: Governing Body and Management (continued)

- Contemporaneously document board (and certain committees) meetings and written actions taken?
- Policies and procedures over chapters/affiliates?
- Did governing body receive Form 990 before it was filed? Describe review process.
- Certain answers require explanation on Schedule O.

Core Form Review

Part VI – Section B: Policies

- Conflict of interest policy and how it is monitored/enforced?
- Whistleblower policy?
- Document retention and destruction policy?
- Was “rebuttable presumption” criteria used for compensation of officers and key employees?
Description of process.
- Investment in joint venture with for-profit?
If so, policy to safeguard exempt status?

Core Form Review

Part VII – Compensation

- Acronyms used in these slides
 - O = Officer
 - D = Director
 - T = Trustee
 - K = Key Employee
 - HC = Highly Compensated Employee
 - IC = Independent Contractor

Core Form Review

Part VII – Compensation of O,D,T, K, HC and IC

- Works in conjunction with Schedule J to require even more detailed compensation reporting
- Raises threshold amounts for reporting
- “Reportable compensation” (Form W-2 and Form 1099) is the measure
- Key employee definition is changed
 - Among other criteria, must have reportable compensation of >\$150,000 to be a key employee
- Report amounts based on calendar year

Core Form Review

Part VII – Compensation of O,D,T, K, HC and IC Group Returns

Group return filers:

- Must file a single consolidated Part VII showing all O,D,T, K of each subordinate included in the group return and a single consolidated Schedule J, Part II
- Must report their five HCs above \$100,000, and their five highest compensated ICs above \$100,000 for the whole group of subordinates, not for each subordinate

Core Form Review

Part VIII – Statement of Revenue

- Old Part I and Part VII info combined
- No exclusion codes or related/exempt function explanations
- Membership dues – either line 1b (contribution) or line 2 (program service) or both
- Separate lines for contributions from fundraising events (1c) and related organizations (1d)
- Separate line for income from investment of tax-exempt bond proceeds

Core Form Review

Part IX – Statement of Functional Expenses

- New functional expense categories
- More detailed reporting of grants (lines 1-3)
- Detailed reporting of payments to non-employees (line 11)

Core Form Review

Part X – Balance Sheet

- Similar to old form
- Receivables/Payables to current/former officers, directors, trustees, key employees or other related parties (Schedule L)

Part XI – Financial Statements and Reporting

- Does organization have an audit committee?

Review of Important Supplemental Schedules

Part VII/Schedule J – Compensation Information

Overview

- Part VII and Schedule J provide even more detailed compensation reporting
- Determining who must be reported can be complicated
- Report amounts based on calendar year
- “Reportable compensation” is used to determine reporting thresholds

Part VII/Schedule J – Compensation Information

Part VII Reporting

- List all current ODTK regardless of amount of compensation (but see definition of key employee)
- List five current highest paid (non-ODTK) employees with reportable compensation of more than \$100,000 from organization and any related organizations

Part VII/Schedule J – Compensation Information

Part VII Reporting

- List all former OK and HC employees with reportable compensation of more than \$100,000 from organization and any related organizations
- List former DT with reportable compensation of more than \$10,000 in capacity as a former DT from organization and any related organizations
- “Former” means if organization reported or should have reported person on any of the organization’s five previous Forms 990
- Transition rule for non-501(c)(3)s – don’t have to report former top 5 HC employees if not required to be reported on pre-2008 Form 990

Part VII/Schedule J – Compensation Information

Part VII Reporting

- Director/Trustee
 - Member of the governing body but only if he or she has voting rights
- Officer
 - Determined by reference to organizing documents and, at a minimum, include officers required by state law
 - Regardless of title, includes:
 - Top management official
 - Top financial official

Part VII/Schedule J – Compensation Information

Part VII Reporting

- **Key employee** – defined in instructions
- Must meet three tests:
 - Receive more than \$150,000 in reportable compensation (**\$150,000 Test**)
 - Have or share organization-wide control or influence similar to an officer, director, or trustee, or managed or had authority or control over at least 10% of the organization's activities (**Responsibility Test**) **and**
 - Are within the top 20 highest paid employees who satisfied both the \$150,000 Test and the Responsibility Test (**Top 20 Test**)

Part VII/Schedule J – Compensation Information

Part VII Reporting

- “Reportable compensation” is:
 - Officers and employees: Box 5 of Form W-2
 - Directors and individual trustees: Box 7 of Form 1099-MISC (and Box 5 of Form W-2 if also employee)
 - Institutional trustees – fees for service paid pursuant to contractual obligation
- If amounts paid were below Form W-2/1099 reporting threshold, report amount actually paid

Part VII/Schedule J – Compensation Information

Part VII Reporting

- For each person required to be reported, provide:
 - Reportable compensation from the organization
 - Reportable compensation from related organizations, but disregard payments from any related organization if less than \$10,000 (\$10,000 per “related organization” exception)

Part VII/Schedule J – Compensation Information

Part VII Reporting

- Report “estimated” amount of other compensation from the organization and related organizations
 - Only report a particular item of other compensation if \$10,000 or more (\$10,000 per “item” exception)
 - Exception: five types of compensation must be reported regardless of the amount – generally deferred compensation and health benefits
- \$10,000 exceptions do not apply to reporting compensation on Schedule J, Part II

Part VII/Schedule J – Compensation Information

Part VII Reporting

- Other compensation includes:
 - Deferred compensation not currently reportable on Form W-2 or Form 1099, including employer retirement plan contributions and employee deferrals
 - Nontaxable benefits (other than disregarded benefits) ,e.g.,
 - health insurance;
 - medical reimbursement programs;
 - life insurance;
 - disability benefits;
 - long-term care insurance;
 - dependent care assistance;
 - value of housing provided by the employer;
 - educational assistance;
 - adoption assistance.

Part VII/Schedule J – Compensation Information

Part VII Reporting

- Disregarded benefits include fringe benefits excluded from income, such as:
 - De minimis fringe
 - Working condition fringe
 - No additional cost service
 - Qualified moving expense reimbursement
 - Qualified transportation fringe

Part VII/Schedule J – Compensation Information

Part VII Reporting

- Section B
 - Five highest paid ICs receiving more than \$100,000
 - No distinction between professional and non-professional services

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- File Schedule J if answered yes to questions 3,4,or 5 of Section A, Part VII
 - Any former ODTK or HC listed in Section A of Part VII
 - Any person listed in Section A that has reportable and other compensation from organization and related organizations greater than \$150,000
 - Any person paid by unrelated organization for services to the organization

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- For any person listed on Part VII Section A, did the organization provide benefits, such as:
 - First class, charter or companion travel
 - Tax gross-up
 - Discretionary spending account
 - Housing allowance or payments for business use of residence
 - Health/social club dues or initiation fees
 - Personal services (maid, chef, chauffeur)

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- If yes, to any of these types of “compensation,” provide details on Part III and whether it
 - was/is pursuant to a written policy (question 1b)
 - or required substantiation before reimbursed (question 2)
- CEO/ED Compensation setting process (question 3):
 - Committee
 - Independent compensation consultant
 - Form 990 of other organizations
 - Written employment contract
 - Compensation study/survey
 - Approval by Board or compensation committee

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- Any of the following payments to persons listed in Part VII, Section A, line 1a?
 - Severance or change-of-control payment
 - Participation in or distribution from:
 - Nonqualified retirement plan
 - Equity-based compensation (stock, options, etc.)

 - If 501(c)(3) or (4)
 - Compensation contingent on
 - Revenue or net earnings of organization or related organization
 - Any non-fixed payments provided (non-specified amount or non-formula based bonus)
 - Any amounts reported in Part VII under “initial contract exception”?
- If yes, provide info in Part III of Schedule J

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- Part II – Detailed Compensation Reporting
- Reporting in Schedule J, Part II is subset of Part VII of core form
- Include only those reported in Part VII

Part VII/Schedule J – Compensation Information

Schedule J Reporting

- Report on Schedule J, Part II:
 - All former ODTK and HC with reportable compensation greater than \$100,000 from organization and related organizations (if payments are \$10,000 or more)
 - Former DT receiving reportable compensation greater than \$10,000 in capacity as former DT from organization and related organizations
 - All former and current ODTK and HC whose reportable compensation and other compensation from organization and related organizations is greater than \$150,000 or
 - Any person who received or accrued compensation from an unrelated entity for services to the organization in capacity of ODTK

Part VII/Schedule J – Compensation Information

Schedule J Part II – Detailed Compensation Reporting

- Breakdown of Form W-2/1099 compensation (B):
 - Base Compensation – (B)(i)
 - Bonus and Incentive Comp (B)(ii)
 - Other Compensation - (B)(iii)
- Deferred Compensation – (C):
 - Includes earnings accruals and increases in actuarial values to extent exceeds time value of money or rate of return increases
 - Deferred compensation prior to vesting is reported ratably as earned
 - Includes deferred compensation whether or not funded, vested or subject to a substantial risk of forfeiture

Part VII/Schedule J – Compensation Information

Schedule J Part II – Detailed Compensation Reporting

- Nontaxable Benefits – (D)
 - Value of all nontaxable benefits except certain fringe benefits
 - Reportable benefits include: health insurance, life insurance, disability benefits, medical reimbursement plans, housing, or educational assistance
 - Non-reportable fringe benefits include: working condition fringe, de minimis fringe, transportation, no-additional cost services and qualified moving expense reimbursement

Part VII/Schedule J – Compensation Information

Schedule J, Part II – Detailed Compensation Reporting

- Total – (E)
- Compensation Reported on Prior 990 – (F)
 - Include any amount in column B that was reported on a previous Form 990 for the listed person

Schedule J Part III – Supplemental Information

- Provide narrative information, explanations, or descriptions required for Part I, lines 1a, 1b, 4c, 5a, 5b, 6a, 6b, 7, and 8

Part VII/Schedule J – Compensation Information

Schedule J

- Issue – negative compensation in column B
 - Pre-tax deferrals could result in negative numbers in column B(iii)
 - IRS Filing Tip #7 instructs filers to reduce the column B(i) amount to avoid negative numbers
- Observations
 - IRS wants full picture of compensation
 - Valuation can be difficult
 - Recordkeeping is essential

Highlight of Other Schedules

Public Support Charity Status and Public Support

Schedule A

- Completed by all 501(c)(3)s
- Calculation – Part II for 509(a)(1), Part III for 509(a)(2)
- Cash method no longer used unless organization prepares Form 990 on cash basis
- Accrual-basis taxpayers that reported Schedule A amounts on cash basis in previous year must report all Schedule A amounts for prior years on accrual basis

Public Support Charity Status and Public Support

Schedule A

- Now five year computation – current year and four preceding years
- IRS plans to revise advanced rulings process – no longer file Form 8734; will have data on Form 990 at end of five years to prove public charity status
- For 509(a)(1) organizations that want to meet the 10% facts and circumstances test, details must be given in Part IV

Public Support Charity Status and Public Support

Schedule A

- Organizations can alternate between 509(a)(1) and 509(a)(2) status, regardless of determination letter status
- No separate line for membership dues – either contributions (support for organization) or gross receipts from exempt activities (admission fees, merchandise, and services)
- Requires two years of support test information

Schedule of Contributors

Schedule B

- Similar to current Schedule B
- Adds governmental unit to definition of contributor for Schedule B

Political Campaign and Lobbying Activities

Schedule C

- Combines political and lobbying questions from current Form 990
- Filed by:
 - 501(c)(3) entities that have lobbying or political activities
 - 501(c)(4), (5) and (6) entities subject to dues notice and proxy tax
 - 527 and other 501(c) entities with political activities

Supplemental Financial Statements

Schedule D

- Complete if organization has
 - Donor advised funds
 - Conservation easements
 - Provided credit counseling services
 - Assets in term, permanent or quasi-endowment (Form 990 terms are defined by SFAS 117)

Supplemental Financial Statements

Schedule D

- Complete if organization has
 - Amounts on certain lines of balance sheet
 - Fixed assets
 - Investments
 - Other assets or liabilities
 - GAAP financial statements

Schools

Schedule E

- Very similar to current Form 990, Schedule A, Part V

Statement of Activities Outside the U.S.

Schedule F

- Complete if organization has:
 - More than \$10,000 in grantmaking, fundraising, business or program service activities outside the U.S. (Part I)
 - More than \$5,000 of grants or assistance to any foreign organization (Part II)
 - More than \$5,000 of aggregate grants or assistance to any individual outside the U.S. (Part III)

Statement of Activities Outside the U.S.

Schedule F - Part I

- Must describe procedures for monitoring use of grant funds
- Does the organization maintain records to substantiate the amount of grants, eligibility, and selection criteria?

Statement of Activities Outside the U.S.

Schedule F - Part I

- Report activities on Schedule F by region (not country):
 - Central America and the Caribbean
 - East Asia and the Pacific
 - Europe (including Iceland and Greenland)
 - Middle East and North Africa
 - North America (which includes Canada and Mexico, but not the United States)
 - Russia and the newly Independent States
 - South America
 - South Asia
 - Sub-Saharan Africa

Statement of Activities Outside the U.S.

Schedule F - Part II

- Detailed reporting on grants to foreign entities including:
 - Region
 - Purpose of grant
 - Manner of disbursement
 - Non-cash assistance
- Name of organization and IRS code section/EIN not required for 2008.

Statement of Activities Outside the U.S.

Schedule F - Part III

- Detailed reporting on grants to individuals outside the U.S. including:
 - Region
 - Type of grant
 - Number of recipients
 - Non-cash assistance
- Reported by type of grant

Statement of Activities Outside the U.S.

Schedule F - Part IV

Use Part IV to provide narrative detail for:

- Part I, Line 2 – monitoring of grant funds
- Part I, Line 3, column (f) – method used to account for expenditures on this line
- Part III, column (c) - method used to estimate the number of recipients on this line
- Other information as needed

Supplemental Information Regarding Fundraising or Gaming Activities

Schedule G

- Complete if organization has \$15,000 or more of:
 - Professional fundraising expenses (Part I)
 - Gross revenue from fundraising events (Part II) or
 - Gross revenue from gaming activities (Part III)

Supplemental Information Regarding Fundraising or Gaming Activities

Schedule G – Part I

- Disclosure of types of fundraising activities
- Detail of compensation paid to ten highest-paid fundraisers (over \$5,000) including gross receipts and amount paid to/retained by fundraiser
- All states in which registered to solicit funds or has been notified it is exempt from registration

Supplemental Information Regarding Fundraising or Gaming Activities

Schedule G – Part II

- Detailed information about 2 largest events by gross receipts in columns (a) and (b)
- Total of all others in column (c)

Supplemental Information Regarding Fundraising or Gaming Activities

Schedule G – Part III

- Detailed information about events by type
 - Bingo – column (a)
 - Pull tabs/instant bingo/progressive bingo – column (b)
 - Other gaming – column (c)
 - Includes raffles

Supplemental Information Regarding Fundraising or Gaming Activities

Schedule G – Part III

- Other gaming information
 - States where activities conducted and where organization is licensed to conduct these activities
 - Name and address of person who prepares gaming/special events books and records
 - Third party contracts for gaming

Hospitals

Schedule H

- Required to be/licensed as/certified as a hospital
- Part V – Facility information is required for 2008
- Parts I-IV and VI are optional for 2008

Grants and Assistance to Organizations, Governments and Individuals in the U.S.

Schedule I

- Complete if you reported on Part IX more than \$5,000 of grants or assistance to governments or organizations in the U.S. (Part II) or individuals in the U.S. (Part III)

Grants and Assistance to Organizations, Governments and Individuals in the U.S.

Schedule I – Part I

- Does the organization maintain records to substantiate the amount of grants, eligibility and selection criteria?
- Must describe procedures for monitoring use of grant funds (Part IV)

Grants and Assistance to Organizations, Governments and Individuals in the U.S.

Schedule I – Part II

- Detailed reporting on grants over \$5,000 to U.S. entities including:
 - Name and EIN
 - IRC exemption section (if applicable)
 - Amount of cash
 - Non-cash assistance
 - Specific purpose

Grants and Assistance to Organizations, Governments and Individuals in the U.S.

Schedule I – Part III

- Detailed reporting on grants to U.S. individuals:
 - Type of grant
 - Number of recipients
 - Amount of cash
 - Non-cash assistance

Supplemental Information on Tax-Exempt Bonds

Schedule K

- Part I – Bond Issues
 - Required for 2008
- Parts II-IV
 - Optional for 2008

Transactions with Interested Persons

Schedule L

- Complete if:
 - 501(c)(3) or (4) with an excess benefit transaction (EBT) in current or prior year (Part I)
 - Any organization with loans to or by a current or former officer, director, trustee, key or highly compensated employee or disqualified person (Part II)

Transactions with Interested Persons

Schedule L

- Complete if:
 - Any organization with grant or other assistance to an officer, director, trustee, key employee, substantial contributor or “related party” (Part III).
 - Any organization with direct or indirect business transactions and a current or former officer, director, trustee, or key employee listed in Form 990, Part VII, Section A (Part IV).
- Instructions prevent reporting of same transaction in more than one place

Transactions with Interested Persons

Schedule L - Part I

- For each EBT:
 - Identify the disqualified person(s) that received an excess benefit in the transaction;
 - Identify the organization manager(s), if any, that participated in the transaction, knowing that it was an excess benefit transaction (required per instructions, but not by form);
 - Describe the transaction; and
 - State whether the transaction has been corrected

Transactions with Interested Persons

Schedule L - Part II

- Loans include salary and other advances and receivables (does not include amounts under “accountable plans”)
- Related party includes family members
- For each loan, report:
 - Name of interested person and purpose
 - Loan to/from organization
 - Original principal
 - Balance due at year end
 - In default?
 - Approved by governing body?
 - Written agreement?

Transactions with Interested Persons

Schedule L - Part III

- Grants include scholarships, fellowships, internships, prizes, and awards
- For each grant, report:
 - Name of interested person
 - Relationship between interested person and organization
 - Amount of grant or type of assistance

Transactions with Interested Persons

Schedule L - Part IV

- Business transactions include contracts of sale, lease, license or performance of services, and joint ventures
- Not required to report individual transactions less than \$10,000
- For each transaction, report:
 - Name of interested person
 - Relationship between interested person and organization
 - Amount of transaction
 - Description of transaction
 - Sharing in organization's revenues?

Non-Cash Contributions

Schedule M

- Complete if:
 - Received more than \$25,000 of non-cash contributions; or
 - Received contributions of art, historical treasures, or other similar assets; or
 - Received qualified conservation contributions
- Supplemental information (Part II)

Non-Cash Contributions

Schedule M - Part I

- Report
 - Type of property
 - Number of contributions for each type
 - Revenue reported as non-cash contributions on line 1g of Part VIII
 - Method of determining amount of revenue

Non-Cash Contributions

Schedule M - Part I

- Disclose
 - Number of Forms 8283 received
 - Whether any gifts required to be held for three years or more; if so, explain
 - If third parties used to solicit non-cash contributions

Liquidation, Termination, or Significant Disposition of Assets

Schedule N

- Complete if:
 - Organization terminated, liquidated, dissolved or ceased operation; or
 - Had a significant disposition - includes a sale or exchange of more than 25 percent of the organization's net assets or a substantial contraction of net assets

Liquidation, Termination, or Significant Disposition of Assets

Schedule N – Part I

- Must provide support for liquidation, termination, dissolution or merger (e.g. articles of dissolution)
- Detailed information about the transaction including officer, director, key employee relationship with transferee or successor organization

Liquidation, Termination, or Significant Disposition of Assets

Schedule N – Part II

- Substantial contraction or significant disposition (25%) of assets
- Detailed information about the transaction including officer, director, key employee relationship with transferee or successor organization

Supplemental Information

Schedule O

- Used to provide:
 - Required narrative responses to specific questions on Form 990
 - Supplemental information to questions or to explain responses to questions on Form 990

Related Organizations and Unrelated Partnerships

Schedule R

- Complete if:
 - 501(c)(3) and transfers to related exempt non-charitable organizations
 - Any organization with:
 - Disregarded entities
 - Related to taxable or tax-exempt entities
 - Controlled entities
 - Conduct of more than 5% of exempt activities through an unrelated entity taxed as a partnership

Related Organizations and Unrelated Partnerships

Schedule R

- Detailed reporting on related organization including primary activity, state of incorporation, and income for:
 - Disregarded entities (Part I)
 - Related tax-exempt entities (Part II)
 - Related organizations taxed as partnerships (Part III)
 - Related organizations taxed as corporations or trusts (Part IV)

Related Organizations and Unrelated Partnerships

Schedule R

- Part V
 - Detailed reporting on transactions with related organizations listed in Parts II, III or IV
- Part VI
 - Detailed reporting on transactions with related organizations taxed as partnerships

New Form 990

Next Steps

- Determine eligibility for 990-EZ filing
 - 2008 – gross receipts < \$1MM and assets < \$2.5MM
 - 2009 – gross receipts < \$500,000 and assets < \$1.25MM
 - 2010 and later – gross receipts < \$200,000 and assets < \$500,000
- Have management try to complete draft 990 now to identify:
 - “Challenging” questions
 - New information that will need to be collected for 2008

New Form 990

Next Steps

- Have Board perform detailed review of management draft so:
 - there are no surprises; or
 - changes can be implemented prior to year end (may require Board action)

Questions?

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