



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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