

What's New

Redesigned Form 990 and Instructions for 2008 tax year

Overview and Major Changes. The Form 990 has been redesigned effective for 2008 tax years. The new form consists of an 11-page, 11-part core form that is required to be completed by all organizations that file the Form 990, and Schedules to be completed by those organizations that satisfy the applicable requirements for each Schedule.

The following provides a brief summary of some major changes and features of the new form, and an outline of the new core form and Schedules. This summary does not describe all of the new features or changes. Some of the information previously required by the Form 990 (2007) has been eliminated or revised, and the new Form 990 (2008) requires information not previously required by the prior form. Some information previously required of only certain types of organizations now is required of all types of organizations completing the form. The organization should carefully review the new form and instructions in order to make sure it satisfies the new form's reporting requirements. See the IRS website at www.irs.gov and click on the Charities & Non-Profits tab for more information.

Some areas of major changes in reporting requirements include governance and compensation of officers, directors, trustees, key employees, and highest compensated employees. For example, Part VI, *Governance, Management, and Disclosure*, is a new section that asks questions about the organization's governance structure, policies and disclosure practices. Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, also contains important changes, including new definitions of officer and key employee applicable to all organizations, and the extension of reporting compensation paid to the top five highest compensated employees from organizations described in section 501(c)(3) or 4947(a)(1), as was previously the case, to all organizations filing the Form 990, such as social welfare organizations, business leagues, trade associations, and social clubs.

Other areas of significant change include determination of public charity status and public support; supplemental financial statement reporting; and fundraising, special events and gaming. For organizations described in sections 501(c)(3) or 4947(a)(1), Schedule A has been revised to emphasize reporting of public charity status and public support. Schedule D contains new reporting requirements for conservation organizations; museums and other organizations maintaining collections of works of art and other items; credit counseling organizations and others holding funds in escrow or custodial arrangements; and organizations maintaining endowments. Schedule G requires reporting of certain information regarding arrangements with professional fundraisers, special events, and gaming activities. Other new Schedules include those for reporting foreign activities (Schedule F); hospitals (Schedule H); tax exempt bonds (Schedule K); non-cash contributions (Schedule M); and related organizations (Schedule R).

The following is an outline of the Parts of the core form and the new Schedules.

Core Form. The core form required to be completed by all organizations consists of the following eleven Parts:

- Part I, *Summary*, which provides certain important information regarding the organization's mission, activities, and current and prior years' financial results;
- Part II, *Signature Block*, which contains the signature of an organization's officer, and if applicable, paid preparer;
- Part III, *Statement of Program Service Accomplishments*, which requires reporting of the organization's new, ongoing and discontinued exempt purpose achievements and related revenue and expenses;
- Part IV, *Checklist of Required Schedules*, to be used by the organization to determine which Schedules it must complete and file with the IRS as part of the Form 990;
- Part V, *Statements Regarding Other IRS Filings and Tax Compliance*, to be used by the organization to report its compliance with other federal tax reporting and substantiation requirements;
- Part VI, *Governance, Management, and Disclosure*, which requires information regarding the organization's governing body and management, policies, and disclosure practices;
- Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, to report compensation paid such persons by the organization and its related organizations that is reported on Forms W-2 and 1099-MISC, and certain other compensation;
- Part VIII, *Statement of Revenue*, Part IX, *Statement of Functional Expenses*, and Part X, *Balance Sheet*, which comprise the financial statements of the organization for federal tax reporting purposes; and
- Part XI, *Financial Statements and Reporting*, to report information regarding the organization's accounting methods and its compiled, reviewed, or audited financial statements.

Schedules. The new Form 990 (2008) contains 16 Schedules. Each organization must complete Part IV, *Checklist of Required Schedules*, to determine those Schedules it must complete. These Schedules replace the prior form's schedules and most required attachments that previously had to be constructed and completed by the filing organization. The following is a list and brief description of the new Schedules:

- Schedule A, *Public Charity Status and Public Support*, to be completed by organizations described in sections 501(c)(3) and 4947(a)(1) to provide information relevant to its status as a public charity, including satisfaction of applicable public support tests on an ongoing basis;
- Schedule B, *Schedule of Contributors*, to be completed by organizations to provide information regarding contributions they report as revenues;
- Schedule C, *Political Campaign and Lobbying Activities*, to be completed by organizations that conduct political campaign activities, organizations described in sections 501(c)(3) and 4947(a)(1) that conduct lobbying activities, and

organizations subject to section 6033(e) notice and reporting requirements and potential proxy tax on certain membership dues, assessments and similar amounts;

- Schedule D, *Supplemental Financial Statements*, to be completed by organizations to supplement certain balance sheet information, as well as conservation organizations, museums and other organizations maintaining collections, credit counseling organizations and others holding funds in escrow or custodial arrangements, and organizations maintaining endowments or donor advised funds and similar funds or accounts;
- Schedule E, *Schools*, which is the private school questionnaire previously contained in former Schedule A;
- Schedule F, *Statement of Activities Outside the United States*, to report the organization's activities conducted outside the United States;
- Schedule G, *Supplemental Information Regarding Fundraising or Gaming Activities*, which requires reporting by organizations that reported certain amounts of professional fundraising expenses, revenue from special events, and revenue from gaming activities;
- Schedule H, *Hospitals*, to be completed by organizations that operate one or more facilities licensed or registered as a hospital under state law;
- Schedule I, *Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.*, to report grants and other assistance provided by the organization to others within the United States;
- Schedule J, *Compensation Information*, to be completed by organizations to provide detailed compensation information for certain current or former officers, directors, trustees, key employees, and highest compensated employees, and certain information regarding the organization's compensation practices and arrangements;
- Schedule K, *Supplemental Information for Tax Exempt Bonds*, to be completed by organizations with outstanding tax-exempt bond liabilities;
- Schedule L, *Transactions with Interested Persons*, to be completed by organizations that engage in certain types of relationships or transactions with interested persons, including excess benefit transactions, loans, grants or other financial assistance, and other financial or business transactions or arrangements;
- Schedule M, *Non-Cash Contributions*, to report contributions other than cash received by the organization;
- Schedule N, *Liquidation, Termination, Dissolution or Significant Disposition of Assets*, to report major dispositions of assets by the organization;
- Schedule O, *Supplemental Information to Form 990*, to be used by organizations to provide supplemental information to describe or explain the organization's responses to questions contained in the core form or Schedules, and
- Schedule R, *Related Organizations and Unrelated Partnerships*, to provide information regarding the organization's relationships with other exempt and taxable organizations.

Organizations should complete Part IV, *Checklist of Required Schedules*, to determine which of these Schedules they must file as part of the Form 990. All filers will be required to provide certain narrative responses on Schedule O.

Instructions, Glossary and Appendices. The Form 990 instructions also have been revised for 2008. The new instructions contain a sequencing list to help organizations determine the order in which to complete various portions of the form (see General Instruction C), revised general and specific instructions for the core form and Schedules, a glossary of key terms, and a compensation table to help organizations determine where and how to report types of compensation paid to officers, directors, trustees, key employees, and highest compensated employees (see Specific Instructions for Part VII). The new instructions also contain new appendices for reporting requirements and guidance regarding group returns (see Appendix E), and for organizations to report activities conducted indirectly through joint ventures and disregarded entities (see Appendix F).

Form 990-EZ Filing Amounts for 2008-2010

Form 990-EZ, *Short Form Return of Organization Exempt From Income Tax*, may be filed by most organizations with gross receipts and total assets below certain amounts. For the 2008 tax year, most organizations with gross receipts less than \$1,000,000 and total assets less than \$2,500,000 may choose to file the Form 990 or Form 990-EZ. (For the 2007 tax year, these amounts were less than \$100,000 gross receipts and \$250,000 total assets.) For the 2009 tax year, most organizations with gross receipts less than \$500,000 and total assets less than \$1,250,000 may choose to file the Form 990 or Form 990-EZ. Beginning with the 2010 tax year, most organizations with gross receipts less than \$200,000 and total assets less than \$500,000 may file either the Form 990 or Form 990-EZ.

Although Form 990-EZ was not redesigned for 2008, some changes have been made so that certain information previously required to be submitted in attachments will now be reported on Schedules. Organizations that file Form 990-EZ (2008) must review the instructions for Schedules A, B, C, E, G, L, and N to determine whether they must report any of their activities or information on those Schedules. Form 990-EZ filers will not be required to complete any of the other 2008 Form 990 Schedules.

New annual electronic filing requirement for small tax-exempt organizations. Most small tax-exempt organizations now must file new Form 990-N, *Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ*. See the IRS website at www.irs.gov and click on the Form 990-N (e-Postcard) tab for more information.

Purpose of Form

Form 990 and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.

An organization's completed Form 990 and Form 990-EZ, and the Forms 990-T of 501(c)(3) organizations, are available for public inspection as required by section 6104. Schedule B, *Schedule of Contributors* (Form 990, 990-EZ, or 990-PF), is available for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or Form 990-EZ, parts of Schedule B may be open to public inspection. See the *Instructions for Schedule B* for more details.

Some members of the public rely on Form 990, or Form 990-EZ, as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by information presented on its return. Therefore, the return must be complete, accurate, and fully describe the organization's programs and accomplishments.

Use Form 990 or Form 990-EZ to send a required election to the IRS, such as the election to capitalize costs under section 266.