



# Form 990 filing tips



# Presentation Topics

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- **Preparing the Form 990-series return**
- **Managing legal risks more effectively**
- **Avoiding penalties**
- **Explaining Unrelated Business Income**
- **Highlighting online resources**
- **Promoting EO resources**



# The Form 990

Form **990** **Return of Organization Exempt From Income Tax** OMB No. 1545-0047  
 2013  
 Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)  
 Do not enter Social Security numbers on this form as it may be made public. **Open to Public**

Form **990-PF** **Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation** OMB No. 1545-0052  
 2013  
 Department of the Treasury Internal Revenue Service Do not enter Social Security numbers on this form as it may be made public.

Form **990-EZ** **Short Form Return of Organization Exempt From Income Tax** OMB No. 1545-1150  
 2013  
 Department of the Treasury Internal Revenue Service Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)  
 Do not enter Social Security numbers on this form as it may be made public. Information

**A For the 2013 calendar year**  
**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending  
**G** Accounting Method:  
**I** Website:  
**J** Tax-exempt status (check one)  
**K** Form of organization:  
**L** Add lines 5b, 6c, and 7b, to (Part II, column (B) below) are

**Part I Revenue, Expenses, and Other Income**  
 Check if the organization is a:

**1** Contributions, grants, or membership dues  
**2** Program service income  
**3** Membership dues  
**4** Investment income  
**5a** Gross amount from operations  
**b** Less: cost of goods sold  
**c** Gain or (loss) from operations  
**6** Gaming and fundraising

**Urban Institute**  
 Quick Jump Form 990-II (e-Postcard) Logout

**e-Postcard**  
 file your electronic IRS Form 990-N

Electronic Notice - Form 990-N (e-Postcard) Organization Information  
 Save Changes before jumping to another page. Save Changes

**A** For the tax year period beginning 1/1/2008 and ending 12/31/2008  
**B** Has your organization terminated or gone out of business? No  
 Are your gross receipts normally \$25,000 or less? Yes  
**C** Organization's legal name - Line 1 MARYS HALL INC  
 Organization's legal name - Line 2  
**D** Employer identification number (EIN) 11-1220010



# Form 990

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**Properly completed, it shows an organization:**

- **Is organized and operated as a tax-exempt entity**
- **Is in compliance with applicable tax laws**
- **Is well-governed and managed**
- **Furthers its mission through its exempt activities**
- **Provides valuable services to the public**



# Form 990-series Filing Requirements

## Who is Required to File?

- Exceptions

## Which Form?

<b>Tax Year 2013</b>	<b>Form</b>
All organization may file	990
Gross receipts below \$200K; and Total assets below \$500K	990-EZ
Gross receipts at or below \$50K	990-N

Private Foundations file Form 990-PF



# Form 990-EZ

Form <b>990-EZ</b>  Department of the Treasury Internal Revenue Service	<b>Short Form</b> <b>Return of Organization Exempt From Income Tax</b> Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)	OMB No. 1545-1150  <b>2013</b> <b>Open to Public Inspection</b>
Do not enter Social Security numbers on this form as it may be made public. Information about Form 990-EZ and its instructions is at <a href="http://www.irs.gov/form990">www.irs.gov/form990</a> .		
<b>A</b> For the 2013 calendar year, or tax year beginning _____, 2013, and ending _____, 20		
<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization _____ Number and street (or P.O. box, if mail is not delivered to street address) _____ City or town, state or province, country, and ZIP or foreign postal code _____	<b>D</b> Employer identification number _____  <b>E</b> Telephone number _____  <b>F</b> Group Exemption Number _____
<b>G</b> Accounting Method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____		<b>H</b> Check <input type="checkbox"/> if the organization is not required to attach Schedule B (Form 990, 990-EZ, or 990-PF).
<b>I</b> Website: _____		
<b>J</b> Tax-exempt status (check only one) – <input type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>K</b> Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other _____		
<b>L</b> Add lines 5b, 6c, and 7b, to line 9 to determine gross receipts. If gross receipts are \$200,000 or more, or if total assets (Part II, column (B) below) are \$500,000 or more, file Form 990 instead of Form 990-EZ. . . . . \$ _____		
<b>Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances</b> (see the instructions for Part I) Check if the organization used Schedule O to respond to any question in this Part I _____		
<b>Revenue</b>	1 Contributions, gifts, grants, and similar amounts received . . . . . 2 Program service revenue including government fees and contracts . . . . . 3 Membership dues and assessments . . . . . 4 Investment income . . . . . 5a Gross amount from sale of assets other than inventory . . . . . b Less: cost or other basis and sales expenses . . . . . c Gain or (loss) from sale of assets other than inventory (Subtract line 5b from line 5a) . . . . . 6 Gaming and fundraising events a Gross income from gaming (attach Schedule G if greater than \$15,000) . . . . . b Gross income from fundraising events (not including \$ _____ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds \$15,000) . . . . . c Less: direct expenses from gaming and fundraising events . . . . . d Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) . . . . .	1 _____ 2 _____ 3 _____ 4 _____ 5a _____ 5b _____ 5c _____ 6a _____ 6b _____ 6c _____ 6d _____



## Reminder:

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Do **not** include Social Security numbers on applications and organization's annual information returns



## What IRS is doing:

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IRS put a “reminder” in the instructions for our disclosable forms.

- Form 990 & 990-EZ
- Form 990-PF
- Form 5227
- Form 990-T
- Forms 1023 & 1024





# Form 990: Who is the audience?

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- IRS
- State regulators
- Congress
- Media
- Foundations
- Other groups



# Preliminary Steps

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1. Know Your Audience
2. Assemble a Form 990 prep team
3. Related Organizations
  - Parent
  - Subsidiary
  - Brother/sister
  - Sponsoring organization
  - Supporting/supported



# Preliminary Steps

## 4. Determine Key Employees

- Received over \$150,000 on W-2
- Controlled over 10% of organization

## 5. Information Gathering Strategy

For officers, directors, trustees and key employees, determine:

- Compensation amounts from related orgs.
- Family/business relationships
- Grants
- Business transactions

**Questionnaire**

## 6. Keep Good Records



# Form 990: Questions

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- Governance documents
- Unrelated business activity
- Donor advised fund activities
- Excess benefit transactions
- Prohibited tax shelter activities
- Written policies and procedures
- Other governance questions



# Tip 1: Follow Form 990 instructions

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## Use Tools Provided in Form 990 Instructions

- Sequencing list
- Compensation charts
- Glossary
- 11 Appendices
  - Gross receipts, public disclosure, excess benefits, charitable contributions



## Tip 2: Schedules & attachments

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Assemble the package of forms, schedules, and attachments in the following order:

- Core form with all parts completed
- Schedules completed as applicable
- Attachments, completed as applicable



## Tip 3: Good Governance

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- It's strongly recommended that your 990 team pay particularly close attention to Parts V & VI and Schedule A
- Close link between good governance and tax compliance
- Part V, VI and Schedule A serve as a self-audit



# Form 990, Part VI

- 1a Enter the number of voting members of the governing body . . . . .
- 1b Enter the number of voting members that are independent . . . . .
- 2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with

## Independent Member?

Not compensated as employee/officer

Total compensation as independent contractor is \$10,000 or less

Not involved in a transaction reportable on Schedule L (loan, grant, business transaction)





## Tip 4: Highlight Accomplishments

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- Use Schedule O to tell your story
- Schedule O is the only one of the 16 schedules that must be filed
- Several questions require all filers to submit a narrative answer on Schedule O.



## Tip 5: Compensation

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### Must Report

- Five highest compensated employees
- Former directors/trustees
- Former officers, key employees, and highest compensated employees
- Top five independent contractors





# Compensation – Schedule J

<b>SCHEDULE J</b> (Form 990)	<b>Compensation Information</b>	OMB No. 1545-0047
Department of the Treasury Internal Revenue Service	For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees ▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23. ▶ Attach to Form 990. ▶ See separate instructions.	<b>2012</b>
Name of the organization		Employer identification number
<b>Part I Questions Regarding Compensation</b>		
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.	Yes	No
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or special club dues or initiation fees	
b	<b>Sch. J Requirement (if any 1 applies):</b>	
2	<ul style="list-style-type: none"> <li>• Total compensation over \$150,000</li> <li>• Compensation for services from org. unrelated to filing organization</li> <li>• Former officer, director, trustee, KE, HCE</li> </ul>	
3		
4		
a Receive a severance payment or change-of-control payment?	4a	



# Unrelated Business Income

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What is UBI activity:

- A trade or business activity
- Regularly carried on
- Not substantially related to exempt purpose



# UBI Common Examples

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- Advertising
- Gaming
- Sale of merchandise and publications
- Management or other similar services



# Unrelated UBI Exceptions

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- Activities conducted by volunteers
- Convenience
- Sale of donated merchandise
- Distribution of low cost articles
- Qualified convention or trade show
- Sponsorship
- Traditional Bingo



# UBI Exclusions

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- Interest and dividends
- Royalty income
- Rental income from real property
- Gains and losses from sale of property





# UBI Deductions

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- UBI can be offset by related expenses and Net Operating losses
- Charitable contributions deduction is limited to 10% of UBI
- A deduction of \$1,000 is allowed in calculating its UBI. This is similar to the personal exemptions allowed on 1040 returns.



## Form 990-T

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- Any domestic or foreign organization with annual gross unrelated business income of \$1000 or more
- Filed in addition to Form 990, Form 990-EZ or 990-N (or other annual return)
- Form 990-T is due the 15th day of the 5th month following the end of organization's accounting period



# Automatic revocation

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- Organization's name appears on EO Select Check Auto-Revocation list
- Notice is sent to the organization's last address of record
- Effective date of revocation is due date of 3rd consecutive non-filed return or notice
- Federal income tax is due for organization
- Form 1120–Corporation/Form 1041–Trust
- Other consequences (state & local)



## Rev. Proc. 2014-11, I.R.B. 2014-3

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- Describes the four procedures to apply for reinstatement.
- Organization must apply for reinstatement, even if it wasn't originally required to apply for exemption
- If approved, date of reinstatement is date of postmark
- Possible retroactive reinstatement



## Tip 6: E-filing

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- E-filing's a big time saver
- It reduces IRS processing time
- It reduces errors
- More accurate and complete reporting



# Penalties

## **Gross Receipts: $\leq$ \$1 Million Penalty:**

- \$20 per day
- Maximum of \$10,000 or 5% of organization's gross receipts, whichever is less

## **Gross Receipts: $>$ \$1 Million Penalty:**

- \$100 per day
- Maximum of \$50,000

## **Pension Protection Act of 2006**

- Failure to file required return (Form 990, 990-EZ, 990-PF or 990-N) for three consecutive years results in loss of exemption



## Resources to Assist

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HELP!

**Form instructions are your  
best resource for 990**

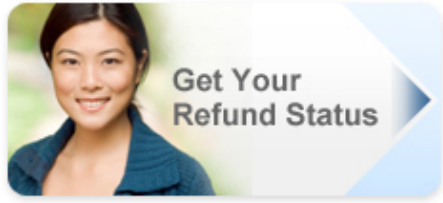
[Form990Revision@irs.gov](mailto:Form990Revision@irs.gov)



Search

- Filing
- Payments
- Refunds
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- Help & Reso

- Individuals
- Businesses
- Charities & Non-Profits**
- Government Entities
- Tax Professionals
- Retirement Plans
- Tax Exempt Bonds



### Forms and Pubs

- 941
- 4506-T
- 1040
- SS-4
- 2848
- More ...
- W-2
- W-8BEN
- Pub 15
- W-4
- W-9

### Hot Topics

- Free File: File your return for free
- Pay Your Tax Bill
- Earned Income Tax Credit
- Affordable Care Act Tax Provisions
- More ...

### Tools

- Request an Electronic Filing PIN
- Order a Return or Account Transcript
- Use the Interactive Tax Assistant
- Apply for an EIN Online
- First Time Homebuyer Credit Look-up
- More ...

### Filing & Payment

where's my refund?

freefile

irs e-file

EFTPS

### News

- Hurricane Sandy Relief Extended for Some NJ and NY Victims
- Statement on Court Ruling Related to Return Preparers
- Penalty Relief for Farmers and Fishermen
- More ...

- 2013 Filing Season
- 2013 Free File, e-File
- 2013 EITC
- Offshore Disclosure
- Identity Theft

To reach our **Charities and Nonprofits** page, go to **IRS.gov** and click **"Information for..."** then select **Charities & Nonprofits**.

### Social Media

Welcome to Free File!

YouTube

Twitter

Facebook

LinkedIn



# Charities & Non-Profits



## Charitable Organizations

[Churches & Religious Organizations](#)

[Political Organizations](#)

[Private Foundations](#)

[Other Non-Profits](#)

[Contributors](#)

## Tax Information for Charities & Other Non-Profits



### News

- › [Proposed Regulations on Hospital CHNAs](#)
- › [Self-Declarers Questionnaire](#)
- › [Group rulings questionnaire](#)
- › [Latest changes to Form 990 for TY2012](#)
- › [Examinations: Charities and Nonprofits Audits](#)

### Annual Reporting & Filing

990-series forms, requirements, and filing tips

### How to Apply to Be Tax-Exempt

What new organizations need to know

### Revoked? Reinstated? Learn More

Information about the automatic revocation process and how to be reinstated. NEW: Information for credit unions.

### Education, Workshops and Seminars

IRS programs and materials for non-profit organizations

### EO Select Check

Search for a tax-exempt's status

### StayExempt.IRS.gov

Tax basics for exempt organizations

### How to Stay Exempt

Resources for tax-exempt nonprofit organizations

### About Us

General information and how to contact us

### Charities & Non-Profits Topics

- [A-Z Index](#)
- [Search for Charities](#)
- [Calendar of Events](#)
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## Charities and Nonprofits A-Z Site Index

[\( A-E \)](#)[\( F-J \)](#)[\( K-O \)](#)[\( P-T \)](#)[\( U-Z \)](#)

### A

- [Abusive Tax Avoidance Transactions](#)
- [Academic Institutions Initiative](#)
- [Accountable Care Organizations \(ACOs\) and the Medicare Shared Savings Program \(MSSP\)](#)
- [Action Organization](#)
- [Advance Approval of Grantmaking Procedures](#)
- [Advance Ruling Process Elimination](#)
- [Advisory Committee on Tax Exempt and Government Entities \(ACT\) Reports](#)
- [Affordable Care Act of 2010](#)
  - [Affordable Care Act Tax Provisions](#)
  - [News Releases, Multimedia, Published Guidance](#)
- [Agricultural and Horticultural Organizations - 501\(c\)\(5\)](#)
- [Annual Electronic Filing Requirement of Small Exempt Organizations \(ePostcard\) see e-Postcard](#)
- [Annual Information Return see filing requirements](#)
- [Annual Reports and Work Plans](#)
- [Appeals Office Consideration](#)
  - [Publication 892, Exempt Organizations Appeal Procedures for Unagreed Issues](#)
  - [Fast Track Settlement of Examinations Issues](#)
- [Appeals to Courts](#)
- [Application Process](#)
  - [Applying for Tax-Exemption: An Overview StayExempt.org minicourse](#)
  - [Expediting Application Processing](#)
  - [Form 1023, Application for Recognition of Exemption Under Section 501\(c\)\(3\) of the Internal Revenue Code](#)
  - [Form 1023 Instructions](#)
  - [Form 1024, Application for Exemption Under Section 501\(a\)](#)
  - [Form 1024 Instructions](#)

*The A-Z Site Index is one of our most helpful pages*

### Charities & Non-Profits Topics

- [A-Z Index](#)
- [Search for Charities](#)
- [Calendar of Events](#)
- [Charity and Nonprofit Audits](#)
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- [Life Cycle](#)

## Exempt Organizations Select Check

[Exempt Organizations Select Check Home](#)

### Exempt Organizations Select Check

Click on one of the buttons below to search for:

1. Organizations eligible to receive tax-deductible contributions (Pub. 78 data),
2. Organizations whose federal tax exemption was automatically revoked for not filing a Form 990-series return or notice for three consecutive years, or
3. Form 990-N (e-Postcard) filers and filings.

Limit search to organizations that (select only one):

- [Are eligible to receive tax-deductible contributions](#)  [Were automatically revoked](#)  [Have filed Form 990-N \(e-Postcard\)](#)

**Note:** To search for other information on the IRS website, please use the site search located on the top right of your screen.

...organization, users may download a complete list of each of the three types of organizations through *Exempt Organizations Select Check*.

#### Charities & Non-Profits Topics

- [Life Cycle](#)
- [Search for Charities](#)
- [A-Z Site Index](#)

[Exempt Organizations Select Check Tool](#)



*Check out EO's new on-line exempt org search tool.*

*It's updated monthly!*

[Charitable Organizations](#)[Churches & Religious Organizations](#)[Political Organizations](#)[Private Foundations](#)[Other Non-Profits](#)[Contributors](#)

## Calendar of Events



### Upcoming Events

IRS Exempt Organizations offers specialized education programs to help exempt organizations understand their tax responsibilities. The list below provides information about events on exempt organizations topics, and links to detailed information, including registration websites, for scheduled programs.

[Webinars](#) - EO tax law programs from your computer

**Register now** for free webinar on churches and religious organizations - July 26, 2012.

[Phone forums](#) - Free phone forums featuring IRS employees discussing exempt organizations topics.

**Register now** for phone forum on exempt organizations and gaming - July 18, 2012.

[Workshops](#) - Small and Medium-Sized Exempt Organizations - face-to-face programs on exempt organizations tax issues

[Conferences](#) - presented or sponsored by IRS Exempt Organizations

[Nationwide Tax Forums](#) - the latest word from IRS leadership and other experts in the exempt organizations tax law field

### Additional information

- [Materials from past events](#)
- On-line educational programs available anytime at [www.stayexempt.irs.gov](http://www.stayexempt.irs.gov)

Page Last Reviewed or Updated: 2012-08-02

*Educational activities are specially designed for the EO community.*



# EO Update: Free e-Newsletter

The screenshot shows the IRS website interface. At the top left is the IRS logo. To the right are links for Subscriptions, Language, and Information For... Below these is a search bar with a magnifying glass icon and the word "Advanced" to its right. A navigation menu contains links for Filing, Payments, Refunds, Credits & Deductions, News & Events, Forms & Pubs, Help & Resources, and for Tax Pros. On the left side, there is a sidebar with links for Charitable Organizations, Churches & Religious Organizations, Political Organizations, Private Foundations, Other Non-Profits, and Contributors. The main content area features the title "Current Edition of Exempt Organizations Update" with a heart icon, a plus icon, and a printer icon. Below the title is a paragraph: "EO Update is a periodic newsletter with information for tax-exempt organizations and tax practitioners - attorneys, accountants, and others - who represent them, from Exempt Organizations (Tax-Exempt and Government Entities) at the IRS." A table follows with three columns: Issue, Highlights, and Release Date. The table contains one row for the 2013-8 issue, dated 5/3/2013, with two highlights: "Reminder: Calendar year Form 990 series returns due by May 15" and "Executive Summary updated in EO's Final Report on Colleges and Universities". Below the table is a link to the newsletter archive and a link to subscribe. At the bottom right of the page, it says "Page Last Reviewed or Updated: 03-May-2013".

Subscriptions ▾ Language ▾ Information For... ▾

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Other Non-Profits

Contributors

## Current Edition of Exempt Organizations Update

EO Update is a periodic newsletter with information for tax-exempt organizations and tax practitioners - attorneys, accountants, and others - who represent them, from Exempt Organizations (Tax-Exempt and Government Entities) at the IRS.

Issue	Highlights	Release Date
<a href="#">2013-8</a>	<b>Inside This Issue</b> <ol style="list-style-type: none"><li>1. Reminder: Calendar year Form 990 series returns due by May 15</li><li>2. Executive Summary updated in EO's Final Report on Colleges and Universities</li></ol>	5/3/2013

Browse the newsletter [archive](#) or [subscribe](#) to future editions.

Page Last Reviewed or Updated: 03-May-2013

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Tax Basics for Exempt Organizations

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Welcome to Stay Exempt  
an IRS site created especially  
for 501(c)(3) organizations

How to apply for tax-exempt status  
Maintaining your tax-exempt status  
Expand your exempt organization knowledge

New Organizations | Existing Organizations | In-depth Topics

RESOURCE LIBRARY | SITE MAP | PRIVACY | ACCESSIBILITY | ABOUT US | FAQs | CONTACT US | WEBMASTER | GET HELP

StayExempt is a federal government web site managed by the US Internal Revenue Service.

*This is one of the best ways to learn what's important to exempt organizations*