

# 2012

## Instructions for Form 990-EZ

Short Form Return of Organization Exempt  
From Income Tax Under Section 501(c),  
527, or 4947(a)(1) of the Internal Revenue  
Code (except black lung benefit trust or  
private foundation)

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**Volume 1 of 3**





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Section references are to the Internal Revenue Code unless otherwise noted.

## **Future Developments**

For the latest information about developments related to Form 990, 990-EZ and the related instructions, such as legislation enacted after they were published, go to [www.irs.gov/form990](http://www.irs.gov/form990).

## **What's New**

### **2012 Significant Changes**

1. The General Instructions:
  - Remind filers not to include social security numbers on Form 990-EZ, because the filing organization and the IRS are required to publicly disclose the organization's annual information returns upon request.
  - Clarify which year's Form 990-EZ may be used to file for a short period.

- Clarify that a short period return cannot be filed electronically unless it is a final return for which the “Terminated” box is checked in Item B of the Form 990-EZ heading.
2. The instructions for page 1, *Item H. Schedule B*, of the heading, clarify when the organization needs to file Schedule B.
  3. In *Part II, Balance Sheets*, the instructions for line 24 (Other Assets) no longer require filers to report their share of assets of joint ventures and other partnerships using Schedule K-1 (Form 1065).
  4. In *Part IV, List of Officers, Directors, Trustees, and Key Employees*, filers are no longer required to list addresses in column (a), and should enter titles in column (a) instead of in column (b).
  5. In *Part V, Other Information*, instructions for lines 45a-45b are revised to clarify the definition of

“control” for purposes of determining a “controlled organization” under section 512(b)(13).

6. *In Part VI, Section 501(c)(3) organizations only:*

- In line 50, filers are no longer required to list addresses in column (a), and should enter titles in column (a) instead of in column (b).
- Line 51 instructions clarify that insurance providers should not be reported as independent contractors.

7. *Appendix H, Contributions*, clarifies that if an organization accepts a contribution in the name of one of its programs, its donor acknowledgment should indicate the organization’s name.

## **Purpose of Form**

Forms 990 and 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 or 990-EZ, and a section 501(c)(3) organization's Form 990-T, Exempt Organization Business Income Tax Return, generally are available for public inspection as required by section 6104. Schedule B Form 990, 990-EZ or 990-PF, Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or 990-EZ, parts of Schedule B can be open to public inspection. For more details, see *Appendix D* and the Instructions for Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors.

Some members of the public rely on Form 990 or 990-EZ, as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return.

**Other purposes of Form 990 and 990-EZ include:**



1. Form 990-EZ can be filed by organizations with gross receipts of less than \$200,000 and total assets of less than \$500,000 at the end of their tax year.
2. Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)), organizations that operate a hospital facility, organizations recognized by the IRS as section 501(c)(29) nonprofit health insurance issuers, and certain controlling organizations defined in section 512(b)(13) must file Form 990 rather than Form 990-EZ regardless of the amount of their gross receipts and total assets. See instructions for lines 44 and 45, and *General Instruction A*, before completing this form.
3. Form 990-EZ cannot be used by a private foundation required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation. A section

501(c)(3) or section 4947(a)(1) organization should refer to the Instructions for Schedule A (Form 990 or 990-EZ) to determine whether it is a private foundation.

4. Form 990 must be used to file a group return, not Form 990-EZ. See General Instruction A.

## **General Instructions**

**Overview of Form 990-EZ.** The Form 990-EZ is an annual information return required to be filed with the IRS by many organizations exempt from income tax under section 501(a), and certain political organizations and nonexempt charitable trusts. Parts I through V of the form must be completed by all filing organizations (Part VI must be completed by section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts), and require reporting on the organization's exempt and other activities, finances, compliance with certain federal tax filings and requirements, and compensation paid to certain persons. Additional schedules are

required to be completed depending upon the activities and type of organization. The completed Form 990-EZ filed with the IRS, except for certain contributor information on Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, is required to be made available to the public by the IRS and the filing organization (see *Appendix D. Public Inspection of Returns*). Also, the organization may be required to file the completed Form 990-EZ with state governments to satisfy state reporting requirements. See *Appendix G. Use of Form 990 and 990-EZ to Satisfy State Reporting Requirements*.

## **Reminder: Do Not Include Social Security Number on Publicly Disclosed Forms**

Because the filing organization and the IRS are required to publicly disclose the organization's annual information returns, Social Security numbers should not be included on this form. By law, with limited exceptions, neither the organization nor the IRS may remove that information before making the form publicly available.

Documents subject to disclosure include schedules and attachments filed with the form. For more information, see *Appendix D, Public Inspection of Returns*.



*Organizations that have total gross income from unrelated trades or businesses of at least \$1,000 also are required to file Form 990-T, Exempt Organization Business Income Tax Return, in addition to any required Form 990, 990-EZ, or 990-N.*

**Helpful hints.** The following hints may help you more efficiently review these instructions and complete the form..

1. Throughout these instructions, “the organization” and the “filing organization” both refer to the organization filing the Form 990-EZ.
2. The examples appearing throughout these instructions are illustrative only and for the purpose of completing Form 990-EZ, but are not all-inclusive.

3. Instructions for the Form 990-EZ Schedules are published separately from these instructions.
4. Unless otherwise specified, information should be provided for the organization's tax year. For instance, an organization should answer "Yes" to a question asking whether it conducted a certain type of activity only if it conducted that activity during the tax year.

## **A. Who Must File**

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N), depending upon the organization's gross receipts and total assets.

If an organization has gross receipts less than \$200,000 and total assets at the end of the year less than \$500,000, it can file Form 990-EZ, instead of Form 990. See the instructions below for more information. But see the special rules below for *Controlling*

*organizations described in section 512(b)(13), Organizations that operate one or more hospital facilities, Organizations recognized by the IRS as section 501(c)(29) nonprofit health insurance issuers, and Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)).*

Form 990 (not 990-EZ or 990-N) must be filed by an organization exempt from income tax under section 501(a) (including an organization that has not applied for recognition of exemption or whose application for recognition of exemption is pending) if it has either gross receipts greater than or equal to \$200,000 or total assets greater than or equal to \$500,000 at the end of the tax year. This includes the following:

- Organizations described in section 501(c)(3) (other than private foundations) and
- Organizations described in other section 501(c) subsections (other than black lung benefit trusts).

**Gross receipts.** Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. See *Appendix B* for a discussion of gross receipts. Total assets is the amount reported by the organization on its balance sheet (Form 990-EZ, Part II, column (B), line 25) as of the end of the year, without reduction for liabilities.

For purposes of Form 990 or Form 990-EZ reporting, the term “section 501(c)(3)” includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(j) (amateur sports organizations), 501(k) (child care organizations), and 501(n) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4958 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

**Form 990-N.** If an organization normally has annual gross receipts of \$50,000 or less, it must submit Form 990-N, Electronic Notice

(e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ, if it does not file Form 990 or Form 990-EZ (with exceptions described below for certain section 509(a)(3) supporting organizations and for certain organizations described in *General Instruction B*). See *Appendix B* for a discussion of gross receipts.

**Electronic filing.** Organizations can file Form 990-EZ electronically. See *General Instruction D* for who must file electronically.

**Foreign and U.S. possession organizations.** Foreign organizations and U.S. possession organizations, as well as domestic organizations described above, must file Form 990 or 990-EZ unless specifically excepted under *General Instruction B*. Report amounts in U.S. dollars, and state what conversion rate the organization uses. Combine amounts from within and outside the United States, and report the total for each item. All information must be written in English.

**Sponsoring organizations of donor advised funds.** Sponsoring organizations of



donor advised funds (as defined in section 4966(d)(1)) must file Form 990 and not Form 990-EZ. See line 44 and the related instructions.

**Organizations that operate one or more hospital facilities.** Organizations that operated one or more hospital facilities during the tax year must file Form 990 and not Form 990-EZ, and complete Schedule H. A *hospital facility* is a facility that is required to be licensed, registered, or similarly recognized by a state as a hospital. See line 44b and the related instructions.

**Section 501(c)(29) nonprofit health insurance issuers.** Nonprofit health insurance issuers described in section 501(c)(29) must file Form 990 and not Form 990-EZ.

**Controlling organizations described in section 512(b)(13).** A controlling organization of one or more controlled entities, as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was a certain

type of transfer of funds between the controlling organization and any controlled entity during the year. See line 45 and the related instructions.

**Section 509(a)(3) supporting organizations.** A section 509(a)(3) supporting organization must file Form 990 or 990-EZ, even if its gross receipts are normally \$50,000 or less, and even if it is described in Rev. Proc. 96-10, 1996-1 C.B. 577, or is an affiliate of a governmental unit described in Rev. Proc. 95-48, unless it qualifies as one of the following:

1. An integrated auxiliary of a church, as described in Regulations section 1.6033-2(h),
2. The exclusively religious activities of a religious order, or
3. An organization whose gross receipts are normally not more than \$5,000 that supports a section 501(c)(3) religious organization.

If the organization is described in 3, then it must submit Form 990-N unless it voluntarily files Form 990 or Form 990-EZ.

**Section 501(c)(7) and 501(c)(15) organizations.** Section 501(c)(7) and 501(c)(15) organizations apply the same gross receipts test as other organizations to determine whether they must file a Form 990 or 990-EZ, but use a different definition of gross receipts to determine whether they qualify as tax-exempt for the tax year. See *Appendix C* for more information.

**Section 527 political organizations.** Tax-exempt political organizations must file Form 990 or 990-EZ unless their annual gross receipts are less than \$25,000 during the tax year or they are otherwise excepted under *General Instruction B, Organizations Not Required to File Form 990 or 990-EZ*. A section 527 political organization that is a qualified state or local political organization must file Form 990 or 990-EZ only if it has gross receipts of \$100,000 or more. Political organizations are not required to submit Form 990-N.

**Section 4947(a)(1) non-exempt**

**charitable trusts.** A non-exempt charitable trust described under section 4947(a)(1) (if it is not treated as a private foundation) is required to file Form 990 or Form 990-EZ unless excepted under *General Instruction B*. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. Section 4947(a)(1) trusts must complete all sections of the Form 990-EZ and schedules that 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990-EZ, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support), unless otherwise specified. If such a trust does not have any taxable income under Subtitle A of the Code, it can file Form 990 or Form 990-EZ to meet its section 6012 filing requirement and does not have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

**Group returns.** A group return filed by the central or parent organization on behalf of the

subordinates in a group exemption must be filed using Form 990, not Form 990-EZ.

**Returns when exempt status not established.** An organization is required to file Form 990 or 990-EZ in accordance with these instructions if the organization claims exempt status under section 501(a) but has not established such exempt status by filing Form 1023 or 1024 and receiving an IRS determination letter recognizing exempt status. In such cases, the organization must check the “application pending” checkbox in Item B of the Form 990 or 990-EZ header (whether or not a Form 1023 or 1024 has been filed) to indicate that the Form 990 or 990-EZ is being filed in the belief that the organization is exempt under section 501(a).

To qualify for tax exemption retroactive to its date of organization or formation, an organization claiming tax-exempt status under section 501(c)(3), 501(c)(9), or 501(c)(17) generally must file Form 1023 or 1024 within 27 months of the end of the month in which it was legally organized or formed.

## **B. Organizations Not Required To File Form 990 or 990-EZ**

An organization described below does not have to file Form 990 or 990-EZ even if it has at least \$200,000 of gross receipts or \$500,000 total assets at the end of the tax year (except for section 509(a)(3) supporting organizations described in *General Instruction A*). See *General Instruction A* for determining whether the organization can file Form 990-EZ instead of Form 990. An organization described in item 10, 11, or 13 below is required to submit Form 990-N unless it voluntarily files Form 990, 990-EZ, or 990-BL, as applicable.

### **Certain religious organizations**

1. A church, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).

2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10. But see the filing requirements for section 509(a)(3) supporting organizations in *A, Who Must File*.
3. A school below college level affiliated with a church or operated by a religious order, as described in Regulations section 1.6033-2(g)(1)(vii).
4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.
5. An exclusively religious activity of any religious order described in Rev. Proc. 91-20, 1991-1 C.B. 524.

## **Certain governmental organizations**

6. A state institution whose income is excluded from gross income under section 115.
7. A governmental unit or affiliate of a governmental unit described in Rev. Proc. 95-48. But see the filing requirements for section 509(a)(3) supporting organizations in *A. Who Must File*.
8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

### **Certain political organizations**

9. A political organization that is:
  - A state or local committee of a political party,
  - A political committee of a state or local candidate,



- A caucus or association of state or local officials, or
- Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

### **Certain organizations with limited gross receipts**

10. An organization whose gross receipts are normally \$50,000 or less. To determine what an organization's gross receipts "normally" are, see *Appendix B*.
11. Foreign organizations and organizations located in U.S. possessions, whose gross receipts from sources within the United States are normally \$50,000 or less, and which did not engage in significant activity in the United States (other than investment activity). But if a foreign organization or organization located in a U.S. possession is required to file a Form 990 or Form 990-EZ,

then its worldwide gross receipts, as well as assets, are taken into account in determining whether it qualifies to file Form 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*.

## **Certain organizations that file different kinds of annual information returns**

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF for a taxable private foundation, a section 4947(a)(1) nonexempt charitable trust treated as a private foundation, and a private foundation terminating its status by becoming a public charity under section 507(b)(1)(B) for tax years within its 60-month termination period. If the section 507(b)(1)(B) organization successfully terminates, then it files Form 990 or 990-EZ in its final year of termination.
13. A black lung benefit trust described in section 501(c)(21). Use Form 990-BL,

## Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons.

14. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.
15. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.



*Subordinate organizations in a group exemption which are included in a group return filed for the tax year by the central organization should not file a separate Form 990 or 990-EZ, or submit Form 990-N for the tax year.*



*A public charity described in section 170(b)(1)(A)(iv) or (vi) or 509(a)(2) that is not within its initial five years of existence should first complete Part II or III of Schedule A (Public Charity Status and Public Support) to ensure that it continues to*

*qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990-EZ.*

## **C. Accounting Periods and Methods**

### **Accounting Periods**

**Calendar year.** Use the 2012 Form 990-EZ to report on the 2012 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

**Fiscal year.** If the organization has established a fiscal year accounting period, use the 2012 Form 990-EZ to report on the organization's fiscal year that began in 2012 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in the heading of Form 990-EZ the date the organization's fiscal year began in 2012 and the date the fiscal year ended in 2013.

**Short period.** A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year began in 2012 and ended before December 31, 2012 (not on or after December 31, 2012), it may use either 2011 Form 990-EZ or 2012 Form 990-EZ or Form 990 to file for such short year. A short period return cannot be filed electronically unless it is a final return for which the "Terminated" box is checked in *Item B* of the heading, on page 1.

**Accounting period change.** If the organization changes its accounting period, it must file a Form 990-EZ for the short period resulting from the change. Enter "Change of Accounting Period" at the top of this short-period return.

If the organization previously changed its accounting period within the 10-calendar-year period that includes the beginning of the short period, and it had a Form 990-EZ filing requirement at any time during that 10-year period, it must also attach a Form 1128,

Application To Adopt, Change, or Retain a Tax Year, to the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

## **Accounting Methods**

Unless instructed otherwise, the organization should generally use the same accounting method on the return (including the Form 990-EZ and all schedules) to report revenue and expenses that it regularly uses to keep its books and records. To be acceptable for Form 990-EZ reporting purposes, however, the method of accounting must clearly reflect income.

**Accounting method change.** Generally, the organization must file Form 3115, Application for Change in Accounting Method, to change its accounting method. An exception applies where a section 501(c) organization changes its accounting method to comply with SFAS 116 (ASC 958), Accounting for Contributions Received and Contributions Made. See Notice 96-30, 1996-1 C.B. 378. An organization that makes a change in accounting method, regardless of whether it files Form 3115, and that has audited financial statements, must

report any adjustment required by section 481(a) on Form 990-EZ, line 20 (other changes in net assets or fund balances), as a net asset adjustment made during the tax year. The organization must explain in Schedule O, Supplemental Information to Form 990 or 990-EZ, the change and net asset adjustment. The adjustment must be identified as the effect of changing to the method provided in SFAS 116 (ASC 958). The beginning of year statement of financial position (balance sheet) should not be restated to reflect any prior period adjustments.

**State reporting.** Many states that accept Form 990-EZ in place of their own forms require that all amounts be reported based on the accrual method of accounting. If the organization prepares Form 990-EZ for state reporting purposes, it can file an identical return with the IRS even though the return does not agree with the books of account, unless the way one or more items are reported on the state return conflicts with the instructions for preparing Form 990-EZ for filing with the IRS.

**Example 1.** The organization maintains its books on the cash receipts and disbursements method of accounting but prepares a Form 990-EZ return for the state based on the accrual method. It could use that return for reporting to the IRS.

**Example 2.** A state reporting requirement requires the organization to report certain revenue, expense, or balance sheet items differently from the way it normally accounts for them on its books. A Form 990-EZ prepared for that state is acceptable for the IRS reporting purposes if the state reporting requirement does not conflict with Form 990-EZ instructions.

An organization should keep a reconciliation of any differences between its books of account and the Form 990-EZ that is filed.



*See Pub.538, Accounting Periods and Methods, about reporting changes to accounting periods and methods.*



## **D. When, Where, and How to File**

File Form 990-EZ by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the organization's accounting period ends (May 15 for a calendar-year filer). If the regular due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

If the organization is liquidated, dissolved, or terminated, file the return by the 15<sup>th</sup> day of the 5<sup>th</sup> month after liquidation, dissolution, or termination.

If the return is not filed by the due date (including any extension granted), attach a statement giving the reason(s) for not filing on time.

Send the return to the:

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0027

**Foreign and U.S. possession organizations.** If the organization's principal

business, office, or agency is located in a foreign country or U.S. possession, send the return to the:

Internal Revenue Service Center  
P.O. Box 409101  
Ogden, UT 84409

**Private delivery services.** The organization can use certain private delivery services designated by the IRS to meet the “timely mailing as timely filing/paying” rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service,
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, FedEx International First, and
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2<sup>nd</sup> Day Air, UPS 2<sup>nd</sup> Day Air AM, UPS Worldwide Express Plus, and UPS Worldwide Express.

The private delivery service can tell you how to get written proof of the mailing date.

- For private delivery services, deliver the return to:

Internal Revenue Submission Processing  
Center  
1973 Rulon White Blvd.  
Ogden, UT 84404



*Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. Box.*

**Electronic filing.** The organization can file Form 990-EZ or Form 990 and related forms, schedules, and attachments electronically. However, if an organization files at least 250 returns of any type during the calendar year ending with or within the organization's tax year and has total assets of \$10 million or more at the end of the tax year, it must file Form 990 electronically (and not Form 990-EZ). "Returns" for this purpose include information returns (for example, Forms W-2, Forms 1099), income tax returns,

employment tax returns (including quarterly Form 941, Employer's QUARTERLY Federal Tax Return), and excise tax returns.

If an organization is required to file a return electronically but does not, the organization is considered not to have filed its return, even if a paper return is submitted, unless it is reporting a name change, in which case it must file by paper and attach the documents described in Specific Instructions, *Item B. Checkboxes*. See Regulations section 301.6033-4 for more information on required electronic filing of Form 990.

For additional information on the electronic filing requirement, visit [www.irs.gov/efile](http://www.irs.gov/efile).

The IRS may waive the requirements to file electronically in cases of undue hardship. For information on filing a waiver, see Notice 2010-13, 2010-4 I.R.B. 327, available at [www.irs.gov/irb/2010-04\\_IRB/ar14.html](http://www.irs.gov/irb/2010-04_IRB/ar14.html).

## **E. Extension of Time To File**

Use Form 8868, Application for an Extension of Time To File an Exempt Organization

Return to request an automatic 3-month extension of time to file. Use Form 8868 also to apply for an additional (not automatic) 3-month extension if the original 3 months was not enough time. To obtain this additional extension of time to file, the organization must show reasonable cause for the additional time requested. See the Instructions for Form 8868.

## **F. Amended Return/Final Return**

To amend the organization's return for any year, file a new return including any required schedules. Use the version of Form 990-EZ applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box in *Item B* of the heading of the return. Also, list in Schedule O (Form 990 or 990-EZ) which parts and schedules of the Form 990-EZ were amended and describe the amendments.

The organization can file an amended return at any time to change or add to the information reported on a previously filed return for the same period. It must make the amended return available for inspection for 3 years from the date of filing or 3 years from the date the original return was due, whichever is later.

If the organization needs a copy of its previously filed return, it can file Form 4506, Request for Copy of Tax Return. See [IRS.gov](https://www.irs.gov) for information on getting blank tax forms.

If the return is a final return, the organization must check the "Terminated" box in *Item B* of the heading and complete Schedule N (Form 990 or 990-EZ), Liquidation, Termination, Dissolution or Significant Disposition of Assets.

**Amended returns and state filing considerations.** State law can require that the organization send a copy of an amended Form 990-EZ return (or information provided to the IRS supplementing the return) to the state with which it filed a copy of Form 990-EZ originally to meet that state's filing

requirement. A state can require an organization to file an amended Form 990-EZ to satisfy state reporting requirements, even if the original return was accepted by the IRS.

## **G. Failure-to-File Penalties**

**Against the organization.** Under section 6652(c)(1)(A), a penalty of \$20 a day, not to exceed the smaller of \$10,000 or 5% of the gross receipts of the organization for the year, can be charged when a return is filed late, unless the organization can show that the late filing was due to reasonable cause. Organizations with annual gross receipts exceeding \$1 million are subject to a penalty of \$100 for each day failure continues (with a maximum penalty for any one return of \$50,000). The penalty applies on each day after the due date that the return is not filed.

Tax-exempt organizations which are required to file electronically but do not are deemed to have failed to file the return. This is true even if a paper return is submitted, unless the organization files by paper to report a name change.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

1. Complete all applicable line items;
2. Unless instructed to skip a line, answer each question on the return;
3. Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported; and
4. Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses may be subject to this penalty.



Use of a paid preparer does not relieve the organization of its responsibility to file a complete and accurate return.

**Against responsible person(s).** If the organization does not file a complete return or does not furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of \$10 a day. The maximum penalty on all persons for failures for any one return shall not exceed \$5,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

**Automatic revocation for nonfiling for three consecutive years.** The law requires most tax-exempt organizations, other than churches, to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form

990-N e-Postcard to the IRS. If an organization fails to file an annual return or submit an annual notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return or notice. Organizations that lose their exemption may need to file income tax returns and pay income tax, but may apply for reinstatement of exemption. For details, go to [www.irs.gov/eo](http://www.irs.gov/eo).

## **H. Requirements for a Properly Completed Form 990-EZ**

All organizations filing Form 990-EZ must complete Parts I through V of the Form 990-EZ, and any required schedules and attachments. Section 501(c)(3) organizations must also complete Part VI. If an organization is not required to file Form 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

**Public inspection.** In general, all information the organization reports on or

with its Form 990-EZ, including schedules and attachments, will be available for public inspection. Note, however, the special rules for Schedule B (Schedule of Contributors), a required schedule for certain organizations that file Form 990-EZ. Make sure the forms and schedules are clear enough to photocopy legibly. For more information on public inspection requirements, see *Appendix D* and Pub.557, Tax-Exempt Status of Your Organization.

**Signature.** A Form 990-EZ is not complete without a proper signature. For details, see the instructions to the *Signature Block*, later.

**Recordkeeping.** The organization's records should be kept as long as they can be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit must be kept a minimum of 3 years from the date the return is due or filed, whichever is later. Keep records that verify the organization's basis in property as long as they are needed to figure the basis of the original or replacement property. Applicable

law and an organization's policies can require that the organization retain records longer than 3 years.

The organization should also keep copies of any returns it has filed. They help in preparing future returns and making computations when filing an amended return.

**Rounding off to whole dollars.** The organization must round off cents to whole dollars on the returns and schedules, unless otherwise noted for particular questions. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.49 becomes \$1 and \$2.50 becomes \$3. If the organization has to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

**Completing all lines.** Make an entry (including a -0- when appropriate) on all lines requiring an amount or other information to be reported. Do not leave any applicable lines blank, unless expressly instructed to skip that line. If answering a line is predicated on a

“Yes” answer to the preceding line, and if the organization's answer to the preceding line was “No,” then leave the “If Yes” line blank.

In general, answers can be explained or supplemented in Schedule O if the allotted space in the form or other schedule is insufficient, or if a “Yes” or “No” answer is required but the organization wishes to explain its answer.

Missing or incomplete parts of the form and/or required schedules may result in the IRS contacting you to obtain the missing information. Failure to supply the information may result in a penalty being assessed to your account. For tips on filing complete returns, go to [www.irs.gov/charities](http://www.irs.gov/charities).

**Reporting proper amounts.** Some lines request information reported on other forms filed by the organization, such as Forms W-2, 1099, and 990-T. If the organization is aware that the amount actually reported on the other form is incorrect, it must report on Form 990-EZ the information that should have been reported on the other form (in

addition to filing an amended form with the proper amount).

In general, do not report negative numbers, but report -0- in lieu of a negative number, unless the instructions provides otherwise. Report revenue and expenses separately and do not net related items, unless otherwise provided.

**Inclusion of activities and items of disregarded entities and joint ventures.**

An organization must report in its Form 990-EZ all of the revenues, expenses, assets, liabilities, and net assets or funds of a disregarded entity of which it is the sole member, and must report in its Form 990-EZ its share of all such items of a joint venture or other investment or arrangement treated as a partnership for federal income tax purposes. This includes passive investments. In addition, the organization generally must report the activities of a disregarded entity or a joint venture as its own activities in the appropriate parts and schedules of the Form 990-EZ.



*A disregarded entity generally must use the EIN of its sole member. An exception applies to employment taxes. For wages paid to employees of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).*

**List of required schedules and attachments.** An organization may be required to file one or more of Schedules A, B, C, E, G, L, N, or O, or various other attachments as described in the form or instructions. The following is a list of the Form 990-EZ schedules that the organization may have to complete.

- Schedule A, Public Charity Status and Public Support. See *Part V, Other Information*.
- Schedule B, Schedule of Contributors. See Item H, Requirements for a Properly Completed Form 990-EZ.

- Schedule C, Political Campaign and Lobbying Activities, Part III. See *Line 35c (6033(e) notice and proxy tax requirements)*.
- Schedule C, Political Campaign and Lobbying Activities, Part I. See *Line 46 (political campaign activities)*.
- Schedule C, Political Campaign and Lobbying Activities, Part II. See *Line 47 (lobbying activities)*.
- Schedule E, Schools. See *Line 48 (schools)*.
- Schedule G, Supplemental Information Regarding Fundraising Events or Gaming Activities, Parts II and III. See *Lines 6a through 6d, Gaming and Fundraising Events*.
- Schedule L, Transactions with Interested Persons, Part I. See *Line 40b (Section 4958 excess benefit transactions)*.
- Schedule L, Transactions with Interested Persons, Part II. See *Line 38, (loans to or*



from officers, directors, trustees, and key employees).

- Schedule N, Liquidation, Termination, Dissolution or Significant Disposition of Assets, Parts I (liquidation, termination, or dissolution) and II (significant disposition of net assets). See *Line 36 (liquidation, dissolution, termination, or significant disposition of net assets)*.
- Schedule O, Supplemental Information to Form 990 or Form 990-EZ. See *Lines 8, 10, 16, 20, 24, 26, 31, 33, 34, and 35*.

**Assembling Form 990-EZ, schedules, and attachments.** Before filing the Form 990-EZ, assemble the package of forms, schedules, and attachments in the following order:

1. Core form with all parts completed (Parts I–V, Part VI by section 501(c)(3) organizations, Signature Block),
2. Schedules A, B, C, E, G, L, N, and/or O, completed as applicable, filed in alphabetical order, and

3. Attachments, completed as applicable. These include (a) name change amendment to organizing document required by *Item B* of the heading on page 1 of the return; (b) reasonable cause explanation for a late-filed return; and (c) articles of merger or dissolution, resolutions, and plans of liquidation or merger required by Schedule N (Form 990 or 990-EZ).

Do not attach materials not authorized in the instructions, or not otherwise authorized by the IRS.



*To facilitate the processing of your return, do not password protect or encrypt PDF attachments. Password protecting or encrypting a PDF file that is attached to an e-filed return prevents the IRS from opening the attachment.*

## **Specific Instructions for Form 990-EZ**

### **Completing the Heading of Form 990-EZ.**

The instructions that follow are keyed to items in the heading for Form 990-EZ.

## **Completing the Heading of Form 990-EZ**

### **Item A. Accounting Period**

File the 2012 return for calendar year 2012 and fiscal years that began in 2012 and ended in 2013. For a fiscal year return, fill in the tax year space at the top of page 1. See *General Instruction C* for additional information about accounting periods.

### **Item B. Checkboxes**

***Address change.*** Check this box if the organization changed its address and has not reported such a change on its most recently filed Form 990, 990-EZ, or 990-N, or in correspondence to the IRS.

***Name change.*** Check this box if the organization changed its legal name (not its “doing business as” name) and has not reported such change on its most recently filed Form 990 or 990-EZ or in correspondence to the IRS. If the

organization changed its name, file Form 990-EZ by paper and attach the following documents (see line 34 instructions):

IF the organization is:	THEN attach:
A corporation	Amendments to the articles of incorporation with proof of filing with the state of incorporation.
A trust	Amendments to the trust agreement signed by the trustee.
An unincorporated association	Amendments to the articles of association, constitution, bylaws, or other organizing document, with the signatures of at least two officers/ members.

***Initial return.*** Check this box if this is the first time the organization is filing a Form 990-EZ and it has not previously filed a Form 990, 990-PF, 990-T, or 990-N.

**Terminated.** Check this box if the organization has terminated its existence or ceased to be a section 501(a) or section 527 organization and is filing its final return as an exempt organization or section 4947(a)(1) trust. See the instructions for line 36 that discuss liquidations, dissolutions,

terminations, or significant disposition of net assets. An organization that checks this box because it has liquidated, terminated, ceased operations, dissolved, merged into another organization, or has had its exemption revoked during the tax year must also attach Schedule N (Form 990 or 990-EZ).

**Amended return.** Check this box if the organization previously filed a return with the IRS for the same tax year and is now filing another return for the same tax year to amend the previously filed return. Explain in Schedule O (Form 990 or 990-EZ) which parts, schedules, or attachments of the Form 990-EZ were amended and describe the amendments. See *General Instruction F* for more information.

**Application pending.** Check this box if the organization either has filed a Form 1023 or 1024 with the IRS and is awaiting a response, or claims tax-exempt status under section 501(a) but has not filed Form 1023 or 1024 to be recognized as tax-exempt by the IRS. If this box is checked, the organization must complete all parts of the Form 990-EZ and

any required schedules. An organization that is required to file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N) for a given tax year (see *General Instruction A. Who Must File*) must do so even if it has not filed a Form 1023 or 1024 with the IRS, if it claims tax-exempt status.

To qualify for tax exemption retroactive to the date of its organization or formation, an organization claiming tax-exempt status under section 501(c)(3), 501(c)(9), or 501(c)(17) generally must file Form 1023 or 1024 within 27 months of the end of the month in which it was legally organized or formed.

## **Item C. Name and Address**

Enter the organization's legal name in the "Name of organization" box. If the organization operates under a name different from its legal name, identify its alternate name, after the legal name, by writing "a.k.a." (also known as) and the alternate name of the organization. If multiple a.k.a. names will not fit in the box, list them in

Schedule O. However, if the organization has changed its legal name, follow the instructions in *Item B. Checkboxes* for reporting the name change.

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, enter the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line C/O followed by the third party's name and street address or P.O. box.

For foreign addresses, enter information in the following order: city, province or state, and the name of the country. Follow the foreign country's practice in placing the postal code in the address. Please do not abbreviate the country name.

If a change of address occurs after the return is filed, use Form 8822-B, Change of Address—Business, to notify the IRS of the new address.

## Item D. Employer Identification Number (EIN)

Use the employer identification number (EIN) provided to the organization for filing its Form 990-EZ and federal tax returns. The organization must have only one EIN. If the organization has more than one EIN and has not been advised which to use, notify the:

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0027

State what EINs the organization has, the name and address to which each number was assigned, and the address of the organization's principal office. The IRS will advise the organization which number to use.



*A subordinate organization in a group exemption that is filing an individual Form 990-EZ return must use its own EIN, not that of the central organization or of the group return.*



*A section 501(c)(9) voluntary employees' beneficiary association*



*must use its own EIN and not the EIN of its sponsor.*

## **Item E. Telephone Number**

Enter a telephone number of the organization that members of the public and government personnel can use during normal business hours to obtain information about the organization's finances and activities. If the organization does not have a telephone number, enter the telephone number of an organization official who can provide such information.

## **Item F. Group Exemption Number**

Enter the four-digit group exemption number if the organization is included in a group exemption. The group exemption number (GEN) is a number assigned by the IRS to the central/parent organization of a group that has a group exemption letter. Contact the central/parent organization to ascertain the GEN assigned.



*If the organization is covered by a group exemption letter as a*

*subordinate organization, the organization should file Form 990-EZ only if the organization is not included in a group return filed by the central/parent organization for the tax year.*



*The central/parent organization of a group ruling cannot file a group return with Form 990-EZ but must use Form 990.*

## **Item G. Accounting Method**

Indicate the method of accounting used in preparing this return. See *General Instruction C*.

## **Item H. Schedule B**

Whether or not the organization enters any amount on line 1 of Form 990-EZ, the organization must either check the box in *Item H* or attach Schedule B (Form 990, 990-EZ, or 990-PF). Failure to either check the box in *Item H* or file Schedule B will result in a determination that the return is incomplete. Complete and file Schedule B if the

organization met any of the following conditions during the tax year:

- It is a section 501(c)(3) organization and met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received from any one contributor, during the tax year, contributions of the greater of \$5,000 (in money or property) or 2% of the amount on Form 990-EZ, Part I, line 1 (contributions, gifts, grants, and similar amounts received);
- It is a section 501(c)(3) organization that did not meet the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received during the tax year contributions of \$5,000 or more from any one contributor;
- It is a section 501(c)(7), 501(c)(8), or 501(c)(10) organization that received, during the tax year, (a) contributions of any amount for use exclusively for religious, charitable, scientific, literary, or educational purposes, or (b) contributions

of \$5,000 or more not exclusively for such purposes from any one contributor; or

- It is not a section 501(c)(3), 501(c)(7), 501(c)(8), or 501(c)(10) organization and it received during the tax year contributions of \$5,000 or more from any one contributor. See the instructions to Schedule B for more information.



*Do not attach substitutes for Schedule B. Parts I, II, and III of Schedule B may be photocopied as needed to provide adequate space for listing all contributors.*



*For purposes of Schedule B, contributors include individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. For organizations described in section 170(b)(1)(A)(iv) or (vi) or section 509(a)(2), contributors also include governmental units.*

# Guidelines for Meeting the Requirements of Schedule B

## Section 501(c)(3) Organization Meeting the 33<sup>1</sup>/<sub>3</sub> % Support Test of 170(b)(1)(A)(vi)

<b>If</b>	A section 501(c)(3) organization that met the 33 <sup>1</sup> / <sub>3</sub> % support test of the regulations under section 509(a)(1) and section 170(b)(1)(A)(vi) did not receive a contribution of the greater of \$5,000 or 2% of the amount on line 1 of Form 990-EZ from any one contributor,*
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

## Section 501(c)(7), (8), or (10) Organizations

<b>If</b>	A section 501(c)(7), (8), or (10) organization received neither (1) <i>any</i> contribution or bequest for use <i>exclusively</i> for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals, nor (2) any contribution of \$5,000 or more not exclusively for such purposes from any one contributor,
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

## All Other Form 990-EZ Organizations (General Rule)

<b>If</b>	The organization did not receive a contribution of \$5,000 or more from any one contributor* (reportable on line 1 of the Form 990-EZ),
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

\* To determine if the organization received a contribution of \$5,000 or more from a contributor during the year, add all direct and indirect gifts, grants, or contributions of \$1,000 or more in cash or property that a contributor made to the organization during the year. Do not include smaller gifts, grants, or contributions. See Instructions for Schedule B for more information.

### Item I. Website

Enter the organization's current address for its primary website, as of the date of filing this return. If the organization does not maintain a website, enter "N/A" (not applicable).

## **Item J. Tax-Exempt Status**

Check the applicable box to show the organization's tax-exempt status. If the organization is exempt under section 501(c), check the 501(c) box and insert the appropriate subsection number within the parentheses (for example, "4" for a 501(c)(4) organization). See the chart in *Appendix A: Exempt Organization Reference Chart*. The term section 501(c)(3) includes organizations exempt under sections 501(e), (f), (k), and (n).

## **Item K. Gross Receipts of \$50,000 or Less**

Check this box if the organization is not a section 509(a)(3) supporting organization or a section 527 organization; and its gross receipts are normally \$50,000 or less but the organization chooses to file Form 990-EZ. If the organization's annual gross receipts are normally not greater than \$50,000, it may be required to submit the Form 990-N (e-Postcard) if it does not file the Form 990 or 990-EZ. If the organization chooses to file

Form 990-EZ, be sure to file a complete return. See *Appendix B* for a discussion of gross receipts and *General Instruction H* for a discussion of a complete return.



*Section 527 political organizations have different gross receipts thresholds for Form 990-EZ filing, and are not required to submit Form 990-N. See Section 527 political organizations instructions, earlier, for more information.*



*Section 501(c)(7) and 501(c)(15) organizations use different definitions of gross receipts to determine whether they qualify for tax exemption for the year. Appendix C defines gross receipts for the purpose of determining the exempt status of organizations described in sections 501(c)(7) and 501(c)(15). Do not use the definition of gross receipts in Appendix C to determine whether the organization's gross receipts are normally \$50,000 or less.*



## Item L. Determining Gross Receipts

Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. See *Appendix B* and *Appendix C* for discussion of gross receipts.

Only those organizations with gross receipts of less than \$200,000 and total assets of less than \$500,000 at the end of the tax year can use the Form 990-EZ. If the organization does not meet these requirements, it must file Form 990, unless excepted under *General Instruction B*.



*Do not use the definition of gross receipts for section 501(c)(7) or 501(c)(15) exemption purposes (discussed in Appendix C) to determine the amount to enter here.*

## Part I. Revenue, Expenses, and Changes in Net Assets or Fund Balances

All organizations filing Form 990-EZ with the IRS or any state must complete Part I. Some states that accept Form 990-EZ in place of

their own forms may require additional information. See *Appendix G*.

Check the box in the heading of Part I if Schedule O (Form 990 or 990-EZ) contains any information pertaining to this part.

Neither Form 5500 nor DOL Forms L-2 or L-3 should be substituted for the Form 990-EZ, lines 1-17.

## **Revenue:**

### **Line 1. Contributions, Gifts, Grants, and Similar Amounts Received**

#### **A. What is included on line 1?**

- Report amounts received as voluntary contributions; for example, payments, or the part of any payment, for which the payer (donor) does not receive fair market value (FMV) from the recipient (donee) organization. Contributions are reported on line 1 regardless of whether they are deductible by the contributor.
- Enter the gross amounts of contributions, gifts, grants, and bequests that the

organization received from individuals, trusts, corporations, estates, affiliates, foundations, public charities, and other exempt organizations, or raised by an outside professional fundraiser.

- Report the value of noncash contributions at the time of the donation. For example, report the gross value of a donated car as of the time the car was received as a donation.
- Report all related expenses on lines 12 through 16. Enter on line 13 professional fundraising fees relating to the gross amounts of contributions collected in the charity's name by fundraisers.

Reporting line 1 amounts in accordance with SFAS 116 (ASC 958), Accounting for Contributions Received and Contributions Made, generally is acceptable (though not required) for Form 990 and 990-EZ purposes, but the value of donated services or use of materials, equipment, or facilities may not be reported. However, state law may require it. An organization that receives a grant to be paid in future years should, according to SFAS

116 (ASC 958), report the grant's present value on line 1. Accruals of present value increments to the unpaid grant should also be reported on line 1 in future years.

The organization must report any contributions of conservation easements and other qualified conservation contributions consistently with how it reports revenue from such contributions in its books, records, and financial statements.

Report assets contributed to the organization by another entity in the course of the entity's liquidation, dissolution, or termination.

Do not net losses from uncollectible pledges, refunds of contributions and service revenue, or reversal of grant expenses on line 1.

Rather, report any such items as *Other changes in net assets or fund balances* on Part I, line 20, and explain in Schedule O.

**A1. Contributions can arise from fundraising events when an excess payment is received for items offered.**

Fundraising activities relate to soliciting and receiving contributions. However, fundraising

activities such as dinners, door-to-door sales of merchandise, carnivals, and bingo games can produce both contributions and revenue. Report as a contribution, both on line 1 and on line 6b (within the parentheses), any amount received through such a fundraising event that is greater than the FMV (retail value) of the merchandise or services furnished by the organization to the contributor. Report all gross income from gaming activities on line 6a.

This situation usually occurs when organizations seek support from the public through solicitation programs that are in part fundraising events or activities and are in part solicitations for contributions. The primary purpose of such solicitations is to receive contributions and not to sell the merchandise at its retail value, even though this might produce a profit.

***Example.*** An organization holds a dinner, charging \$400 per person for the meal. The dinner has a retail value of \$160. A person who purchases a ticket is really purchasing the dinner for \$160 and making a contribution

of \$240. The contribution of \$240, which is the difference between the buyer's payment and the retail value of the dinner, is reported on line 1 and again on line 6b (within the parentheses). The revenue received (\$160 retail value of the dinner) is reported on line 6b. Expenses directly related to the dinner are reported on line 6c. Fundraising expenses relating to the contribution of \$240 are reported on lines 12 through 16.

If a contributor gives more than \$160, that person would be making a contribution of, the difference between the dinner's retail value of \$160 and the amount actually given. Rev. Rul. 67-246, 1967-2 C.B. 104, explains this principle in detail. See also the instructions for line 6 and Pub.526, Charitable Contributions.



*At the time of any solicitation or payment, organizations that are eligible to receive tax-deductible contributions should advise patrons of the amount deductible for federal tax purposes. See Pub.1771, Charitable Contributions - Substantiation and Disclosure Requirements.*

**A2. Contributions can arise from fundraising events when items of only nominal or insubstantial value are given or offered.** If an organization offers goods or services of only nominal or insubstantial value through a fundraising event, or distributes free, unordered, low-cost items to patrons, report the entire amount received for such benefits as a contribution on line 1. See also the instruction for *line 6, B1* regarding nominal or insubstantial value. Report all related expenses on lines 12 through 16.

Benefits have a nominal or insubstantial value if the organization informs patrons how much of their payment is a deductible contribution, and either:

1. The FMV of all of the benefits received in connection with the payment is not more than 2% of the payment or \$99, whichever is less, or
2. The payment is \$49.50 or more and the only benefits received in connection with the payment are token items (bookmarks, calendars, key chains, mugs, posters, T-shirts, etc.)

bearing the organization's name or logo. The cost to the organization (as opposed to FMV) of all benefits received by a donor must, in the aggregate, be \$9.90 or less.

**A3. Contributions in the form of membership dues.** Include on line 1 membership dues and assessments to the extent they are contributions and not payments for benefits received. (See the instruction for *Line 3. C1.*)

**A4. Grants equivalent to contributions.** Grants made to encourage an organization receiving the grant to carry on programs or activities that further the grant recipient's exempt purposes are grants that are equivalent to contributions. Report them on line 1. The grantor can specify which of the recipient's activities the grant may be used for, such as an adoption program or a disaster relief project.

A grant is still equivalent to a contribution if the grant recipient performs a service, or produces a work product, that benefits the



grantor incidentally (but see the instruction for *Line 1. B1.* below).

**A5. Contributions or grants from governmental units.** Whether a payment from a governmental unit is labeled a “grant” or a “contract” does not determine whether the payment should be reported on line 1. Rather, a grant or other payment from a government unit is treated as a grant equivalent to a contribution if its primary purpose is to enable the recipient to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the grantor (even if the public pays part of the expense of providing the service or facility). (See the instruction for *Line 2. D.*, later.)

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1:

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public,

- Payments by a governmental unit to nursing homes to provide health care to their residents (but not Medicare, Medicaid, and other similar payments on behalf of specific individuals under the line 2 instructions), and
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

The following examples illustrate the distinction between government payments reportable on lines 1 and 2.

- A payment by a governmental agency to a medical clinic to provide vaccinations to the general public is a contribution reported on line 1. A payment by a governmental agency to a medical clinic to provide vaccinations to employees of the agency is program service revenue reported on line 2.
- A payment by a governmental agency to an organization to provide job training and placement for disabled individuals is a

contribution reported on line 1. A payment by a governmental agency to the same organization to operate the agency's internal mail delivery system is program service revenue reported on line 2.

**A6. Contributions received through other fundraising organizations.** Contributions received indirectly from the public through solicitation campaigns of federated fundraising agencies (United Way) are included on line 1.

**A7. Contributions received from associated organizations.** Include on line 1 amounts contributed by other organizations closely associated with the filing organization. This includes contributions received from a parent organization, subordinate, or another organization having the same parent.

**A8. Contributions from a commercial co-venture.** Include amounts contributed by a commercial co-venture on line 1. These contributions are amounts received by the organization for allowing an outside organization (donor) or individual to use the recipient organization's name in a sales

promotion campaign, such as where the outside organization agrees to contribute 2% of all sales proceeds to the organization.

## **B. What is not included on line 1?**

**B1. Grants that are payments for services are not contributions.** A grant is a payment for services, and not a contribution, when the terms of the grant provide the grantor with a specific service, facility, or product, rather than providing a benefit to the general public or that part of the public served by the grant recipient. The recipient organization would report such a grant as income on line 2 (program service revenue).

**B2. Donations of services or use of property.** Do not include the value of services donated to the organization (such as the value of donated advertising space or broadcast air time), or of the free use of property (materials, equipment, or facilities) as contributions on line 1. However, for the optional reporting of those amounts, see the instructions for donated services in Part III.

Any unreimbursed expenses of officers, employees, or volunteers do not belong on the Form 990-EZ. See the explanations of charitable contributions and employee business expenses in Pub.526, Charitable Contributions, and Pub.463, Travel, Entertainment, Gift, and Car Expenses.

**B3. Section 501(c)(9), (17), and (18) organizations.** Section 501(c)(9) organizations provide participants with life, sick, accident, or other similar benefits. Section 501(c)(17) organizations provide participants with supplemental unemployment benefits, and sickness and accident benefits subordinate to supplemental unemployment benefits. Section 501(c)(18) organizations provide participants with pension(s) and similar benefits. When such an organization receives payments from participants, or their employers, to provide these benefits, report the payments on line 2 as program service revenue, rather than on line 1 as contributions.

**C. How to value noncash contributions.** Report noncash contributions on line 1 at

FMV. If FMV cannot be readily determined, use an appraised or estimated value. See also the instructions for Part II of Schedule B.

**D. Schedule of contributors.** Attach Schedule B if required. See the Specific Instructions for *Item H, Schedule B*.



*The information on Forms 1099-K may be useful in helping you to prepare your return, but you are not required to report the information on any specific line of your return. An organization that receives a Form 1099-K reporting a gross amount of payment card or third party network payments received in the tax year should consider these amounts when reporting contributions and revenue on lines 1 through 8, according to the instructions for preparing the return. You should retain all Forms 1099-K with your other records.*



*Section 501(c)(3) organizations must figure the amount of contributions according to the above instructions in preparing the support schedule in Part II or III of Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support.*

## **Line 2. Program Service Revenue Including Government Fees and Contracts**

Enter the total program service revenue (exempt function income). Program services are primarily those that form the basis of an organization's exemption from tax.

**A. Examples.** A clinic would include on line 2 all of its charges for medical services (whether to be paid directly by the patients or through Medicare, Medicaid, or other third-party reimbursement), laboratory fees, and related charges for services.

Program service revenue also includes tuition received by a school; revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; payments received by a section 501(c)(9) organization from participants or employers of participants for health and welfare benefits coverage; and registration fees received in connection with a meeting or convention.

## **B. Program-related investment income.**

Program service revenue also includes income from program-related investments. These investments are made primarily to accomplish an exempt purpose of the investing organization rather than to produce income. Examples of program-related investments are scholarship loans and low-interest loans to charitable organizations, indigents, or victims of a disaster. See also the instructions for line 4.

Rental income received from an exempt function is another example of program-related investment income (below-market rents from housing leased to low-income persons). For purposes of this return, report all rental income from an affiliated organization on line 2.

## **C. Unrelated trade or business activities.**

Unrelated trade or business activities (other than fundraising activities that are not regularly carried on) that generate fees for services can also be program service activities. A social club, for example, should report as program service revenue the fees it



charges both members and nonmembers for the use of its tennis courts and golf course.

#### **D. Government fees and contracts.**

Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. See line 1, instruction A5, for reporting guidelines when payments are received from a government agency for providing a service, facility, or product for the primary benefit of the general public.

### **Line 3. Membership Dues and Assessments**

Enter members' and affiliates' dues and assessments that are not contributions.

#### **A. What is included on line 3?**

**A1. Dues and assessments received that compare reasonably with the benefits of membership.** When the organization receives dues and assessments the value of which compare reasonably with the value of

benefits provided to members (whether or not the membership benefits are used by the members), report such dues and assessments on line 3.

**A2. Organizations that generally match dues and benefits.** Organizations described in section 501(c)(5), (6), or (7) generally provide benefits with a reasonable relationship to dues, although benefits to members can be indirect.

**B. Examples of membership benefits.**

These include subscriptions to publications; newsletters (other than one about the organization's activities only); free or reduced-rate admissions to events sponsored by the organization; use of the organization's facilities; and discounts on articles or services that both members and nonmembers can buy. In figuring the value of membership benefits, disregard such intangible benefits as the right to attend meetings, vote, or hold office in the organization, and the distinction of being a member of the organization.

## **C. What is not included on line 3?**

**C1. Dues or assessments received that exceed the value of available membership benefits.** Dues received by an organization, to the extent they exceed the monetary value of the membership benefits available to the dues payer, are a contribution that should be reported on line 1.

**C2. Dues received primarily for the organization's support.** If a member pays dues primarily to support the organization's activities, and not to obtain benefits of more than nominal or insubstantial monetary value, those dues are a contribution to the organization includible on line 1.

***Example.*** M is an organization whose primary purpose is to support the local symphony orchestra. Members have the privilege of purchasing subscriptions to the symphony's annual concert series before they go on sale to the general public, but must pay the same price as any other member of the public. They also are entitled to attend a number of rehearsals each season without charge. Under these circumstances, M's

receipts from members are contributions reported on line 1.

## **Line 4. Investment Income**

### **A. What is included on line 4?**

**A1. Interest on savings and temporary cash investments.** Include the amount of interest received from interest-bearing checking accounts, savings, and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other governmental obligations that mature in less than one year. So-called dividends or earnings received from mutual savings banks, money market funds, etc., are actually interest and should be included on this line.

**A2. Dividends and interest from securities.** Include dividends from equity securities (stocks), and interest income from debt securities and notes and loans receivable, other than program-related investments. Include amounts received from payments on securities loans, as defined in section 512(a)(5).

**A3. Gross rents.** Include gross rental income received during the year from investment property (other than program-related investments reported on line 2).

**A4. Other investment income.** Include, for example, the organization's share of investment income from a joint venture, limited liability company, or other entity treated as a partnership for federal tax purposes. Also include royalties received by the organization from licensing the ongoing use of its property to others (other than royalties generated as part of the organization's exempt function, such as royalties received from a publisher for an educational work authored by the organization, which should be reported on line 2 as program service revenue). Typically royalties are received for the use of intellectual property, (copyrights, patents, and trademarks). Royalties also include payments to the owner of property for the right to exploit natural resources on the property, such as oil, natural gas, or minerals.

Do not deduct investment management fees from the amount of investment income reported on this line, but report these fees on Part I, line 13.

## **B. What is not included on line 4?**

**B1. Capital gains dividends and unrealized gains and losses.** Do not include on this line any capital gains dividends. They are reported on line 5. Also do not include unrealized gains and losses on investments carried at market value. See the instructions for line 20.

**B2. Exempt function revenue (program service).** Do not include on line 4 amounts that represent income from an exempt function (program service). Report these amounts on line 2 as program service revenue. Report expenses related to this income on lines 12 through 16.

**Exempt function rental income.** An organization whose exempt purpose is to provide low-rental housing to persons with low income receives exempt function income from such rentals. An organization receives

exempt function income if it rents or sublets rental space to a tenant whose activities are related to the filing organization's exempt purpose. Report rental income received in these instances on line 2 and not on line 4. Only for purposes of completing this return, treat income from renting property to affiliated exempt organizations as exempt function income and include that income on line 2 as program service revenue.

### **Other program-related investments.**

Investment income from program-related investments should be reported on line 2. See the line 2 instructions for a discussion of program-related investments. Gains or losses from the sale of program-related investment assets are reported on line 5.

## **Lines 5a through 5c. Gains (or Losses) From Sale of Assets Other Than Inventory**

### **A. What is included on line 5?**

Report on line 5a all sales of securities and sales of all other types of investments (real

estate, royalty interests, or partnership interests) as well as sales of all other non-inventory assets (program-related investments and fixed assets used by the organization in its related and unrelated activities). Also report capital gains dividends, the organization's share of capital gains and losses from a joint venture, limited liability company, or other entity treated as a partnership for federal tax purposes, and capital gains distributions from trusts.

Total the cost or other basis (less depreciation) and selling expenses and enter the result on line 5b. On line 5c, enter the net gain or loss.

For reporting sales of securities on Form 990-EZ, the organization can use the more convenient way to figure the organization's gain or loss from sales of securities by subtracting from the sales price the average-cost basis of the particular security sold. However, the average-cost basis is not used to figure the gain or loss from sales of securities reportable on Form 990-T.



## **B. What is not included on line 5?**

Do not include on line 5 any unrealized gains or losses on securities that are carried in the books of account at market value. See the instructions for line 20.

## **C. Books and records**

The organization should maintain books and records to substantiate information regarding any securities or other assets sold for which market quotations were not published or were not readily available. The recorded information should include:

- A description of the asset,
- Date acquired,
- Whether acquired by donation or purchase,
- Date sold and to whom sold,
- Gross sales price,
- Cost, other basis, or if donated, value at time acquired,

- Expense of sale and cost of improvements made after acquisition, and
- Depreciation since acquisition, if depreciable property.

## **Line 6a. Gaming**

Report gross income from gaming in line 6a if the organization conducted directly, or through a promoter, any amount of gaming during the year. Report the gross income from all gaming activities (other than gaming that is incidental to a fundraising event such as a dinner/dance), whether or not regularly carried on, in line 6a.

Gaming includes (but is not limited to), bingo, pull tabs, instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights/Las Vegas nights (other than events not regularly carried on in which participants can play casino-style games but the only prizes or auction items provided to

participants are noncash items that were donated to the organization, which events are fundraising events), and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.

Many games of chance are taxable. Income from bingo games is generally not subject to the tax on unrelated business income if the games meet the legal definition of bingo. For a bingo game to meet the legal definition of bingo, wagers must be placed, winners must be determined, and prizes or other property must be distributed in the presence of all persons placing wagers in that game.

A wagering game that does not meet the legal definition of bingo does not qualify for the exclusion from unrelated business income, regardless of its name. For example, "instant bingo" in which a player buys a pre-packaged bingo card with pull-tabs that the player removes to determine if he or she is a winner, does not qualify. See Pub. 598, Tax

on Unrelated Business Income of Exempt Organizations; Pub. 3079, Tax-Exempt Organizations and Gaming; and Form 990-T, Exempt Organization Business Income Tax Return.

**Line 6b. Fundraising events.** Enter the gross income from all fundraising events and activities, such as dinners, dances, carnivals, concerts, sports events, auctions, and door-to-door sales of merchandise.

Fundraising events and activities only incidentally accomplish an exempt purpose. Their sole or primary purpose is to raise funds to finance the organization's exempt activities. They do not include events or activities that substantially further the organization's exempt purpose even if they also raise funds. They do not include activities regularly carried on. Fundraising events do not include gaming, gross income from which is reported on line 6a.

***Example.*** An organization formed to promote and preserve folk music and related cultural traditions holds an annual folk music festival featuring concerts, handicraft demonstrations,

and similar activities. Because the festival directly furthers the organization's exempt purpose, income from ticket sales should be reported on line 2 as program service revenue.

Fundraising events and activities raise funds by offering goods or services that have more than a nominal or insubstantial value (compared to the price charged) for a payment that is more than the direct cost of those goods or services. See line 1 instructions A1 and A2 for a discussion on contributions reportable on line 1 and revenue reportable on line 6b.

The fact that tickets, advertising, or solicitation materials refer to a required payment as a donation or contribution does not control how these payments should be reported on Form 990-EZ.

The gross income from fundraising events must be reported in the right-hand column on line 6b without reduction for cash or noncash prizes, cost of goods sold, compensation, fees, or other expenses.

## **A. What is included on line 6b?**

**Gross revenue/contributions.** When an organization receives payments for goods or services offered through a fundraising event, enter:

1. As gross revenue, on line 6b (in the right-hand column), the retail value of the goods or services,
2. As a contribution, on both line 1 and line 6b (within the parentheses), any amount received that exceeds the retail value of the goods or services given.

**Example.** At a fundraising event, an organization received \$100 in gross receipts for goods valued at \$40. The organization entered gross revenue of \$40 on line 6b and entered a contribution of \$60 on both line 1 and within the parentheses on line 6b. The contribution was the difference between the gross revenue of \$40 and the gross receipts of \$100.

## **B. What is not included on line 6b?**

**B1. Sales or gifts of goods or services of only nominal or insubstantial value.** If the goods or services offered at the fundraising event have only nominal or insubstantial value, include all of the receipts as contributions on line 1 and all of the related expenses on lines 12 through 16.

**B2. Sweepstakes, raffles, and lotteries.** Report gross income from gaming on line 6a. Report as a contribution, on line 1, the proceeds of solicitation campaigns in which the names of contributors and other respondents (who were not required to make a minimum payment) are entered in a drawing for prizes.

Where a minimum payment is required for each raffle or lottery entry and prizes of only nominal or insubstantial value are awarded, report any amount received as a contribution. Report the related expenses on lines 12 through 16.

**B3. Activities that generate only contributions are not fundraising events.** An activity that generates only contributions, such as a solicitation campaign by mail, is not

a fundraising event. Any amount received should be included on line 1 as a contribution. Related expenses are reportable on lines 12 through 16.

### **C. Attach Schedule G, Parts II and III**

If the organization reports more than \$15,000 on line 6a, then it must complete Part III (Gaming) of Schedule G (Form 990 or 990-EZ), Supplemental Information Regarding Fundraising or Gaming Activities. If the sum of the organization's gross income and contributions from fundraising events (including the amounts reported on line 6b and in the parentheses for line 6b), is greater than \$15,000, then it must complete Schedule G, Part II (Fundraising Events). Organizations filing Form 990-EZ are not required to complete Schedule G, Part I (Fundraising Activities).

**Lines 6c-d. Direct expenses and net income or (loss) from gaming and fundraising events.** Report on line 6c direct expenses related to gaming activities and direct expenses attributable to the organization's provision of goods or services



from which it derived gross income at a fundraising event. Do not report fundraising expenses attributable to contributions reported on line 1. These expenses are reportable on lines 12 through 16. If an expense is included on line 6c, do not report it again on line 7b.

To calculate net income or (loss) on line 6d, add lines 6a and 6b, then subtract line 6c.

## **Lines 7a through 7c. Gross Sales of Inventory**

**Line 7a. Sales of inventory.** Include on line 7a the gross sales (less returns and allowances) of inventory items, whether the sales activity is an exempt function or an unrelated trade or business. Inventory items are goods the organization makes to sell to others, or that it buys for resale. Include all inventory sales except sales of goods at fundraising events, which are reportable on line 6. Do not include on line 7 sales of investments on which the organization expected to profit by appreciation and sale; report sales of these investments on line 5.

**Line 7b. Cost of goods sold.** On line 7b, report the cost of goods sold related to sales of such inventory. The usual items included in cost of goods sold are direct and indirect labor, materials and supplies consumed, freight-in, and a proportion of overhead expenses. Marketing and distribution expenses are not includible in cost of goods sold but are reported on lines 12 through 16.

## **Line 8. Other Revenue**

Enter the total income from all sources not covered by lines 1 through 7. Examples of line 8 income are interest on notes receivable not held as investments or as program-related investments (defined in the line 2 instructions); interest on loans to officers, directors, trustees, key employees, and other employees; and royalties that are not investment income or program service revenue.

## **Expenses:**

### **Line 10. Grants and Similar Amounts Paid**

#### **A. What is included on line 10?**

Enter the amount of actual grants and similar amounts paid to individuals and organizations selected by the filing organization. Include scholarship, fellowship, and research grants to individuals.

#### **A1. Specific assistance to individuals.**

Include on this line the amount of payments to, or for the benefit of, particular clients or patients, including assistance by others at the organization's expense.

**A2. Payments, voluntary awards, or grants to affiliates.** Include on line 10 certain types of payments to organizations affiliated with (closely related to) the filing organization. These payments include predetermined quota support and dues payments by local organizations to their state or national organizations.



*If the organization uses Form 990-EZ for state reporting purposes, distinguish on Schedule O between payments to affiliates and awards and grants. See Appendix G.*

## **B. What is not included on line 10?**

**B1. Administrative expenses.** Do not include on this line expenses made in selecting recipients or monitoring compliance with the terms of a grant or award. Enter those expenses on lines 12 through 16.

**B2. Purchases of goods or services from affiliates.** Do not report the cost of goods or services purchased from affiliates on line 10. Report these expenses on lines 12 through 16.

**B3. Membership dues paid to another organization.** Report membership dues that the organization pays to another organization (other than an affiliated organization) for general membership benefits, such as regular services, publications, and materials, on line 16.

## **C. Grantee list on Schedule O**

List on Schedule O each grantee organization or individual to whom the organization made grants (or paid similar amounts) in excess of \$5,000 during the organization's tax year. For each grantee, list:

- Each class of activity,
- The grantee's name and address (for grantee organizations, not grantee individuals),
- The amount given (aggregate amount of grants and payments to or for the benefit of the grantee during the organization's tax year), and
- The relationship of the grantee (for grants to individuals), if the relationship is by blood, marriage, adoption, or employment (including employees' children), control, or ownership, to any person or corporation with an interest in the organization, such as a creator, donor, director, trustee, officer, key employee, related organization, etc.



*If the individual grantee is related to a grantor or contributor to the organization, then do not provide the name of the grantor or contributor. Instead, identify such persons generically as "grantee" and as "grantor" or "contributor."*

If any related organization (see line 49 instructions for definition of "related organization") received a payment reported on line 10, then so indicate, and specify the purpose of the payment.

Classify activities on this schedule in more detail than by using broad terms such as charitable, educational, religious, or scientific. For example, identify payments to affiliates; payments for nursing services; fellowships; and payments for food, shelter, or medical services for indigents or disaster victims.

Colleges, universities, and primary and secondary schools reporting scholarships or other financial assistance can instead include a statement in Schedule O that (a) groups each type of financial aid provided; (b) indicates the number of individuals who

received the aid; and (c) specifies the aggregate dollar amount.

If an organization gives property other than cash and measures an award or grant by the property's FMV, also show on this schedule:

- A description of the property,
- The book value of the property,
- How the book value was determined,
- How the FMV was determined, and
- The date of the gift.

Any difference between a property's FMV and book value should be recorded in the organization's books of account and on line 20.

## **Line 11. Benefits Paid To or For Members**

For an organization that gives benefits to members or dependents (such as organizations exempt under section 501(c)(8), (9), or (17)), enter the amounts paid for or paid to obtain insurance that provides:

- (a) death, sickness, hospitalization, or disability benefits;
- (b) unemployment compensation benefits; and
- (c) other benefits, including patronage dividends paid by 501(c)(12) organizations to their members. Report on line 12, rather than line 11, the cost of employment-related benefits (such as health insurance) that the organization gives its officers and employees.

## **Line 12. Salaries, Other Compensation, and Employee Benefits**

Enter the total salaries and wages paid to all officers and employees and payments made to directors and trustees, including compensation reported on Forms W-2 and 1099. Include all other forms of income and benefits received from the organization during the year, such as the employer's share of deferrals (for unfunded plans) and contributions the organization paid to qualified and nonqualified pension and



deferred compensation plans, and the employer's share of contributions to employee benefit programs (such as insurance, health, and welfare programs) that are not an incidental part of a pension plan.



*Complete Form 5500, Annual Return/Report of Employee Benefit Plan, if the organization is required to file it.*

Also include in the total on Line 12 the amount of federal, state, and local payroll taxes for the year that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, Federal unemployment tax (FUTA), state unemployment compensation tax, and other state and local payroll taxes. Taxes withheld from employees' salaries and paid over to the various governmental units (such as Federal and state income taxes and the employees' share of social security and Medicare taxes) are part of the employees' salaries included on line 12. Report expenses paid or incurred for employee events such as a picnic or holiday party on this line.



*Compensation for line 12 is reported based on the accounting method and tax year used by the organization, whereas compensation for Part IV, List of Officers, Directors, Trustees, and Key Employees and Part VI, lines 50 and 51 (compensation of highest compensated employees and independent contractors) is reported for the calendar year ending with or within the organization's fiscal year.*

## **Line 13. Professional Fees and Other Payments to Independent Contractors**

Enter the total amount of legal, accounting, auditing, other professional fees (such as fees for fundraising or investment services) and related expenses charged by outside firms and individuals who are not employees of the organization.

Do not include any penalties, fines, or judgments imposed on the organization as a result of legal proceedings; report and identify those expenses on line 16. Report on line 12 fees paid to directors and trustees.

Also report on line 12 compensation to employees that provide fundraising, legal, accounting, or other professional services as part of their employment. Report broker fees/commissions as sales expenses on line 5b.



*In some cases the organization can be required to report payments to an independent contractor on Form 1099-MISC, Miscellaneous Income.*

## **Line 14. Occupancy, Rent, Utilities, and Maintenance**

Enter the total amount paid or incurred for the use of office space or other facilities, including rent; mortgage interest; heat, light, power, and other utilities; outside janitorial services; real estate taxes and property insurance attributable to rental property; and similar expenses.

These expenses relate to real property actually occupied by the organization, whether as tenant or owner, or used in the conduct of exempt functions (such as low-income rental housing). Report on line 16

expenses relating to real property used for investment purposes. If the organization occupies part of the property and leases a part to others, then expenses must be reasonably allocated between occupancy-related and investment-related expenses, and reported accordingly on lines 14 and 16.

If the organization records depreciation on property it occupies, enter the total for the year. For an explanation of acceptable methods for computing depreciation, see Pub. 946, *How to Depreciate Property*.

Report on line 14 or 16 rental expenses for rental income reported on lines 2 and 4. Do not decrease rental expenses reported on line 14 or 16 by any rental income received from renting or subletting rented space. See the instructions for lines 2 and 4 to determine if the income is reportable as exempt function income or investment income.

### **Line 15. Printing, Publications, Postage, and Shipping**

Enter the printing and related costs of producing the filing organization's own

newsletters, leaflets, films, and other informational materials as well as the cost of outside mailing services on line 15. Also include the cost of any purchased publications as well as postage and shipping costs not reportable on line 5b, 6c, or 7b. Do not include any expenses, such as salaries, for which a separate line is provided.

## **Line 16. Other Expenses**

Report expenses here that are not reportable on lines 10 through 15. Include here such expenses as penalties, fines, and judgments; unrelated business income taxes; insurance, interest, depreciation, and real estate taxes not reported as occupancy expenses; travel and transportation costs; and expenses for conferences, conventions, and meetings. Do not report on this line payments made by organizations exempt under section 501(c)(8), (9), or (17) to obtain insurance benefits for members. Report those expenses on line 11.

Some states that accept Form 990-EZ in satisfaction of their filing requirements may

require that certain types of miscellaneous expenses be itemized. See *Appendix G*.

## **Net Assets:**

### **Line 18. Excess or (Deficit) for the Year**

Enter the difference between lines 9 and 17. If line 17 is more than line 9, enter the difference in parentheses or as a negative number with a minus sign.

### **Line 19. Net Assets or Fund Balances at Beginning of Year**

Enter on line 19 the end-of-year amount from the balance sheet on the prior year's return.

### **Line 20. Other Changes in Net Assets or Fund Balances**

Explain in Schedule O any changes in net assets or fund balances between the beginning and end of the organization's tax year that are not accounted for by the amount on line 18. Include items here such as:

- Adjustments of earlier years' activity (such as losses on uncollectible pledges, refunds of contributions and program service revenue, and reversal of grant expenses);
- Unrealized gains and losses on investments carried at market value;
- Any difference between FMV and book value of property given as an award or grant.

See *General Instructions C, Accounting Periods and Methods*, regarding the reporting of a section 481(a) adjustment to conform to SFAS 116 (ASC 958).

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