

**2023**

# **Instructions for Form 990 Return of Organization Exempt From Income Tax**

**Under section 501(c), 527, or 4947(a)(1) of the  
Internal Revenue Code (except private  
foundations)**

Volume 9 of 9



Department of the Treasury  
**Internal Revenue Service**

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## **Appendix J. Contributions**

This Appendix discusses certain federal tax rules that apply to exempt organizations and donors for contributions. See also Pub. 526, Charitable Contributions; and Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements.

**Schedule B (Form 990).** Many organizations that file Form 990, 990-EZ, or 990-PF must file Schedule B to report on tax-deductible and non-tax-deductible contributions. See Schedule B and its instructions to determine whether Schedule B must be filed, and for the public inspection rules applicable to that form.

**Solicitation of nondeductible contribution.** See the instructions for Form 990, Part V, lines 6a and 6b, for rules on public notice of nondeductibility when soliciting nondeductible contributions.



**Keeping fundraising records for tax-deductible contributions.** A section 501(c) organization that is eligible to receive tax-deductible contributions under section 170(c) must keep sample copies of its fundraising materials, such

as:

- Dues statements,
- Fundraising solicitations,
- Tickets,
- Receipts, or
- Other evidence of payments received in connection with fundraising activities.



IF...	THEN...
the organization advertises its fundraising events	it must keep samples of the advertising copy.
the organization uses radio, television, or Internet to solicit contributions	it must keep samples of scripts, transcripts, printouts of emails and web pages, or other evidence of solicitations in the media.
the organization uses outside fundraisers	it must keep samples of the fundraising materials used by the outside fundraisers.



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For each fundraising event, the organization must keep records to show the portion of any payment received from patrons that isn't deductible, that is, the retail value of the goods or services received by the patrons. See *Disclosure statement for quid pro quo contributions*, later.

**Noncash contributions. Form 990**

***schedules.*** An organization may be required to file Schedule M to report certain noncash (property) contributions; see the instructions for Schedule M on who must file. Also, an organization that files Schedule B must report certain information on noncash contributions.

***Dispositions of donated property.*** If an organization receives a charitable contribution of property and within 3 years sells, exchanges, or otherwise disposes of the property, the organization may need to file Form 8282, Donee Information Return. See Form 990, Part V, lines 7c and 7d.



***Donated property over \$5,000.*** If the organization received from a donor a partially completed Form 8283, Noncash Charitable Contributions, the donee organization should generally complete the Form 8283 and return it so the donor can get a charitable contribution deduction. The organization should keep a copy for its records. See Form 8283 for more details.

***Qualified intellectual property.*** An organization described in section 170(c) (except a private foundation) that receives or accrues net income from a qualified intellectual property contribution must file Form 8899, Notice of Income From Donated Intellectual Property. See Form 990, Part V, line 7g. The organization must file Form 8899 for any tax year that includes any part of the 10-year period beginning on the date of contribution but not for any tax years in which the legal life of the qualified intellectual



property has expired or the property failed to produce net income.

A donee organization reports all income from donated qualified intellectual property as income other than contributions (for example, royalty income from a patent). A donee isn't required to report as contributions on Form 990 (including statements) any of the additional deductions claimed by donors under section 170(m)(1). See Pub. 526.

***Motor vehicles, boats, and airplanes.***

Special rules apply to charitable contributions of motor vehicles, boats, or airplanes with a claimed value of more than \$500. See Form 990, Part V, line 7h; section 170(f)(12); Pub. 4302, A Charity's Guide to Vehicle Donation; and the Instructions for Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes.



## **Substantiation and disclosure requirements for charitable contributions.**

***Recordkeeping for cash, check, or other monetary charitable gifts.*** To deduct a contribution of a cash, check, or other monetary gift (regardless of the amount), a donor must maintain a bank record or a written communication from the donee organization showing the donee's name, date, and amount of the contribution. See section 170(f)(17) and Regulations section 1.170A-15 for more information. In the case of a text message contribution, the donor's phone bill meets the section 170(f)(17) recordkeeping requirement of a reliable written record if it shows the name of the donee organization and the date and amount of contribution.

***Acknowledgment to substantiate charitable contributions.*** A donee organization should be aware that a donor of a charitable contribution of \$250 or more



(including a contribution of unreimbursed expenses) can't take an income tax deduction unless the donor obtains the organization's acknowledgment to substantiate the charitable contribution. See section 170(f)(8) and Regulations section 1.170A-13(f). A charitable organization that receives a payment made as a contribution is treated as the donee organization for this purpose even if the organization (according to the donor's instructions or otherwise) distributes the amount received to one or more charities.

The organization's acknowledgment must:

1. Be written;
2. Be contemporaneous;
3. State the amount of any cash it received;
4. State:
  - a. Whether the organization gave the donor any intangible religious



benefits (no valuation needed),  
and

- b. Whether the organization gave the donor any goods or services in return for the donor's contribution (a quid pro quo contribution); and

5. Describe goods or services the organization:

- a. Received (no valuation needed),  
and
- b. Gave (good faith estimate of value needed).

If the organization accepts a contribution in the name of one of its activities or programs, then indicate the organization's name in the acknowledgment as well as the program's name. For example: "Thank you for your contribution of \$300 to (organization's name) made in the name of our Special Relief Fund program. No goods or services were provided in exchange for your contribution."



Similarly, if a domestic organization owns and controls a domestic disregarded entity, and the disregarded entity receives a contribution, then indicate the organization's name in the acknowledgment as well as the relationship with the disregarded entity. For example: "Thank you for your contribution of \$300 to (organization's name) made in the name of (name of disregarded entity), which is treated as a disregarded entity of (organization's name) for federal tax purposes. No goods or services were provided in exchange for your contribution." See Notice 2012-52, 2012-35 I.R.B. 317.

***Exception.*** The written acknowledgment need not include a good faith estimate of value for goods or services given to the donor if they are:

1. Goods or services with insubstantial value,
2. Certain membership benefits,



3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.

These exceptions are defined below.

**Disclosure statement for quid pro quo contributions.** If the organization receives a quid pro quo contribution of more than \$75, the organization must provide a disclosure statement to the donor. See section 6115.

The organization's disclosure statement must:

1. Be written;
2. Estimate in good faith the value of the organization's goods or services given in return for the donor's contribution;
3. Describe, but need not value, certain goods or services given to the donor's employees or partners; and



4. Inform the donor that a charitable contribution deduction is limited as follows.

Donor's contribution **Less**

The organization's money, goods, and services given in return **Equals**

Donor's deductible charitable contribution.

***Exceptions.*** No disclosure statement is required if the organization gave only:

1. Goods or services with insubstantial value,
2. Certain membership benefits,
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.



These exceptions are defined below. See also Regulations sections 1.170A-1, 1.170A-13, and 1.6115-1.

## **Certain goods or services disregarded for substantiation and disclosure purposes.**

***Goods or services with insubstantial value.*** Generally, under section 170, the deductible amount of a contribution is determined by taking into account the **FMV**, not the cost to the charity, of any benefits that the donor received in return. However, the cost to the charity may be used in determining whether the benefits are insubstantial. See *Cost basis* next.

***Cost basis.*** If a taxpayer makes a payment of \$62.50 or more to a charity and receives only token items in return, the items have insubstantial value if they:

- Bear the charity's name or logo, and



- Have an aggregate cost to the charity of \$12.50 or less (low-cost article amount of section 513(h)(2)).

**FMV basis.** If a taxpayer makes a payment to a charitable organization in a fundraising campaign and receives benefits with an **FMV** of not more than 2% of the amount of the payment, or \$125, whichever is less, the benefits received have insubstantial value in determining the taxpayer's contribution.



*The dollar amounts given above are applicable to tax year 2023 under Rev. Proc. 2022-38, 2022-45 I.R.B. 1, section 3.34. They are adjusted annually for inflation.*

When a donee organization provides a donor only with goods or services having insubstantial value under Rev. Proc. 2022-38 (and any successor documents), the contemporaneous written acknowledgment may indicate that no goods or services were



provided in exchange for the donor's payment.

***Certain membership benefits.*** Other goods or services that are disregarded for substantiation and disclosure purposes are annual membership benefits offered to a taxpayer in exchange for a payment of \$75 or less per year that consist of:

1. Any rights or privileges that the taxpayer can exercise frequently during the membership period such as:
  - a. Free or discounted admission to the organization's facilities or events, or
  - b. Free or discounted parking; or
2. Admission to events that are:
  - a. Open only to members, and
  - b. Within the low-cost article limitation, per person.



**Example 1.** E offers a basic membership benefits package for \$75. The package gives members the right to buy tickets in advance, free parking, and a gift shop discount of 10%. E's \$150 preferred membership benefits package also includes a \$20 poster. Both the basic and preferred membership packages are for a 12-month period and include about 50 productions. E offers F, a patron of the arts, the preferred membership benefits in return for a payment of \$150 or more. F accepts the preferred membership benefits package for \$300. E's written acknowledgment satisfies the substantiation requirement if it describes the poster, gives a good faith estimate of its **FMV** (\$20), and disregards the remaining membership benefits.

**Example 2.** In *Example 1*, if F received only the basic membership package for its \$300 payment, E's acknowledgment need state only that no goods or services were provided.



**Example 3.** G Theater Group performs four plays. Each play is performed twice. Nonmembers can purchase a ticket for \$15. For a \$60 membership fee, however, members are offered free admission to any of the performances. H makes a payment of \$350 and accepts this membership benefit. Because of the limited number of performances, the membership privilege can't be exercised frequently. Therefore, G's acknowledgment must describe the free admission benefit and estimate its value in good faith.

***Certain goods or services provided to donor's employees or partners.*** Certain goods or services provided to employees of donor organizations or partners of donor partnerships may be disregarded for substantiation and disclosure purposes. Nevertheless, the donee organization's disclosure statement must describe the goods



or services. A good faith estimate of value isn't needed.

**Example.** Museum J offers a basic membership benefits package for \$40. It includes free admission and a 10% gift shop discount. Corporation K makes a \$50,000 payment to J and in return, J offers K's employees free admission, a T-shirt with J's logo that costs J \$4.50, and a 25% gift shop discount. Because the free admission is a privilege that can be exercised frequently and is offered in both benefit packages, and the value of the T-shirts is insubstantial, Museum J's disclosure statement need not value or mention the free admission benefit or the T-shirts. However, because the 25% gift shop discount to K's employees differs from the 10% discount offered in the basic membership benefits package, J's disclosure statement must describe the 25% discount, but need not estimate its value.



# Definitions

***Substantiation.*** It is the responsibility of the donor:

- To value a donation, and
- To obtain an organization's written acknowledgment substantiating the donation.

There is no prescribed format for the organization's written acknowledgment of a donation. Letters, postcards, or computer-generated forms may be acceptable. The acknowledgment must, however, provide sufficient information to substantiate the amount of the deductible contribution. The organization may either:

- Provide separate statements for each contribution of \$250 or more, or
- Furnish periodic statements substantiating contributions of \$250 or more.



Separate contributions of less than \$250 aren't subject to the requirements of section 170(f)(8), whether or not the sum of the contributions made by a taxpayer to a donee organization during a tax year equals \$250 or more.

***Contemporaneous.*** A written acknowledgment is contemporaneous if the donor obtains it on or before the earlier of:

- The date the donor files the original return for the tax year in which the contribution was made, or
- The due date (including extensions) for filing the donor's original return for that year.

***Substantiation of payroll contributions.***

An organization may substantiate an employee's contribution by deduction from its payroll by:



- A pay stub, Form W-2, or other document showing a contribution to a donee organization, together with
- A pledge card or other document from the donee organization that shows its name. For contributions of \$250 or more, the document must state that the donee organization provides no goods or services for any payroll contributions.

The amount withheld from each payment of wages to a taxpayer is treated as a separate contribution.

***Substantiation of matched payments.*** If a taxpayer's payment to a donee organization is matched by another payor, and the taxpayer receives goods or services in consideration for its payment and some or all of the matching payment, those goods or services will be treated as provided in consideration for the taxpayer's payment and not in consideration for the matching payment. ***Disclosure***



**statement.** An organization must provide a written disclosure statement to donors who make a quid pro quo contribution in excess of \$75 (section 6115). This requirement is separate from the written substantiation acknowledgment a donor needs for deductibility purposes. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

**Quid pro quo contribution.** A quid pro quo contribution is a payment that is made both as a contribution and as a payment for goods or services provided by the donee organization.

**Example.** A donor gives a charity \$100 in consideration for a concert ticket valued at \$40 (a quid pro quo contribution). In this example, \$60 would be deductible. Because



the donor's payment exceeds \$75, the organization must furnish a disclosure statement even though the taxpayer's deductible amount doesn't exceed \$75. Separate payments of \$75 or less made at different times of the year for separate fundraising events won't be aggregated for purposes of the \$75 threshold.

***Good faith estimate.*** An organization may use any reasonable method in making a good faith estimate of the value of goods or services provided by that organization in consideration for a taxpayer's payment to that organization. A good faith estimate of the value of goods or services that aren't generally available in a commercial transaction may be determined by reference to the **FMV** of similar or comparable goods or services. Goods or services may be similar or comparable even though they don't have the unique qualities of the goods or services that



are being valued. ***Goods or services.*** Goods or services include:

- Cash,
- Property,
- Services,
- Benefits, and
- Privileges.

***In consideration for.*** A donee organization provides goods or services in consideration for a taxpayer's payment if, at the time the taxpayer makes the payment to the donee organization, the taxpayer receives, or expects to receive, goods or services in exchange for that payment.

Goods or services a donee organization provides in consideration for a payment by a taxpayer include goods or services provided in a year other than the year in which the donor makes the payment to the donee organization.



***Intangible religious benefits.*** Intangible religious benefits are provided only by organizations organized exclusively for religious purposes. Examples include:

- Admission to a religious ceremony; and
- De minimis tangible benefits, such as wine provided in connection with a religious ceremony.

***Penalties.*** A charity that knowingly provides a false substantiation acknowledgment to a donor may be subject to the penalties under section 6701 and/or section 7206(2) for aiding and abetting an understatement of tax liability.

Charities that fail to provide the required disclosure statement for a quid pro quo contribution of more than \$75 will incur a penalty of \$10 per contribution, not to exceed \$5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show



that the failure was due to reasonable cause (section 6714).

## **Appendix K. Reporting Information for Section 501(c)(21) Black Lung Trusts**

For tax years beginning before January 1, 2021, section 501(c)(21) black lung trusts that could not use Form 990-N, e-Postcard (see *Who Must File*, earlier), used Form 990-BL to meet the reporting requirements of section 6033. A section 501(c)(21) black lung trust, trustee, or disqualified person liable for section 4951 or 4952 excise taxes also used Form 990-BL to report and pay those taxes.

For tax years beginning after December 31, 2020, section 501(c)(21) trusts will use Form 990 instead of Form 990-BL to meet section 6033 reporting requirements. A section 501(c)(21) black lung trust, trustee, or disqualified person



liable for section 4951 or 4952 excise taxes will use Form 6069 to report and pay sections 4951 and 4952 excise taxes.

In general, a section 501(c)(21) trust will complete Form 990 in the same manner as any other organization required to file Form 990, including (without limitation) schedules or forms identified upon completion of Part IV, Checklist of Required Schedules; or Part V, Statements Regarding Other IRS Filings and Tax Compliance.

The following chart is intended to help section 501(c)(21) black lung trusts identify some of the key lines on Form 990 that correspond with certain lines of Form 990-BL, especially a heading block item and in Part I.



# Section 501(c)(21) Black Lung Trusts

Form 990-BL		Form 990	
Heading Area	<b>FMV</b> of the trust's assets at the beginning of the operator's tax year within which the trust's tax year begins.	Part X, Balance Sheet	Check the box at the top of Part X and include a note on Schedule O (Form 990) providing the FMV at the beginning of the operator's year within which the trust's year begins.
Part I, Analysis of Revenue and Expenses, Line 1	Contributions received under section 192 from the coal mine operator who established the trust.	Part VIII, Statement of Revenue, Line 1f	Enter the total contributions received under section 192 from the coal mine operator who established the trust.
Part I, Analysis of Revenue and Expenses, Lines 2a and 2b	Interest on securities of the U.S., state, and local governments, described in section 501(c)(21)(D)(ii).	Part VIII, Statement of Revenue, Line 3	Investment income (including dividends, interest, and other similar amounts).



Part I, Analysis of Revenue and Expenses, Line 4	Contributions to the Federal Black Lung Disability Trust Fund.	Part IX, Statement of Functional Expenses, Line 1	Grants and other assistance to domestic organizations and domestic governments. (Detail reported on Schedule I (Form 990).)
Part I, Analysis of Revenue and Expenses, Line 5	Premiums for insurance to cover liabilities described in section 501(c)(21)(A) (i)(I).		
Part I, Analysis of Revenue and Expenses, Line 6	Other payments to or for the benefit of eligible coal miners, retired miners, or beneficiaries.	Part IX, Statement of Functional Expenses, Line 2	Grants and other assistance to domestic individuals. (Detail reported on Schedule I (Form 990).)



# **Index**

**\$10,000–per-item exception 28**

**\$10,000–per-related organization exception 28**

**35% controlled entity 17, 53**

## **A**

**Accountable plan 20, 53**

**Accountant 50**

**Accounting:**

Fees 45

Period 5

**Accounting fees 45**

**Accounting period 5, 8**

**Accounts payable 49**

**Accounts receivable 48**

**Accrual 6**



**Activities 11**

**Activities conducted outside the United States 53**

**Activities outside the United States 53**

**Address:**

Change in 9

Website 10

**Address Change 8**

**Administrative 19**

**Advance ruling period 4**

**Advertising 46**

**Affiliate/affiliates 46, 84**

Expenses 46

Payments 46

Purchases 46

State or national organizations 46



**Affiliated organizations 86**

**Allocations:**

Grants, and 11

**Alternate test 78**

**Amended Return 9**

Description of amendment 6

Name change amendment 6

**Annual information return 79**

**Anti-abuse rule 78**

**Appendix:** Appendix A, Exempt Organizations  
Reference Chart 76

Appendix B, How to Determine Whether an  
Organization's Gross Receipts Are Normally  
\$50,000 (or \$5,000) or Less 77

Appendix C, Special Gross Receipts Tests for  
Determining Exempt Status of Section  
501(c)(7) and 501(c)(15) Organizations 77

Appendix D, Public Inspection of Returns 78



Appendix E, Group Returns—Reporting Information on Behalf of the Group 82

Appendix F, Disregarded Entities and Joint Ventures—Inclusion of Activities and Items 83

Appendix G, Section 4958 Excess Benefit Transactions 85

Appendix H, Forms and Publications to File or Use 90

## **Instructions for Form 990**

990-EZ To Satisfy State Reporting Requirements 92

Appendix J, Contributions 93

Appendix K, Reporting Information for Section 501(c)(21) Black Lung Trusts 95

**Applicable tax-exempt organization** 53,  
85

**Application for recognition of exemption**  
90

**Application pending** 9



**Art 12, 53**

**Articles of incorporation 22**

**ASC 2016–14 53**

**ASC 740 53**

**ASC 958 12, 53**

**Assessments 38**

**Asset(s):**

Net 49

Total 49

**Assistance to individuals 44**

**Attachments 8**

**Attorney 11**

**Audit 54, 84**

**Audit committee 20, 54**

**Audit guides 92**

**Audited financial statements 12, 54**



**Automatic revocation 7**

**B**

**Backup withholding 15**

**Balance sheet 47**

**Bank account 15**

**Bank or financial institution trustee  
Exception 31**

**Benefits:**

Disregarded 31

Employee 45

Members 44, 87

Membership 40

**Bingo 42, 54**

**Board designated endowment (quasi) 12**

**Board-designated endowment 54**

**Bond issue 40, 54**



**Bonds, tax-exempt 49**

**Bonus 88**

**Book value 48**

**Books of account 6**

**Business activities 39**

**Business Activity Codes 52**

**Business code 40**

**Business relationship 21, 54**

**C**

**Calendar year 5**

**Capital contributions 17**

**Capital gains 40**

**Capital stock accounts 50**

**Capital surplus 50**

**Cash 47**

**Cash contributions 54**



**Cash receipts and disbursements 6**

**Central organization 7, 55**

**CEO, executive director, or top management official 55**

**Certified historic structure 55**

**Change of address 91**

**Changes in net assets 92**

**Charitable risk pools 3**

**Child care organizations 3**

**Children 2**

**Church 3, 55**

**Church-affiliated organization 4**

**Closely held stock 55**

**Club 17**

**Code(s) 3**

**Collectibles 55**



**Collections of works of art, historical treasures, and other similar assets 55**

**College 78**

**Committee 4**

**Compensation 13, 25, 36, 55, 82**

Current officers 45

Disqualified persons 26, 45

Former officers 25

Other persons 26

Reasonable 87

Reportable 27

Table 32

**Compilation (compiled financial statements) 13, 55**

**Completing the heading 8**

**Conflict of interest policy 56**

**Conflicts of interest policy 22, 24**



**Conservation easement** 12, 56

**Consolidated financial statement** 12, 83

**Contemporaneous** 87

**Contracts** 88

**Contributing employer** 63, 71

**Contributions** 12, 37, 39, 56

Disclosure statement 16

Donation of services 38

Donor advised funds 86

Government 38

Government grants 38

Membership dues 11, 38

Noncash 39

Nondeductible 16

Quid pro quo 16

**Contributor** 2



**Contributors, Schedule of 39**

**Control 14, 57**

**Controlled entity 14, 57**

**Controlling organization:** Section  
512(b)(13) 3

**Controlling organization under section  
512(b)(13) 58**

**Cooperative service organizations 3**

**Copies 7**

**Core form 58**

**Corporation 10**

**Credit counseling services 58**

**Current year 58**

**D**

**De minimis fringe benefit 87**

**Debt management plan services 58**

**Defeasance escrow 40, 58**



**Deferred charges 48**

**Deferred compensation 58**

**Deferred revenue 49**

**Defined benefit plan 31**

Nonqualified 32

Qualified 31

**Defined contribution plan: Qualified 31**

**Dependent care assistance 32**

**Depreciation 47**

**Determination letter 3**

**Direct expenses 41**

**Director 13, 58**

**Director or trustee 26, 58**

**Disclosure 16**

Conflict of interest 24

Disqualified person(s) 21



Excess business holdings 16

Statement 16

**Disclosure of excess business holdings**  
16

**Disqualified person** 58

**Disqualified persons** 86

**Disregarded benefits** 31, 32

**Disregarded entities** 8, 28, 83

**Disregarded entity or entities** 59

**Dissolution** 84

**Distributions** 45

**Dividends** 39

**Document retention and destruction**  
**policy** 24

**Domestic government** 59

**Domestic individual** 59

**Domestic organization** 60



## **Donations 38**

Of services 38

Of use of materials, equipment or facilities 38

Of vehicles 16

## **Donor advised fund 60**

### **Donor advised fund(s):**

Disqualified person 86

Donor advisor 17

Exceptions 89

Excess benefit transaction 86

Grants 86

Sponsoring organization 3

## **Donor advisor 60**

### **Donor contributions:**

Acknowledgment 16

## **Donor-Imposed Restriction 60**



**Donor-Restricted Endowment fund 60**

**Dues 38**

Club 32

Membership 40, 46

Paid to affiliates 46

## **E**

**e-Postcard (see also Form 990-N) 77**

**Economic benefit 86**

Disregarded 87

Nontaxable fringe benefits 87

**EIN 60**

**Email subscription 2**

**Employee 61**

**Employee benefit plan 4**

**Employee benefits 45**

**Employee(s) 27**



**Employees, key 27**

**Employer identification number (EIN):**

Disregarded entities 84

Section 501(c)(9) organizations 9

**Endowment fund 12, 61**

**Endowment funds 12**

**EO Determinations 11**

**Equipment 48**

**Escrow or custodial account 49, 61**

**Estates 37**

**Estimate, reasonable 10**

**Excess benefit transaction 61, 85-87**

Churches 89

Correction 89

Donor advised funds 89

Excess payment 89



Excise tax 88

Insufficient payment 89

Revenue sharing transactions 89

Revocation of exemption 89

Section 4958 85

**Excess business holdings 16**

**Excise taxes 88**

**Executive director 24**

**Exempt bond 61**

**Exempt function 39**

**Exempt organizations, types of 76**

**Exempt purposes 11, 22, 42**

**Expenses 40**

Allocating indirect 43

Direct 41

Functional 42



Fundraising 41

Indirect expenses 43

Management and general 43

Occupancy 46

Political 12

Postage 46

Printing 46

Program service 42, 47

Shipping 46

Supplies 46

Telephone 46

**Extension of time to file 6**

## **F**

**Facility/facilities 11**

**Facts and circumstances 81**

**Fair market value (FMV) 61**



## **Family:**

Family member 86

**Family member, family relationship** 62

**FASB ASC 958** 37, 49

**Federal unemployment tax (FUTA)** 90

**Federated fundraising agencies** 38

**Federated fundraising organizations** 44

**Fees** 45

Accounting 45

Copies 80

Fundraising 45

Government agencies 39

Initiation 78

Legal 45

Membership 77

Registration 39



**Figuring gross receipts 77**

**FIN 48 83**

**FIN 48 (ASC 740) 62**

**Final return 6, 9**

**Financial account 15**

**Financial statements 62**

**Fiscal year 5, 62**

**Five highest compensated employees 26**

**Fixed payment 88**

**FMV 14, 18, 19, 22, 37, 38, 40-42, 47, 50,  
59, 72, 86, 88, 89, 94-96**

**Foreign 15**

Accounts 16

Organization 4

**Foreign government 62**

**Foreign individual 62**



**Foreign organization 62**

**Form 8976, Notice of Intent to Operate Under Section 501(c)(4) 91**

**Forms:**

FinCEN Form 114 91

Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. 90

Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) 90

Form 1024-A, Application for Recognition of Exemption under Section 501(c)(4) of the Internal Revenue Code 91

Form 1024, Application for Recognition of Exemption Under Section 501(a) 90

Form 1040-SR, U.S. Income Tax Return for Seniors 91

Form 1040, U.S. Individual Income Tax Return 91



Form 1041, U.S. Income Tax Return for Estates and Trusts 91

Form 1065, U.S. Return of Partnership Income 4

Form 1096, Annual Summary and Transmittal of U.S. Information Returns 91

Form 1098 series 91

Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations 91

Form 1128, Application To Adopt, Change or Retain a Tax Year 91

Form 2848, Power of Attorney and Declaration of Representative 91

Form 3115, Application for Change in Accounting Method 91

Form 3520, Annual Return To Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts 91



Form 4506–A, Request for a Copy of Exempt or Political Organization IRS Form 91

Form 4506, Request for Copy of Tax Return 91

Form 4562, Depreciation and Amortization 91

Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code 91

Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations 91

Form 5500, Annual Return/Report of Employee Benefit Plan 91

Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal income Tax. 91

Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation 91



Form 7004, Application for Automatic Extension of Time to File Certain Business Income Tax, Information, and Other Returns 91

Form 720, Quarterly Federal Excise Tax Return 90

Form 8038 series, Tax Exempt Bonds 91

Form 8274, Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption from Employer Social Security and Medicare Taxes 91

Form 8282, Donee Information Return 91

Form 8283, Noncash Charitable Contributions 91

Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business 91

Form 8328, Carryforward Election of Unused Private Activity Bond Volume Cap 91



Form 8718, User Fee for Exempt rganization  
Determination Letter Request 91

Form 8821, Tax Information Authorization 91

Form 8822-B, Change of Address or  
Responsible Party—Business 91

Form 8868, Application for Extension of Time  
To File an Exempt Organization Return or  
Excise Taxes Related to Employee Benefit  
Plans 6, 91

Form 8870, Information Return for Transfers  
Associated With Certain Personal Benefit  
Contracts 91

Form 8871, Political Organization Notice of  
Section 527 Status 91

Form 8872, Political Organization Report of  
Contributions and Expenditures 91

Form 8886-T, Disclosure by Tax-Exempt  
Entity Regarding Prohibited Tax Shelter  
Transaction 91



Form 8886, Reportable Transaction Disclosure Statement 91

Form 8899, Notice of Income From Donated Intellectual Property 91

## **2023 Instructions for Form 990**

Form 8940, Request for Miscellaneous Determination, Request for Miscellaneous Determination, under Section 507, 509(a), 4940, 4942, 4945, and 6033 of the Internal Revenue Code 91

Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation 90

Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return 90

Form 941, Employer's Quarterly Federal Tax Return 90

Form 943, Employer's Annual Tax Return for Agricultural Employees 90



Form 990-PF, Return of Private Foundation or  
Section 4947(a)(1) Trust Treated as Private  
Foundation 4

Form 990-T, Exempt Organization

Business Income Tax Return 90

Form 990-EZ, Short Form Return of  
Organization Exempt From Income Tax 10

Form 990-N, Electronic Notice (e-Postcard)  
for Tax-Exempt Organizations Not Required  
To File Form 990 or 990-EZ 3

Form SS-4, Application for Employer  
Identification Number 91

Form W-2, Wage and Tax Statement 90

**Forms and publications 15**

**Foundations 27**

**Fringe benefits 87**

De minimis 87

Nontaxable 87



## **Functional expenses 42**

Allocating indirect 43

Fundraising 43

Management and general 43

Program service 42

## **Fund Balances 49, 50**

## **Fundraising 38, 62**

Activities 13

Events 38

Expenses 43

Fees 45

Records for tax deductible contributions 7

## **Fundraising activities 62**

## **Fundraising events 41, 62**

## **Funds 50**

## **G**



**GAAP** 62

**Gaming** 42, 63

**GEN (Group exemption number)** 10

**Generally accepted accounting principles**  
11

**Generally accepted accounting principles/GAAP** 63

**Gifts** 37, 39

**Goods** 41

Goods or services 41

Goods sold, cost of 42

**Governance** 85

**Governing body** 63, 84

**Governing documents** 22

**Government:**

Agency 39

Contracts 39



Contributions 38

Fees 39

Grants 38, 43

Official 46

Organization 4

**Government official** 63

**Governmental issuer** 40, 63

**Governmental unit** 49, 63

**Governmental Unit** 63

**Grants** 11, 37, 44

Allocations, and 11

Contributions 11

Government contributors 38

Payable 49

Receivable 47

**Grants and other assistance** 63



**Grants and other assistance outside the United States 13**

**Gross proceeds 63**

**Gross receipts 63, 77**

\$50,000 or less 77

Acting as agent 77

Figuring 77

**Gross receipts test: \$5,000 77**

\$50,000 77

**Gross rents 40**

**Gross revenue 15**

**Gross sales price 40**

**Group exemption 63, 80**

Central/parent organization 80

**Group return 64, 82**

**H**



**Heading 8**

**Health benefits 31**

**Helpful hints 2**

**Highest compensated employee 64, 84**

**Historical treasure 12, 64**

**Hospital 83**

**Hospital (or cooperative hospital service organization) 64**

**Hospital organization 64**

**Hospital/hospital facility 64**

**Hours per week 29**

**Household goods 64**

**I**

**Income:**

Exempt function 11

Investment 40



Rental 39

Unrelated business 15

**Incomplete return 7**

**Independent contractor 37, 64**

**Independent voting member of governing body 20, 65**

**Indoor tanning services 18**

**Information return 79**

**Information technology 45, 46**

**Initial contract 65, 88**

**Instant bingo 42, 65**

**Institutional trustee 26, 65**

**Insurance 47**

**Insurance contract 78**

**Integrated auxiliary 3**

**Intellectual property 16**



**Interest** 40, 46

Mortgage 46

Tax-exempt 18

**Interest income** 39, 40

Notes and loans receivable 40

Securities 40

**Interested persons** 84

**Inventory** 42

**Investment** 40

Committee 20

Dividend 40

Income 78

Interest 40

Management 22

Program-related 40

Rents 40



Savings and temporary cash 47

**Investments** 48

**J**

**Joint costs** 47

**Joint venture** 65, 84

**L**

**Land** 48

**Late filing** 7

**Legal fees** 45

**Legislation** 66

**Liabilities, total** 49

**Liquidation** 83

**List of states** 6

**Loans:**

Receivable 48

**Lobbying** 66



Activity/Activities 12

Expenses 83

Grassroots 45

In-house expenditures 45

Joint ventures 84

**Lobbying activities 66**

**Lobbying expenditures 83**

**Local governmental unit 49**

**Lotteries 41**

## **M**

**Maintaining offices, employees, or agents 66**

**Management 84**

**Management and general expenses 43**

**Management company 21, 66**

**Medicaid 39**



**Medical research** 66, 79

**Medicare** 90

**Meetings** 46

**Member of the governing body** 20, 66

**Membership** 46

Assessments 38

Benefits 40

Dues 38, 46

**Merger, articles of** 8

**Miscellaneous** 6 Expenses 47

**Mission** 4

**Mission society** 4

**Money market funds** 47

**Mutual or cooperative electric companies**  
17

**N**



**Net assets 49**

**Net Assets with donor restrictions 67**

**Net Assets without Donor Restrictions 67**

**Noncash contribution 39**

**Noncash contributions 67**

**Nonexempt charitable trust 67**

**Nonfixed payments 88**

**Nonprofit health insurance issuer 4**

**Nonqualified deferred compensation 67**

**Nonqualified defined benefit plan 32**

**Nonqualified defined contribution plan  
32, 34**

**Nontaxable fringe benefit 87**

**Notes receivable 48**

**Number of employees 84**

**Nursing homes 39**



**Occupancy** 46

Expense 46

**Officer** 26, 67

**Offices** 79

**“On behalf of” issuer** 67

**Ordinary course of business** 21

**Organization manager** 67, 89

**Organization(s)** 4, 89

Affiliated 86

Form of 10

Not required to file 4

**Organizational documents** 82

**Organizations:**

Foreign countries, in 4

**Other assets** 48

**Other compensation** 28



**Ownership 14**

**P**

**Paid preparer 10**

**Paid-in capital 50**

**Paperwork Reduction Act Notice 50**

**Partnership 84**

**Payables 49**

**Payments:**

Cash 91

Compensation 87

Nonfixed 88

Severance 45

To affiliates 46

**Payroll taxes 45**

**Penalties 6, 16**

Failure to file 6



Perjury 7

**Pension plan contributions 45**

**Personal benefit contracts 16**

**Phone help 2**

**Photographs of Missing Children 2**

**Pledges receivable 47**

**Policies:**

Conflicts of interest 22

Document retention and destruction 24

Joint venture 25

Nondiscrimination 91

Whistleblower 24

**Political:**

Expenses 83

**Political campaign activities 68**

**Political organization 4**



Penalties 78

Public inspection 78

Section 527 3

State or local 3

**Political subdivision** 68

**Postage cost** 79

**Power of attorney** 91

**Premiums** 78

**Prepaid expenses** 48

**Principal officer** 68

**Printing** 46

**Private business use** 68, 85

**Private foundation** 68, 85

**Privileged relationship** 21

**Proceeds** 40, 68

**Professional fundraising services** 45, 68



**Program service 11**

**Program service accomplishments,  
statement of 11**

**Program service expenses 42**

**Program service revenue 39**

Government agency 39

Insurance premiums 39

Interest income 40

Medicaid 39

Medicare 39

Membership fees 40

Program-related investments 39

Rental income 39

Section 501(c)(9) organization 39

Unrelated trade or business activities 39

**Program-related investment 39, 68**



**Prohibited tax shelter transactions 16**

**Proxy tax 12**

**PTIN 10**

**Pub. 3079, Tax-Exempt Organizations and Gaming 63**

**Public charity 68, 83**

**Public Inspection 78**

**Public interest law firm 11**

**Public support 90**

**Publications 15**

Compliance Checks 92

Group Exemptions 92

Pub. 15-A, Employer's Supplemental Tax Guide (Fringe Benefits) 92

Pub. 15, (Circular E) Employer's Tax Guide 91



Pub. 1771, Charitable Contributions–  
Substantiation and Disclosure Requirements  
92

Pub. 1779, Independent Contractor or  
Employee 37

Pub. 1828, Tax Guide for Churches and  
Religious Organizations 92

Pub. 3079, Tax-Exempt Organizations and  
Gaming 92

Pub. 3386, Tax Guide for Veterans  
Organizations 92

Pub. 3833, Disaster Relief, Providing  
Assistance Through Charitable Organizations  
92

Pub. 4220, Applying for 501(c)(3) Tax-  
Exempt Status 92

Pub. 4221–PC, Compliance Guide for  
501(c)(3) Public Charities 92



Pub. 4221–PF, Compliance Guide for  
501(c)(3) Private Foundations 92

Pub. 4302, A Charity's Guide to Vehicle  
Donation 92

Pub. 4303, A Donor's Guide to Vehicle  
Donation 92

Pub. 463, Travel, Entertainment, Gift, and Car  
Expenses 92

Pub. 525, Taxable and Nontaxable Income 92

Pub. 526, Charitable Contributions 92

Pub. 538, Accounting Periods and Methods 92

Pub. 557, Tax-Exempt Status for Your  
Organization 92

Pub. 561, Determining the Value of Donated  
Property 92

Pub. 598, Tax on Unrelated Business Income  
of Exempt Organizations 92

Pub. 892, How to Appeal an IRS Decision on  
Tax Exempt Status 92



Pub. 946, How To Depreciate Property 92

Pub. 947, Practice Before the IRS and Power of Attorney 11

**Publicly traded securities** 48, 69

**Pull tabs** 69

**Pull-tabs** 42

**Purchases from affiliates** 46

**Purpose of Form** 2

**Q**

**Qualified 501(c)(3) bond** 69

**Qualified conservation contribution** 69

**Qualified defined benefit plan** 31

**Qualified defined contribution plan** 31

**Qualified intellectual property** 16

**Qualified state or local political organization** 3, 70

**Quasi-endowment** 70



**Quid pro quo contribution:** Disclosure statement 16

## **R**

**Racial nondiscrimination** 91

**Raffles** 41

**Reasonable:**

Amount 79

Belief 81

Burden 79

Cause 7

Compensation 20

Effort 21, 31

Estimate 10

Fee 79

Knowledge 86

**2023 Instructions for Form 990**

Relationship 40



**Reasonable compensation 70**

**Reasonable effort 70**

**Reasonableness, rebuttable presumption of 88**

**Receivable 14**

Account 47

Grants 47

Pledges 47

**Reconciliation 6**

**Reconciliation of net assets 50**

**Recordkeeping 7**

**Refunding escrow 14, 70**

**Refunding issue 70**

**Reimbursement:**

Of expenses 20

Of taxes 87



**Related organization** 20, 26, 71

**Religious order** 20, 71

**Rent/rental** 40

Expense 40

Income 39

**Reportable compensation** 13, 71

**Reporting information from third parties**  
8

**Requirements for a properly completed  
Form 990** 7

**Research** 43

**Retained earnings** 50

**Returns and allowances** 42

**Revenue** 42, 49

Deferred 49

Gross 15

Program service 39



Special events 41

Sweepstakes, raffles, and lotteries 41

**Revenue-sharing transactions 89**

**Review of financial statement 71**

**Review of financial statements 13**

**Revocation of exemption 89**

**Rounding off to whole dollars 7**

**Royalties 40**

## **S**

**Salaries 45**

**Sales 42**

Of inventory 39

**Sarbanes-Oxley 24**

**Savings 47**

**Savings accounts 47**

**Schedule of contributors 12**



**Scholarships 12**

**School 71**

**Section 4947(a)(1) trusts 11, 18**

**Section 4958 85, 88, 89**

**Section 4958, excise taxes:** Disqualified persons 86

Organization managers 89

**Section 4968 18, 19**

**Section 501(c)(12) 17**

**Section 501(c)(15) 3, 77**

**Section 501(c)(21):** black lung trusts 3

black-lung trust 95

trust 1, 13, 39, 40, 44, 47, 49

**Section 501(c)(3) 3**

Applicable organization 85

Disclosure of transactions and relationships 19



**Section 501(c)(4):** Applicable organization 85

**Section 501(c)(5):**

Lobbying expenses 12

Membership dues 40

**Section 501(c)(6):**

Lobbying expenses 12

Membership dues 40

**Section 501(c)(7)** 17, 84

**Section 501(c)(9)** 9

**Section 6033(e)** 12

**Securities** 48

**Security/securities** 71

**Security/Securities** 41

**Sequencing list to complete the form and schedules** 4

**Severance payments** 45



**Shipping 46**

**Short accounting period 5, 72**

**Short period 72**

**Short year and final returns 31**

**Short year and final returns. 32**

**Signature 10**

**Signature block 10**

**Significant disposition of assets 84**

**Significant disposition of net assets 72**

**Social club 17**

**Social security:**

**Tax 45**

**Solicitations of nondeductible  
contributions 16**

**SOP 98-2 47**

**Special events 41**



**Specific instructions for Form 990 8**

**Sponsoring organization 3, 72**

**State:**

Filing requirement 92

Reporting requirements 6

**State of legal domicile 10, 72**

**Statement(s) 92**

Activities outside of United States 13

Audited financial 82

Functional expenses 42

Position 98-2 47

Program service accomplishments 11

Revenue 37

**Subordinate organization 72, 80**

**Substantial contributor 61, 86**

**Substantial influence 86**



**Supported organization** 72, 86

**Supporting organization** 73, 87

**Sweepstakes** 41

## **T**

**Tax shelter transaction** 16

**Tax year** 27, 73

**Tax-exempt bond** 73

**TE/GE EO Determinations** 78

**Telephone number** 9

**Term endowment** 73

**Terminated** 9

**Territory of the United States:** Territory 73

**Territory organization:**

U.S. Territory 4

**Text message contribution** 93

**Uncollectible pledges** 37



**Top financial official** 27, 73

**Uniform Guidance, 2 C.F.R. Part 200, Top management official** 27, 73

**Subpart F** 50, 84

**Total assets** 49, 73

**Uniform Prudent Management of Total liabilities** 49

**Institutional Funds Act**

**(UPMIFA)** 49

**Transfers** 14

**Unincorporated association** 8

Personal benefit contracts 16

**United States** 10, 73

To controlled entities 14

**University/universities** 12

**Travel expense** 46

**Unrelated business** 15, 73



**Trust 8**

Income 37

**Trust fund recovery penalty:**

Income tax 79

Penalties 92

Revenue 40

**Trustee 73**

**Unrelated business gross income 73**

**Trustee(s) 10, 13, 20, 26**

**Unrelated business income 43, 73**

Institutional 26

**Unrelated organization 13, 73**

**Tuition assistance 32**

**Unrelated trade or business 73**

Activities 39



**Voluntary employees' beneficiary association 9**

**Volunteer 10, 74**

**Volunteer exception 31**

**Voting member of the governing body 74**

**Voting member of the governing body/board 20**

## **W**

**Wages 45**

**Website address 10**

**Whistleblower policy 24**

**Widely available 81**

**Withholding:**

Backup 15

**Works of art 12, 74**

## **U**

**U.S. territory 4, 38, 60, 63, 73**



## **U.S. Territory:**

Territory organization 3

**Vehicle donations** 93

**U.S. Treasury bills** 47