

Internal Revenue Service
Tax-Exempt & Government Entities Division
Office of Exempt Organizations
Draft Form 990 Redesign Project – Schedule F
June 14, 2007

Rationale

The 2006 Form 990 does not request adequate information regarding the activities of exempt organizations outside the United States. Current reporting is limited to a single question regarding foreign bank accounts and offices located outside the country. Schedule F is to be completed by organizations that conduct fundraising, grant making, trade or business, or exempt activities outside the United States, or have accounts, offices, or employees outside the country. The schedule requests information regarding these activities. The Service recognizes the importance of the humanitarian services provided by those organizations that must fill out this schedule. The schedule is designed to ensure the safety of overseas aid workers. Comments are expressly requested in the areas of burden and worker safety and security.

Overview

- Part I replaces 2006 Form 990, Part VI questions 91(b) and 91(c)
 - o Table for line 1 requires the organization to identify the countries in which the organization has accounts, offices, employees or agents as well as the activities and expenditures for each country
 - o Questions 2 through 4 require a description of the procedures the organizations uses to select grant recipients and to monitor the use of grant, information about the financing of lobbying or political activity outside the U.S. as well as public materials describing its activities abroad in general
 - o Question 5 replaces information that was required to be provided in the attachment to lines 22a and 22b
- Part II expands on the information required by the attachment to 2006 Form 990, lines 22a and 22b by requiring the organization to identify the EIN (if tax-exempt) and city (or region) and country of the recipient organization.
- Part III expands on the information required by the attachment to 2006 Form 990, line 23 by requesting the same information required for grants to organization except by type of assistance rather than individual recipient

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20XX Instructions for Schedule F

General Instructions

Who Must File

All organizations who answer “Yes” to Form 990, Part VII, lines 1a, 1b, or 1c, must complete and attach Schedule F to its Form 990.

If the organization is not required to file Form 990, it is not required to file Schedule F.

Organizations that enter an amount on Form 990, Part V, line 3 must answer “Yes” in line 1a of Form 990, Part VII.

Period Covered

The filing organization’s Schedule F covers the same period as the Form 990 with which it is filed.

Specific Instructions

Complete this Schedule if during the year the organization made grants to recipients located in a foreign country or conducted any of the following activities in a foreign country: (1) program services, fundraising, trade or business activities; (2) held an interest in, or signature authority or other authority, over a financial account; or (3) maintained an office, employees, or agents.

Grantmaking to recipients located in a foreign country includes (1) a grant directed to the foreign branch office of a U.S. organization; (2) a grant to an organization if more than one-half of its activities are conducted in a foreign country or directed to persons in a foreign country; and (3) a grant made primarily for the purpose of benefiting persons in a foreign country. *Grants and other distributions* include awards, prizes, allocations, stipends, scholarships, fellowships, research grants, and similar payments made by the organization. *Program services* are activities directly conducted in a foreign country by the organization that form the basis of the organization’s exemption from federal income tax, including providing assistance, such as food, shelter, clothing, medical assistance or supplies. *Fundraising* includes soliciting contributions, gifts, grants, or conducting special events specifically to generate gifts or contributions, in a foreign country.

Note: If additional lines are needed to provide the information requested, the form may be copied. Please number each page and ensure the following information is included on each page:

- the organization’s name and employer identification number (EIN)
- the Schedule, part and line item that the attachment supports.

Part I General Information on Accounts and Activities Conducted Outside the United States

Line 1. Activities Conducted Outside the United States

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Column (a): Identify each foreign country in which the organization conducts activities.

Column (b): If the organization answered “Yes” to Form 990, Part VII, *Statements Regarding General Activities*, on lines 1b or 1c, list in this column the number of separate financial accounts and offices maintained by the organization in each country. See the Instructions, page xx, for Part VII, *Statements Regarding General Activities*, line 1c, regarding foreign accounts.

Column (c): If the organization answered “Yes” to Form 990, Part VII, *Statements Regarding General Activities*, on line 1b, enter in this column the total number of the organization’s employees or agents working in each country at the end of the organization’s tax year. Do not include in this number any of the organization’s employees or agents whose only presence in the foreign country is to conduct on-site visits, or persons who serve as volunteers. For purposes of this schedule, “agent” is defined under traditional agency principles.

Column (d): If the organization answered “Yes” to Form 990, Part VII, *Statements Regarding General Activities*, on line 1a, specify in this column the type(s) of activity conducted in each country. List all that apply for each country. Types of activities include grantmaking to recipients in the foreign country, program services, fundraising, and conducting unrelated trade or business activities. See *Specific Instructions* above, for definitions of these terms.

Column (e): If program services are listed in Column (d), provide a description of the specific program service. Examples of program services include: operating an orphanage, school, hospital, or church, temple, mosque, or synagogue; disaster relief efforts; and providing indigent relief.

Column (f): Enter the total amount of expenditures for activities conducted in each listed country. Expenditures include salaries, wages and other employment-related costs paid to or for the benefit of employees located in that country; rent and other costs relating to offices located in that country; grants to recipients located in that country; bank fees and other financial account maintenance fees and costs; and payments to agents located in that country. Do not report expenditures paid in the United States or outside of the listed foreign country, even if they are allocable to the listed activity.

Line 2. Complete this line only if the organization made grants directly to organizations or individuals located in a foreign country (including a foreign government). See *Purpose of Form* above, for definition of foreign country. Include in the description, as applicable, the criteria used to select the grant recipients and what procedures were followed to monitor the grants to ensure that the grants are used for intended purposes. If additional space is needed, attach a statement.

Line 3. See *Instructions* for Form 990, Part VIII, *Statements Regarding Other IRS Filings*, lines 1 and 2.

Lines 4a and 4b. Answer “Yes” if the organization described or otherwise listed its activities conducted outside the United States in reports or other materials. Describe how the public has access to the materials, such as on the organization’s website, in the organization’s annual report, or by other means.

Lines 5a and 5b. Identify whether any assistance or grant was given by the organization to any individual or organization related to any person with any interest in the organization, such as a donor, officer, director, trustee, creator, highly compensated employee, or member of the grant selection committee. For each relevant grant or assistance, complete the table and identify each person with an interest in the organization, describe relationship of grantee if related by blood, marriage, adoption, or employment

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(including employees' children) to any person or corporation with an interest in the organization, and list the amount of the grant or type of assistance. Include an attachment if additional space is needed.

Part II Grants and Other Assistance to Organizations and Entities Outside the United States

Do not complete Part II if no one recipient received more than \$5,000.

Line 1. Enter information in the table for any grants or other assistance that the organization reported on Form 990, Part V, *Statement of Functional Expenses*, Line 3, that was made directly to organizations or entities located in a foreign country (including a foreign government).

Column (a): State the full legal name of each recipient organization or entity.

Column (b): If applicable, enter the subsection of section 501(c) of the Internal Revenue Code that the organization receiving the assistance is exempt under. Include only those organizations that have been recognized by the Internal Revenue Service as exempt from federal income tax. Also enter the Employer Identification Number of the tax-exempt grant recipient. Enter "501(c)(3)" in Column (b) for any organization that has been recognized by the Canada Customs and Revenue Agency as a Canadian registered charity.

Column (c): Specify city or region, and country, where the main office of the recipient organization or entity is located.

Column (d): Describe the purpose or ultimate use of the grant funds. Do not use broad terms such as charitable, educational, religious or scientific. Rather, use more specific descriptions such as school or hospital construction, payments for purchase of medical supplies or equipment, or of school books or school supplies, provision of clothing, food, etc. In the case of specific disaster assistance, the description should include a description of the disaster, such as tsunami or earthquake relief.

Column (e): Enter dollar amount of cash grant, in U.S. dollars. Cash grants include only grants or allocations paid by cash, check, money order, wire transfers, and other charges against funds on deposit at a financial institution.

Column (f): Describe manner of cash disbursement, such as by wire transfer, check, or cash. List all that apply for each country.

Columns (g): Enter the fair market value of any non-cash property, in U.S. dollars. Also enter date of the gift.

Column (h): For non-cash grants or assistance, enter a description of the property. List all that apply. Examples of non-cash assistance include medical supplies or equipment, pharmaceuticals, blankets, books or other educational supplies.

Column (i): Describe method of valuation. Report property with a readily determinable market value at its fair market value. When fair market value cannot be readily determined, use an appraised or estimated value.

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Line 2. Enter total number of foreign organizations that are exempt under section 501(c)(3) of the Internal Revenue Code to which the organization provided grants or other assistance. For purposes of this schedule, an organization is exempt under section 501(c)(3) if it has received a determination letter from the Internal Revenue Service recognizing exemption as an organization described in section 501(c)(3), or it has been recognized by the Canada Customs and Revenue Agency as a Canadian registered charity.

Line 3. Enter total number of foreign organizations that have not been recognized as exempt from federal income tax by the Internal Revenue Service to which the organization provided grants or other assistance.

Part III Grants and Other Assistance to Individuals Outside the United States

Do not complete Part III if no one recipient received more than \$5,000.

Complete this table for any grants or other assistance that the organization reported on Form 990, Part V, *Statement of Functional Expenses*, Line 3, directly made to or for the benefit of individual recipients located in a foreign country. Do not complete Part III for grants or assistance provided to individuals through another organization or entity. Instead, complete Part II above. For example, report a payment to a hospital to cover the medical expenses of a particular individual in Part III. Report a contribution to a hospital to provide some service to the general public or to unspecified charity patients in Part II.

Column (a): Specify type(s) of assistance provided, or describe the purpose or use of grant funds. List all that apply for each country. Do not use broad terms such as charitable, educational, religious, or scientific. Rather, use more specific descriptions, such as scholarships, food, clothing, shelter for indigents or disaster victims, direct cash assistance to indigents, medical supplies or equipment, books or other educational supplies, etc. In the case of specific disaster assistance, the description should include a description of the disaster, such as tsunami or earthquake.

Column (b): List each city or region, and country, in which grants or other assistance were provided to individual recipients.

Column (c): For each type of assistance provided in each country listed, enter the number of recipients that received the type of assistance in that country.

Columns (d) through (h): see instructions for Part II, columns (e) through (i).