

2012 Form 990 and 990-EZ —Significant Changes

The IRS Form 990, *Return of Organization Exempt From Income Tax*, was redesigned effective for 2008 tax years (returns filed in 2009 and later). The [2012 Forms 990 and 990-EZ](#), schedules, and instructions have been revised to modify and clarify certain reporting requirements. The chart below summarizes some of the more significant changes to the Form 990, Form 990-EZ, schedules and instructions for tax year 2012.

See the [2012 Forms 990 and 990-EZ, schedules and instructions](#). For audio and written materials on how to complete the Form 990 and other forms for exempt organizations, go [Form 990 Resources and Tools for Exempt Organizations](#).

Form 990 and Instructions	
General Instructions	<ul style="list-style-type: none"> ● Remind filers not to include social security numbers on Form 990, 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 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 Heading. ● Clarify that only hospital organizations should attach a copy of their most recent audited financial statements to Form 990.
Part IV, <i>Checklist of Required Schedules</i>	<ul style="list-style-type: none"> ● Lines 12a and 12b now ask filers that obtained audited financial statements to complete Schedule D, Parts XI and XII (rather than Parts XI, XII, and XIII), because the former Schedule D, Part XI (Reconciliation of Change in Net Assets) has been eliminated. ● Instructions for lines 15 and 16 clarify when the organization should complete Schedule F, Parts II and III based on grants or other assistance for foreign organizations or individuals. ● Instructions for lines 33 and 34 clarify that both related C corporations and related S corporations are to be reported in Schedule R, Part IV.
Part VI, <i>Governance, Management, and Disclosure</i>	<ul style="list-style-type: none"> ● Line 3 instructions clarify what information on management companies should be provided in Schedule O if the filer answers “Yes” to line 3. ● Line 18 regarding disclosure of Forms 1023, 1024, 990, and 990-T now includes a new checkbox, “Other (explain in Schedule O)”
Part VII, <i>Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors</i>	<ul style="list-style-type: none"> ● Section A, column (B) asks for reporting of average hours per week worked for related organizations, in addition to hours worked for the filing organization. ● Section A instructions provide an example of how to report benefits provided through a self-insured medical reimbursement plan. ● Section B instructions clarify that insurance providers should not be reported as independent contractors.

Part VIII, <i>Statement of Revenue</i>	<ul style="list-style-type: none"> • The heading includes a new checkbox that an organization must check if its Schedule O contains a response to a question in Part VIII. • Filers are no longer required to report their share of revenue of joint ventures and other partnerships using Schedule K-1 (Form 1065); rather, they can report according to their books and records. • The instructions clarify that a section 501(c)(3) organization that is an S corporation shareholder must treat all allocations of income from the S corporation as unrelated business income. • The instructions clarify how to report payment card and third party network transactions reported on Form 1099-K.
Part IX, <i>Statement of Functional Expenses</i>	<ul style="list-style-type: none"> • Line 3 instructions clarify when the organization should report on this line grants or other assistance for foreign organizations or individuals. • A filer must list the type and amount of each line 11g expense on Schedule O when the amount on line 11g exceeds 10% of total functional expenses.
Part X, <i>Balance Sheet</i>	<ul style="list-style-type: none"> • The heading includes a new checkbox that an organization must check if its Schedule O contains a response to a question in Part X. • Filers are no longer required to report their share of assets of joint ventures and other partnerships using Schedule K-1 (Form 1065); rather, they can report according to their books and records. • Line 6 clarifies that Schedule L, Part II (Loans to Interested Persons) must be filed if any receivable is reported on this line.
Part XI, <i>Reconciliation of Net Assets</i>	<ul style="list-style-type: none"> • Includes new lines (formerly included in Schedule D, Part XI) for net unrealized gains (losses) on investments, donated services and use of facilities, investment expenses, and prior period adjustments.
Part XII, <i>Financial Statements and Reporting</i>	<ul style="list-style-type: none"> • Eliminates former line 2d (whether financial statements were issued on a separate or consolidated basis) and expands lines 2a and 2b to ask whether financial statements were compiled, reviewed, or audited on a separate or consolidate basis.
<i>Glossary</i>	<ul style="list-style-type: none"> • The definition of “Disqualified person” is revised to clarify that if the 5-year disqualification period ended within the organization's tax year, it may treat the person as disqualified for the entire year. • The definition of “Grants and other assistance” deletes “program-related investments.” • The definition of “Professional fundraising services” includes preparation of applications for grants or other assistance.
Appendix F, <i>Disregarded Entities and Joint Ventures</i>	<ul style="list-style-type: none"> • Clarify that filers can report their interests in joint ventures and other partnerships in Parts VIII, IX, and X in accordance with their books and records.
Appendix K, <i>Contributions</i>	<ul style="list-style-type: none"> • Clarify that if an organization accepts a contribution in the name of one of its programs, its donor acknowledgment should indicate the organization's name.

Form 990-EZ and Instructions

General Instructions	<ul style="list-style-type: none"> ● 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.
Instructions for <i>Heading, Item H, Schedule B</i>	<ul style="list-style-type: none"> ● Clarify when an organization needs to file Schedule B.
Instructions for Part I, <i>Revenue, Expenses, and Changes in Net Assets or Fund Balances</i>	<ul style="list-style-type: none"> ● Clarify how to report payment card and third party network transactions reported on Form 1099-K.
Instructions for Part II, <i>Balance Sheets</i>	<ul style="list-style-type: none"> ● Filers are no longer required to report their share of assets of joint ventures and other partnerships using Schedule K-1 (Form 1065) in line 24; rather, they can report according to their books and records.
Part IV, <i>List of Officers, Directors, Trustees, and Key Employees</i>	<ul style="list-style-type: none"> ● Filers are no longer required to list addresses in column (a), and should enter titles in column (a) instead of in column (b).
Instructions for Part V, lines 45a-b	<ul style="list-style-type: none"> ● Revised to clarify the definition of “control” for purposes of determining a “controlled organization” under section 512(b) (13).
Part VI, <i>Section 501(c)(3) organizations only</i>	<ul style="list-style-type: none"> ● 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.
Part VI, line 50 (list of highest compensated employees)	<ul style="list-style-type: none"> ● Filers are no longer required to list addresses in column (a), and should enter titles in column (a) instead of in column (b).
Appendix H, <i>Contributions</i>	<ul style="list-style-type: none"> ● Clarify that if an organization accepts a contribution in the name of one of its programs, its donor acknowledgment should indicate the organization’s name.

Form 990/990-EZ Schedule Changes	
Instructions for Schedule A, <i>Public Charity Status and Public Support</i>	<ul style="list-style-type: none"> • Clarify the type of monetary support for a supported organization that may be reported in Part I, line 11h, column (vii). • Remind filers that Medicare and Medicaid payments are treated as gross receipts from patients rather than as contributions from the government payor for purposes of the public support tests.
Instructions for Schedule B, <i>Schedule of Contributors</i>	<ul style="list-style-type: none"> • Clarify if an organization using the accrual method reports a pledge of noncash property in Form 990, Part VIII, line 1, it must check the “noncash” box and complete Schedule B, Part II even if it did not receive the property during the tax year.
Schedule D, <i>Supplemental Financial Statements</i>	<ul style="list-style-type: none"> • Former Part XI, <i>Reconciliation of Change in Net Assets From Form 990 to Audited Financial Statements</i>, has been eliminated, and former Parts XII and XIII are now Parts XI and XII. • Instructions clarify that donor advised funds to be reported in Part I are not limited to funds or accounts that meet the definition of “funds” under generally accepted accounting principles. • Instructions for Part X, line 2 clarify that the text to financial statement footnotes regarding liability for uncertain tax positions should be reported whether determined in accordance with FIN 48, ASC 740, IFRS, or other country-specific accounting standards.
Instructions for Schedule F, <i>Statement of Activities Outside the United States</i>	<ul style="list-style-type: none"> • Clarify that if an organization made both expenditures and investments in a region, it should report the amount of expenditures and value of investments on separate lines in Part I for that region. • Clarify that grants and other assistance to U.S. organizations or individuals designated for foreign organizations should be reported in Parts II and III. • Clarify that foreign program-related investments should be reported in Part I, but not as grants in Part II or III.
Schedule G, <i>Fundraising or Gaming Activities</i>	<ul style="list-style-type: none"> • Part II, line 2 is revised to clarify that all contributions—not just charitable contributions--related to each reported fundraising event should be reported.
Schedule H, <i>Hospitals</i>	<ul style="list-style-type: none"> • Part V, Section A provides that an organization must list the primary website address for each of its hospital facilities. • A hospital organization may now complete a single Part V, Section B for multiple hospital facilities for which it could check the same checkboxes in Part V, Section B. • Part V, Section B now includes new lines 8a, 8b, and 8c regarding excise tax liability under section 4959 for failure to conduct a community health needs assessment. • Instructions clarify that an organization should not report as community benefit any payments in exchange for an economic or physical benefit, including certain payments made in lieu of taxes.

<p>Instructions for Schedule J, <i>Compensation Information</i></p>	<ul style="list-style-type: none"> ● Include a new example of how the value of benefits from a nonqualified defined benefit plan should be reported in Part II.
<p>Schedule K, <i>Supplemental Information on Tax-Exempt Bonds</i></p>	<ul style="list-style-type: none"> ● Includes new lines 7-9 in Part III regarding certain sales and dispositions of bond-financed property, whether bond issues met the private security or payment test, and whether organization has established written remediation procedures for nonqualified bonds. ● Includes new lines 2a, 2b, and 2c in Part IV regarding arbitrage rebates. ● Expands Part V reporting, of procedures to undertake corrective action for tax law violations, to all bond issues listed on Schedule K.
<p>Schedule L, <i>Transactions With Interested Persons</i></p>	<ul style="list-style-type: none"> ● Includes a new column in Part I for reporting relationship between disqualified person and filing organization. ● Includes new columns in Part II for reporting purpose of loan and relationship between interested person and filing organization. ● Instructions provide that certain receivables for section 501(c)(9) voluntary employees' beneficiary organizations (VEBAs) are not reportable as loans in Part II. ● Includes a new column in Part III for reporting purpose of grants/other assistance to interested persons. ● Instructions provide that deposits into and withdrawals from bank accounts are not reportable loans or business transactions in Parts II or IV, if they are made in the ordinary course of business on the same terms as are offered to the general public. ● Instructions define when a nonprofit organization is "more than 35% controlled" for purposes of determining whether it is an "interested person" for reporting of business transactions in Part IV.
<p>Instructions for Schedule M, <i>Noncash Contributions</i></p>	<ul style="list-style-type: none"> ● Define a "qualified organization" to which a qualified conservation contribution may be made, for purposes of Part I, lines 13 and 14.
<p>Instructions for Schedule N, <i>Liquidation, Termination, Dissolution, or Significant Disposition of Net Assets</i></p>	<ul style="list-style-type: none"> ● Clarify that if the organization was still in the process of winding up its affairs at the end of the tax year, but had not completed terminated or dissolved, it should not complete Part I, but may need to complete Part II. ● Revise definition of "Significant disposition of net assets," for purposes of Part II, to exclude grants or other assistance made in the ordinary course of the organization's exempt activities to accomplish its exempt purposes.
<p>Instructions for Schedule O, <i>Supplemental Information</i></p>	<ul style="list-style-type: none"> ● A filer must list the type and amount of each line 11g expense on Schedule O when the amount on core Form 990, Part IX, line 11g exceeds 10% of total functional expenses.

Schedule R, *Related Organizations*

- Instructions clarify that VEBAs only need to report their contributing employers' names in Parts II-IV, not additional information such as address, EIN, or financial information.
- Instructions provide several additional examples of "indirect control" under section 318, for purposes of determining whether an organization is related.
- Instructions clarify when named beneficiaries of a trust have no interest in the trust, for purposes of determining whether a trust is a related organization.
- Part II instructions provide examples of "Exempt Code sections" of related tax-exempt organizations, including sections 501(c)(3), 501(c)(6), and 527.
- Includes a new column (i) in Part IV, "Section 512(b)(13) controlled entity"
- Includes a new line 1f in Part V, "Dividends from related organizations."