

2013 Form 990 and 990-EZ — Significant Changes

The [2013 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 2013.

See the [complete 2013 Forms 990 and 990-EZ, schedules and instructions](#). For materials on how to complete the Form 990 and other forms for exempt organizations, go to [Form 990 Resources and Tools for Exempt Organizations](#).

Form 990 and Instructions	
General Instructions	<ul style="list-style-type: none"> • Clarify that a short period return cannot be filed electronically unless it is an initial or final return for which the “Initial return” or “Final return” box is checked in Item B. • Explain that a Form 990-N filer must report a change in its accounting period on Form 990/990-EZ, Form 1128 or in a letter to the IRS. • Clarify that organizations that change their accounting period must report any adjustment required by section 481(a) in Parts VIII through XI and in Schedule D (Form 990), Parts XI and XII, as applicable.
Instructions for <i>Heading Items A-M</i>	<ul style="list-style-type: none"> • Clarify what documentation must be attached to Form 990 to support a name change. • Explain that Form 8822-B should be used to report a change in address that occurs after Form 990 is filed. • Clarify what documentation must be attached upon termination, dissolution, merger or revocation.
Part IV, <i>Checklist of Required Schedules</i>	<ul style="list-style-type: none"> • Line 2 instructions clarify when a public charity can exclude from Schedule B contributors that fall below the greater-than-\$5,000/2% threshold. • Line 25b instructions clarify when an organization needs to answer “Yes” to report that it became aware of an excess benefit transaction with a disqualified person in a prior year. • Line 26 clarifies that the organization must file Schedule L, Part II if it reported any amounts on Part X, line 5, 6 or 22 for receivables from or payables to interested persons.
Part VI, <i>Governance, Management, and Disclosure</i>	<ul style="list-style-type: none"> • Line 3 instructions clarify what compensation from a management company to interested persons should be reported in Schedule O.
Instructions for Part VII, <i>Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors</i>	<ul style="list-style-type: none"> • Clarify that directors’ compensation for non-director independent contractor services to the organization and related organizations must be reported in Section A. • Clarify that compensation from a management company to an officer, director, trustee, key employee or highest compensated employee is generally not reportable in Section A.
Part VIII, <i>Statement of Revenue</i>	<ul style="list-style-type: none"> • Line 1 instructions clarify that discounts on services cannot be reported as contributions. • Line 10b instructions clarify the cost reported on this line.

Part IX, <i>Statement of Functional Expenses</i>	<ul style="list-style-type: none"> Line 11 instructions clarify how to report expense payments and reimbursements to contractors.
The <i>Glossary</i>	<ul style="list-style-type: none"> Clarifies that “contributions” include neither donations of services nor discounts provided on sales of goods in the ordinary course of business. Includes a new definition of “domestic individual.” Clarifies when a VEBA is reported as a “related organization” by its contributing employers and sponsoring organizations that file Form 990.
Appendix D, <i>Public Inspection of Returns</i>	<ul style="list-style-type: none"> Clarifies that public inspection and disclosure requirements apply to both original and amended returns.
Appendix E, <i>Group Returns</i>	<ul style="list-style-type: none"> Clarifies how to determine, for purposes of a group return, whether a diversion of a subordinate’s assets meets the 5%/\$250,000 threshold for Part VI, line 5. Clarifies when to report business transactions between subordinates and their interested persons in Schedule L, Part IV.
Appendix F, <i>Disregarded Entities and Joint Ventures</i>	<ul style="list-style-type: none"> Clarifies when to treat a single-member LLC as a disregarded entity of its sole member/owner.
Form 990-EZ and Instructions	
General Instructions	<ul style="list-style-type: none"> Item B instructions clarify that a short period return cannot be filed electronically unless it is an initial or final return for which the “Initial return” or “Final return” box is checked in Item B. Explain that Form 8822-B should be used to report a change in address that occurs after Form 990-EZ is filed. Explain that a Form 990-N filer must report a change in its accounting period on Form 990/990-EZ, Form 1128 or in a letter to the IRS.
<i>Heading, Item H, Schedule B</i>	<ul style="list-style-type: none"> A new <i>Item K</i> includes checkboxes for the form of the organization (corporation, trust association or other) <i>Item B</i> instructions clarify what documentation must be attached to Form 990-EZ to support an organization’s name change. <i>Item B</i> instructions clarify what documentation must be attached to Form 990-EZ by an organization that has terminated, dissolved, merged or had its exemption revoked by the IRS. <i>Item H</i> instructions clarify when a public charity can exclude from Schedule B contributors that fall below the greater-than-\$5,000/2% threshold.
Part I, <i>Revenue, Expenses, and Changes in Net Assets or Fund Balances</i>	<ul style="list-style-type: none"> Line 1 instructions clarify that discounts on services cannot be reported as contributions. Line 7b instructions clarify the cost reported on this line. Line 13 instructions clarify how to report expense payments and reimbursements to contractors.

Part IV, <i>List of Officers, Directors, Trustees, and Key Employees</i>	<ul style="list-style-type: none"> • Instructions clarify that directors' compensation for non-director independent contractor services to the organization must be reported in Part IV.
Appendix D, <i>Public Inspection of Returns</i>	<ul style="list-style-type: none"> • Clarifies that public inspection and disclosure requirements apply to both original and amended returns.
<h3>Form 990/990-EZ Schedule Changes</h3>	
Instructions for Schedule A, <i>Public Charity Status and Public Support</i>	<ul style="list-style-type: none"> • Clarify the requirements for functionally integrated and non-functionally integrated Type III supporting organizations, including the transition rules for how those organizations can meet the integral part test for tax year 2013. • Caution Type III non-functionally integrated supporting organizations to value their non-exempt-use assets for the 2013 tax year.
Schedule D, <i>Supplemental Financial Statements</i>	<ul style="list-style-type: none"> • Part IV instructions clarify that filers should explain in Part XIII any credit counseling, debt management, credit repair or debt negotiation services the organization provided. • Part VIII is revised to require a description of each program-related investment on a separate line of the Part VIII table.
Instructions for Schedule F, <i>Statement of Activities Outside the United States</i>	<ul style="list-style-type: none"> • Provide that a filer does not need to report in Part I its investments in entities domiciled overseas but traded on a U.S. stock exchange. • Rename the region formerly known as "Russia and the Newly Independent States" as, "Russia and Neighboring States". • No longer require that filers explain how they estimate the number of recipients reported in Part III, column (c). • Clarify that Forms 3520, 3520-A and 5713 should not be attached to Form 990.
Schedule H, <i>Hospitals</i>	<ul style="list-style-type: none"> • Part I, line 7 community benefit table instructions now require that restricted grants received by the hospital to be used for community benefit must be reported as direct offsetting revenue in Part I, line 7, column (d). • Instructions for Part I, line 7i and Worksheet 8 are revised to allow reporting of contributions for community benefit funded in whole or in part by a restricted grant from a related organization. • Part I instructions clarify that financial assistance does not include self-pay or prompt pay discounts. • Part V, Section A provides that an organization must list the state license number for each of its hospital facilities. • Provides that a hospital organization that completes Part V, Section B for one or more hospital facilities must complete a separate Part V, Section C for each of those facilities. • Part V, Sec. B includes a new line 12, which needs to be checked if the hospital facility considered residency as a factor in calculating amounts charged to patients during the year.

Schedule I, <i>Grants and Other Assistance to Organizations, Governments, and Individuals in the United States</i>	<ul style="list-style-type: none"> • Instructions provide new definitions of domestic organizations, domestic governments and domestic individuals.
Instructions for Schedule J, <i>Compensation Information</i>	<ul style="list-style-type: none"> • Clarify that the organization may check a box in line 3 if it relied on a compensation consultant that used a method described in that box. • Clarify that a severance payment reportable on Part I, line 4a includes a payment pursuant to a separation agreement entered into by the parties. • Explain what information must be reported for unrelated organizations that provided compensation to officers, directors, trustees, key employees and highest compensated employees.
Schedule K, <i>Supplemental Information on Tax-Exempt Bonds</i>	<ul style="list-style-type: none"> • Part III, line 7 instructions explain when a qualified 501(c)(3) bond issue will meet the private security or payment test. • Includes new instructions for Part III, lines 8a, 8b and 8c regarding the sale or disposition of bond-financed property.
Instructions for Schedule L, <i>Transactions With Interested Persons</i>	<ul style="list-style-type: none"> • Clarify that for purposes of Part III, 35% controlled entities may be controlled by family members of officers, directors, trustees or key employees. • Explain when a foreign organization may be treated as a 501(c)(3) charity for purposes of Part IV reporting exceptions. • Clarify that investment management or service fees, but not the value of investments, are reportable as business transaction amounts in Part IV.
Schedule N, <i>Liquidation, Termination, Dissolution, or Significant Disposition of Net Assets</i>	<ul style="list-style-type: none"> • Instructions clarify what documentation must be attached to Form 990 upon liquidation, termination, dissolution or merger.
Instructions for Schedule R, <i>Related Organizations</i>	<ul style="list-style-type: none"> • Clarify when a VEBA is reported as a “related organization” by its contributing employers and sponsoring organizations that file Form 990. • Provide that Part IV, column (e) does not have to be completed for 4947(a)(2) split-interest trusts