

Exempt Organizations Annual Reporting Requirements – Form 990, Parts I-V

The questions below relate to the header and Parts I-V of Form 990, *Return of Organization Exempt From Income Tax*.

A. Questions for All Exempt Organizations

1. **Is a *principal officer* (Item F in the Form 990 Header) the same as an *officer* who has to sign the Form in Part II, and/or an *officer* whose compensation must be reported in Part VII, Part IX and Schedule J?**

No, the definitions of *principal officer* and *officer* differ. A *principal officer*, for purposes of completing Item F in the header, is a person who has ultimate responsibility for implementing the decisions of the organization's governing body, or for supervising the management, administration or operation of the organization. An *officer* who is authorized to sign the form (in Part II) may be the organization's president, vice president, treasurer, assistant treasurer, chief accounting officer or other corporate or association officer, such as a tax officer. For purposes of reporting officers and their compensation elsewhere on the Form 990 and schedules, an *officer* is a person elected or appointed to manage the organization's daily operations, such as a president, a vice president, secretary or treasurer. The officers of an organization are determined by reference to its organizing documents, bylaws or resolutions of its governing body, and at a minimum include those officers required by applicable state law. For purposes of Form 990 reporting, treat the organization's top management official and top financial official as officers.

2. **Must our organization include the home addresses of our officers or directors anywhere on the form?**

No. With some exceptions, the addresses of directors and officers do not need to be included on the Form 990 and schedules. Those exceptions include the address of the principal officer (Header, Item F); the names and addresses of officers, directors, trustees, and key employees who cannot be reached at the organization's mailing address (Part VI, line 11 and [Schedule O](#)); and the address of the person who possesses the organization's books and records (Part VI, line 20). The organization may list business addresses at which these persons can be contacted, rather than their home addresses.

3. **How should the number of volunteers be reported in Part I of Form 990?**

Make a reasonable estimate of the number of persons that did any type and amount of volunteer work for your organization during the tax year,

Exempt Organizations Annual Reporting Requirements – Form 990, Parts I-V

not including your employees who may have done volunteer work in their spare time. An organization may, but is not required to, explain on [Schedule O](#) how it determined the number of volunteers reported on Part I.

4. Both Part I and Part III of Form 990 ask for the organization's mission. Isn't this redundant?

Part I is a summary of pertinent information from other parts of the form, providing readers a snapshot of the organization's governance, activities, and finances, so the redundancy with other parts of the form is intentional. Although it is the first part of the form, you should complete it last (see General Instruction C, *Sequencing List to Complete the Form*).

Question 1 in Part I asks for a brief description of the organization's mission or most significant activities, which can be derived from the organization's Part III response. The organization should describe its mission as articulated in its mission statement or as otherwise adopted by its governing body. If the organization's governing body has not adopted a mission statement, it should leave this line in Part III blank. The organization's mission may describe its vision, goals, and specific exempt purposes, though it is not intended to include *boilerplate* charitable purposes language in an organizing document.

5. Does an organization that operates a school have to check Yes in Part IV, line 13, Form 990, and complete Schedule E?

The organization would only need to answer *Yes* to this question and complete [Schedule E](#) if it is a school described in section 170(b)(1)(A)(ii) of the Internal Revenue Code.

6. Our organization made payments during the year to someone who would be reported on Schedule L, Part IV, except that they do not reach the minimum dollar thresholds for that part. Should we answer Yes on line 28 of Part VI of Form 990 and make a note on Schedule L that the payment is below the reporting threshold? Or should we answer No on line 28 and not complete Schedule L?

The answer should be *No*. An organization is not required to answer *Yes* to a line in Form 990, Part IV, and complete the schedule (or Part of a Schedule) to which the question is directed if the organization is not required to provide any information in the schedule (or part of the schedule). Thus, a minimum dollar threshold for reporting information in a Schedule may be relevant in determining whether the organization must answer *Yes* to a line in Form 990, Part IV.

**Exempt Organizations Annual Reporting Requirements –
Form 990, Parts I-V**

7. **In Part V of the Form 990, lines 1c (compliance with backup withholding rules for payments to gaming-related vendors and prize winners), 7g (contributions of qualified intellectual property) and 7h (contributions of vehicles) don't apply to my organization. How should I answer these questions?**

Generally, a filing organization must complete all lines of the Form 990. But if Part V, lines 1c, 7g or 7h do not apply, the organization should leave the inapplicable line or lines blank.

8. **Does the definition of *business relationship* in the Form 990 Glossary and in the instructions to Part VI, line 2 (which include an *ordinary course of business* exception) apply for purposes of Part IV, line 28 and Schedule L, Part IV (business transactions involving interested persons)?**

No. The instructions to Part IV, line 28, [Form 990](#) and [Schedule L](#), Part IV define a *business transaction* differently than how a *business relationship* is defined for purposes of Part VI, Question 2. Whereas business relationships between an organization's key personnel (directors, trustees, officers, and key employees) are reported in Part VI, line 2, business transactions between the organization and its interested persons (including its current and former officers, directors, trustees, key employees; family members thereof; and certain entities owned or controlled, in part, by those officers, directors, trustees, and key employees) are reported in Schedule L, Part IV. Business relationships reported in Part VI and business transactions reported in Schedule L, Part IV are similar, as both include contracts of sale, lease, license and performance of services. However, each involves different reporting thresholds and exceptions set forth in their respective instructions. For example, an organization that completes Schedule L, Part IV generally is not required to report transactions with an interested person for a dollar amount that did not exceed the greater of \$10,000 or 1 percent of the organization's total revenue for the organization's tax year, whereas the similar threshold for Part VI, line 2 is simply \$10,000. Further, the *ordinary course of business* exception to business relationship reporting in Part VI, line 2 does not apply to Schedule L, Part IV.

For more information, see the instructions to [Form 990](#) and to [Schedule L](#).

**Exempt Organizations Annual Reporting Requirements –
Form 990, Parts I-V**

B. Questions for Tax-Exempt Political Organizations

- 9. Does a political organization report as a contribution in Part I of Form 990 the value of the use of materials, equipment or facilities provided by a connected organization that is not required to be reported as a contribution under federal election law?**

No.

- 10. How should a political organization describe its exempt purpose in Part III of Form 990?**

The exempt purpose of a political organization is to engage in political campaign activity. An organization may want to be more specific in describing its purpose. For example, a candidate committee may describe its purpose as "To elect X to Congress" while an environmental PAC may describe its purpose as "To elect candidates who support environmental issues."

- 11. How should a political organization describe its program service accomplishments in Part III of Form 990?**

Part III of Form 990 provides an opportunity for a political organization to describe its activities and how they further its exempt purpose. In some cases, this will be fairly straightforward. For example, a candidate committee's program service accomplishment would be "conducting the campaign to elect X to Congress." In other cases, particularly for those organizations that engage in indirect as well as direct political campaign activities, a political organization may use this section to describe how various activities are intended to influence elections.

- 12. Does a political organization have to answer all of the questions in Part V of Form 990?**

Except for lines 1c, 7g and 7h of Part V, an organization must answer yes or no, to each of the questions in Part V. But it need not attach schedules or statements specifically required for other types of exempt organizations (for example, section 501(c)(3) organizations). Thus, for example, a political organization will answer *No* to questions 7e, and 7f, because those questions address personal benefit contracts, which section 527 organizations generally do not provide. Because it answers no, the organization need not file the forms referred to in the instructions to Part V for organizations answering yes.

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