



Form 990 Redesign Overview

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Tax Forum

July 19, 2007

Reasons for Change

- Last revised in 1979 – almost 30 years ago
- Form “jury-rigged” when lines needed for legislation or compliance issues
- Unable to renumber form because of cost resulting in haphazard and illogical form design
- Complaints from the users of the form about complexity

Reasons for Change

- Example – old Part VII closely related to Part I, but widely separated in form
- Results:
 - Incomplete returns
 - Incorrect returns
 - Data entry errors

Guiding Principles

- Improve transparency
- Improve compliance
- Reduce burden

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Form & Comments

- <http://www.irs.gov/eo> - “Draft Redesigned 990”
- Form990Revision@irs.gov – e-mail address for comments

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Structure

- Core contains information that applies to all filers
- Attached schedules contain information pertinent only to some filers, determined by
 - activities
 - financial transactions
 - Code section
- One exception – Schedule D

Structure

- Old form has 2 attached schedules (A & B), while revised form has 15
- BUT
- Old form had 35+ “attach a schedule” items, while new form has fewer than 5

Core: Breakdown

- Structured the Core form so that all sections are applicable to all filers and sections not applicable to all filers are moved to Schedules
 - Part I - Summary page
 - Part II-A – List of Officers, etc.
 - Part II-B – compensation of Officers, etc.
 - Part III – Governance
 - Parts IV-VI – financial statements
 - Part VII – questions about activities, “triggers”
 - Part VIII – questions about activities requiring other filings

Core: Part I

- new summary page
 - “snapshot” of organization’s operations
 - all items come from elsewhere on the return
- elimination of group returns (*not* group exemptions)

Form **990**

Department of the Treasury
Internal Revenue Service (77)

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

20XX

Open to Public Inspection

A For the 20XX calendar year, or tax year beginning _____, 20XX, and ending _____, 20

B Check if applicable:

- Address change
- Name change
- Initial return
- Termination
- Amended return
- Application pending

Please use IRS label or print or type. See Specific Instructions.

C Name of organization

Number and street (or P.O. box if mail is not delivered to street address) Room/suite

City or town, state or country, and ZIP + 4

D Employer identification number

⋮

E Telephone number

()

F Name and address of Principal Officer:

G Website: ▶

I Accounting method:

- Cash
- Accrual Other ▶

H Enter amount of gross receipts \$

K Organization type (check only one) ▶ 501(c) () ◀ (insert no.) 4947(a)(1) or 527

L Year of Formation:

J Books

In care of _____

Located at _____

Telephone number ()

M State of legal domicile ▶

Part I Summary

Activities & Governance

- 1 Briefly describe the organization's mission:
- 2 List the organization's three most significant activities and the activity codes (Part IX):
 a Code b Code c Code
- 3 Enter the number of members of the governing body (Part III, line 1a) 3 _____
- 4 Enter the number of independent members of the governing body (Part III, line 1b). 4 _____
- 5 Enter the total number of employees (Part VIII, line 9a) 5 _____
- 6 Enter the number of individuals receiving compensation in excess of \$100,000 (Part II, line 2) 6 _____
- 7 Enter the highest compensation amount reported on Part II, Section A (sum of columns D and E) 7 _____
- 8a Enter officer, director, trustee, and other key employee compensation (Part V, line 5, column (B)) 8a _____
 b Divide line 8a by line 17 _____%
- 9a Enter total gross unrelated business revenue from Part IV, line 14, column (C) 9a _____
 b Enter net unrelated business taxable income from Form 990-T, line 34 b _____
- 10 Check this box if the organization discontinued its operations or disposed of more than 25% of its assets and attach Schedule N.

Revenues

	Amount	% of Total
11 Contributions and grants (Part IV, line 1g, column (A))		
12 Program service revenue (Part IV, line 2g, column (A))		
13 Membership dues and assessments (Part IV, line 3, column (A))		
14 Investment income (Part IV lines 4, 5, 6, 8, 10d)		
15 Other revenue (Part IV, lines, 3, 7, 9d, 11c, 12c, and 13e, column (A))		
16 Total revenue add lines 11 through 15 (must equal Part IV, line 14, column (A))		100%

Expenses	17 Program service expense (Part V, line 24, column (B))				
	18 Management and general expenses (Part V, line 24, column (C))				
	19a Fundraising expenses (Part V, line 24, column (D))				
	19b Percentage of contributions (divide line 19a by line 11) _____ %				
	20 Total expenses (must equal Part V, line 24, column (A))		100%		
	21 Net income (line 16 minus line 20)				
Net Assets or Fund Balance		Beginning of Year	End of Year		
	22 Total assets (Part VI, line 17)				
	23 Total liabilities (Part VI, line 27)				
	24a Net assets or fund balances line 22 minus line 23				
24b Total expenses (line 20) as percentage of net assets (line 24a) _____ %)					
Gaming & Fundraising		(i) Gross Revenue	(ii) Expenses	(iii) Net to organization	(iv) Divide column (iii) by column (i)
	25 Gaming	(Schedule G, Part III, line 1 column (d))	(Schedule G, Part III, line 7)	(Schedule G, Part III, line 8)	%
	26 Fundraising (other than gaming)	(Schedule G, Part I, line 1b column (iii) total)	(Schedule G, Part I, line 1b column (iv) total)	(Schedule G, Part I, line 1b column (v) total)	%

Core: Parts II & III

- Part II, Section A – list of officers, directors, etc. and their compensation
- Part II, Section B – questions about
 - relationships
 - independent contractors
 - triggers for Schedule J (more detailed compensation information)
- Part III – Governance – mostly new questions reflect public/Congressional concern

Part II Compensation and Other Financial Arrangements with Officers, Directors, Trustees, Key Employees, Highly Compensated Employees, and Independent Contractors

Section A Complete this table for all persons required to be listed. Attach additional pages as needed.

(A)	(B)							(C)	(D)	(E)	(F)	(G)
Name, City, and State of Residence	Position (check all that apply)							Check box if full-time officer or employee	Reportable compensation from the organization	Reportable compensation from related organizations	Aggregate loans and other amounts owed to the organization	Aggregate loans and other amounts owed to related organizations
	Individual Trustee or Director	Institutional Trustee	CEO or Executive Director	CFO or Treasurer	Other Officer	Key Employee	Other	Former				
.....												
.....												
.....												
.....												

Part III Statements Regarding Governance, Management, and Financial Reporting

		Yes	No			
a	Enter the number of members of the governing body	1a				
b	Enter the number of independent members of the governing body	1b				
	Did the organization make any significant changes to its organizing or governing documents? If "Yes", briefly describe these changes. ----- -----	2				
a	Does the organization have a written conflict of interest policy?	3a				
b	If "Yes," how many transactions did the organization review under this policy and related procedures during the year?	3b				
	Does the organization have a written whistleblower policy?	4				
	Does the organization have a written document retention and destruction policy?	5				
	Does the organization contemporaneously document the meetings of the governing body and related committees through the preparation of minutes or other similar documentation?	6				
a	Does the organization have local chapters, branches or affiliates?	7a				
b	If yes, does the organization have written policies and procedures governing the activities of such chapters, affiliates and branches to ensure their operations are consistent with the organization's?	7b				
	Does an officer, director, trustee, employee or volunteer prepare the organization's financial statements? Indicate whether an independent accountant provides any of the following services: Compilation <input type="checkbox"/> Review <input type="checkbox"/> Audit <input type="checkbox"/>	8				
	Does the organization have an audit committee?	9				
	Did the organization's governing body review this Form 990 before it was filed?	10				
How do you make the following available to the public? Check all that apply.						
Organizing/Governing Documents	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____
Conflict of Interest Policy	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____
Form 990	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____
Form 990-T	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____
Financial Statements	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____
Audit Report	<input type="checkbox"/> n/a	<input type="checkbox"/> website	<input type="checkbox"/> other website	<input type="checkbox"/> office	<input type="checkbox"/> other	_____

List the states with which a copy of this return is filed:

Core: Parts IV, V, & VI

- Part IV – Revenue Statement
 - combines existing Parts I & VII
 - business codes required for related and unrelated income
- Part V – Expenses
 - no radical changes, but note:
 - triggers for Schedule I
 - new expense categories
- Part VI – Balance Sheet

Part IV Statement of Revenue

				(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded From Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a _____				
	b	Outside fundraising or commercial co-ventures	1b _____				
	c	Fundraising events	1c _____				
	d	Related organizations	1d _____				
	e	Government grants (contributions)	1e _____				
	f	All other contributions, gifts grants, and similar amounts not included above	1f _____				
	g	Noncash \$_____ Attach Schedule M.					
	h	Total ▶					
Program Service Revenue				Business Code			
	2a	Medicare/Medicaid payments					
	b	Fees and contracts from government agencies					
	c	Revenue from related investments					
	d					
	e					
	f					
	g	Total ▶ \$					

Part V Statement of Functional Expense

501(c)(3) and (4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 9b, 10b, 11b, and 12b of Part IV.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants to governments and organizations in the U.S. Complete Parts I and III of Schedule I if total exceeds \$5,000				
2 Grants and other assistance to individuals in the U.S. Complete Parts II and III of Schedule I if total exceeds \$5,000				
3 Grants and other assistance to governments, organizations and individuals outside the U.S.				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising (Complete Schedule G if total exceeds \$10,000)				
f Investment management fees				

Part V Statement of Functional Expense

501(c)(3) and (4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<i>Do not include amounts reported on lines 9b, 10b, 11b, and 12b of Part IV.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
12 Advertising				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any Federal, state or local public officials				
19 Conferences, conventions and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 24 below				
a -----				
b -----				
c -----				

Core: Parts VII & VIII

- Part VII
 - Similar to current Part VI
 - Many questions trigger attachment of other schedules
- Part VIII
 - Similar to current Part VI
 - Many questions trigger other IRS filings
 - Form 4720
 - Employment tax returns

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“Old” Schedules

- Schedule A
 - now only contains PF status, public support test and supporting organization information
 - compensation and activities information moved to Core
 - private school questionnaire and lobbying information moved to separate schedules
 - designed to facilitate future elimination of current advance ruling follow-up process (Form 8734) for most filers

“Old” Schedules

- Schedule B – no change
- Schedule C – lobbying and political activities

“Old” Schedules

- Schedule D –
 - balance sheet replace some DIY attachments; others were dropped entirely
 - new sections for
 - donor advised funds
 - easements
 - endowments
 - escrow accounts

Part VIII Conservation Easements (Form 990, Part VII, line 2)

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- Preservation of land for public use (e.g., recreation or pleasure) Preservation of an historically important land area
- Protection of natural habitat Preservation of an historic structure
- Preservation of open space
- 2 Complete this table if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Year
(a) Total number of easements	
(b) Total acreage subject to easements	
(c) Number of easements on a certified historic structure included in (a)	
(d) Number of easements included in (c) acquired after 8/17/06	
(e) Number of easements that encumber land that is part of or adjacent to a golf course	
(f) Number of easements on land within or adjacent to a residential development	

- 3 Number of conservation easements modified, transferred, released, or terminated by the organization during the taxable year: _____
- 4 Number of states in which the organization held an easement: _____
- 5 Staff hours devoted to monitoring or enforcing easements during the year: _____
- 6 Amount of expenses incurred in monitoring or enforcing easements during the taxable year: _____
- 7 Does the organization have a written policy regarding the periodic monitoring, inspection, and enforcement of the easements it holds? Yes No

Part IX Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts *(complete if "Yes" to Form 990, Part VII, line 4)*

	(a) Donor Advised Funds	(b) Funds and Other accounts
1 Total Number at End of Year		
2 Contributions to		
3 Grants From		
4 Aggregate Value		
5 Did the organization inform all donors and donor advisors in writing that the assets held in DAFs are the organization's property, subject to the organization's exclusive legal control? <input type="checkbox"/> Yes <input type="checkbox"/> No		
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor? <input type="checkbox"/> Yes <input type="checkbox"/> No		

Part X Organizations Maintaining Collections of Art, Historical Treasures, and Other Similar Assets *(complete if "Yes" to Form 990, Part VII, line 5)*

- 1 Did the organization report as revenues on Form 990, Part IV, line 1, any contributions of art, historical treasures, and other similar assets? Yes No
- 2 Did the organization capitalize any such contributions from this year or other years and report such amounts in Form 990, Part VI? Yes No
- 3 Provide the text of the footnote to the organization's audited financial statements that discusses the organization's holdings of art, historical treasures and other similar assets.

Part XI Trust/Escrow Accounts (complete if "yes" to Form 990, Part VII, line 3)

1 Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part VI? If "Yes," explain why and complete the following table.

Yes No

	\$ Amount
Beginning balance	
Additions during the year	
Distributions during the year	
Ending Balance	

Part XII Endowment Funds (Form 990, Part VII, line 6)

	Current Year	Prior Year	Two Years Back	Three Years Back	Four Years Back
Beginning of year balance					
Contributions					
Investment earnings or losses					
Grants or scholarships					
Other expenditures for facilities and programs					
Administrative expenses					
End of year balance					

“Old” Schedules

- Following existed as attachments:
- Schedule E – schools (no change from existing Part V of Schedule A)
- Schedule I – grants (Part II, line 22)
- Schedule L – loans to/from officers (Part IV, lines 50 & 63)
- Schedule N – terminations

New Schedules

- Created new schedules for areas of concern
 - Schedule F – foreign activities & grants
 - Schedule G - fundraising including gaming
 - Schedule H – hospitals
 - Schedule J – compensation
 - Schedule K – tax-exempt bonds
 - Schedule M – non-cash contributions
 - Schedule R – related organizations

Timeline

- 6/14/2007 – 990-R released for public comment
- 9/14/2007 – close of public comment period
- Early 2008 – release final forms; release draft instructions for comment again
- Fall 2008 – education and outreach on new form
- Spring 2009 – first returns filed for TY2008

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Comments Especially Wanted On:

- raising Form 990 filing thresholds
- using certain pages from 990-R as new 990-EZ
- elimination of group returns
- usefulness of financial ratios on p. 1
- defining “related” for compensation and other purposes
- additional items re governance

Additional Information

- Form990Revision@irs.gov – e-mail address for comments
- <http://www.irs.gov/eo> - “Draft Redesigned 990”
- Comments are publicly available in IRS Reading Room after comment period closes

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