

Form 990

Session Objectives:

- Part I
 - Identify recordkeeping requirements
 - State purpose of Form 990
 - List entities that must file Form 990
 - Identify what is reported on major sections of Form 990
 - List common errors made on Form 990
- Part II
 - List common types of audits of exempt organizations
 - List types of records required by IRS auditor

Purpose of Form 990

- To provide information on your organization's programs and activities
- Almost all of the information reported on the form is open to public inspection
- Most state agencies that regulate exempt organizations use the Form 990 to satisfy their filing requirements rather than create their own form

What to File

Form 990-EZ

- gross receipts \geq \$25,000 and $<$ \$100,000 and
- total assets \leq \$250,000

Form 990

- gross receipts $>$ \$100,000 or
- total assets $>$ \$250,000

Form 990-PF

- private foundation

What to File

Form 990-N

- For tax years beginning after December 31, 2006 (Filing begins in 2008)
- Gross Receipts \leq \$25,000
- Filed Electronically (E-Postcard)
 - www.irs.gov/eo or
 - <http://epostcard.form990.org/>
- Failure to file Form 990-N (E-Postcard) for three consecutive years will result in revocation of exempt status.

What to File

Form 990-N Filing Exceptions

- Organizations included in a group return
- Private Foundations required to file Form 990-PF
- Section 509(a)(3) supporting organizations required to file Form 990 or 990-EZ and
- Churches, their integrated auxiliaries, and conventions or associations of churches

When to File

Due date:

- 15th day of the 5th month after the organization's accounting period ends.

Example:

- May 15 for an organization with a December 31st year-end.

Extension:

- File Form 8868 on or before the due date

E-File

E-File

- Electronically (E-File)
 - For tax years beginning after December 31, 2006, e-filing is mandatory for certain large tax-exempt organizations:
 - \$10,000,000 or more in assets and files 250 or more returns per year
 - For a private foundation or non-exempt charitable trust, must e-file, if they file more than 250 returns annually.
 - E-file is optional for smaller organizations

E-File is distinct from the 990-N (E-Postcard). E-Filing applies to all other exempt organization returns such as the 990, 1120-POL, etc...

Other Forms

Other Filing Requirements

- 1099-Miscellaneous w/ Cover Form 1096 for payments to independent contractors over \$600
- 941/944, W-2s and W-3s for payments to employees
- 990-T for unrelated business income
- W-2Gs for reportable winnings from raffles, bingo, and other gaming activities
- 730 or 11-Cs for wagering and occupational taxes

Other Forms

Raffles, Bingo, etc...

- It's common for charitable organizations to conduct raffles and other gaming activities.
- Publication 3079 is available on the IRS Website
 - Not all gaming activities or gambling winnings require reporting, but some do.
 - Publication 3079 goes through various rules that will help organizations determine whether they are required to file the different gaming forms (W2-G, 730, 11-C), when withholding is required, etc...

W-2G Chart (From Pub. 3079)

The following chart describes when a W-2G normally needs to be issued:

TYPE OF GAME	AMOUNT OF PRIZE PAID IS EQUAL TO OR GREATER THAN:	
Bingo	\$1,200	• Not reduced by wager
Instants/Pull-tabs	\$ 600	• Not reduced by wager • At least 300 times the amount of the wager
Slot Machines	\$1,200	• Not reduced by wager
Keno	\$1,500	• Reduced by wager.

Recordkeeping

- No required system
- Clearly show income and expenses from your activities
- Records that support particular items should be kept until the period of limitations for that return runs out, commonly 3 years after the return is filed or due, whichever is later
 - Remember to keep copies of the filed returns

Recordkeeping

Permanent records to be kept throughout the organizations' existence:

- Application for exemption
- Determination letter granting tax-exempt status
- Articles of incorporation, bylaws, or other organizing documents

Audit Process

Records requested during an audit include:

- Governing documents
- Financial records
- An audit report, if you have one
- Minutes of meeting of the Board of Directors and principal committees
- Copies of any other federal tax returns your organization has filed and any related work papers
- Pamphlets, brochures, and other printed literature describing your organization's activities
- Correspondence files

Other Topics

www.irs.gov/eo

- IRS website has various information detailed including:
 - More information on the 990-N (E-Postcard) filing requirements
 - Pension Protection Act
 - Applying For Exemption
 - E-Filing
 - Redesigned Form 990

For More Information

Specialized Assistance on Tax-Exempt Organizations
through the Exempt Organizations (EO) division of the
IRS:

(877) 829-5500 (toll-free)
Customer Account Services
Internal Revenue Service
TE/GE Customer Account Services
P.O. Box 2508
Cincinnati, OH 45201

IRS tax forms and publications specific to charities are
available
on the EO website

