



Practical, provocative, fun,  
food for thought for nonprofits

## IRS Form 990 – What Your Nonprofit Needs to Know (Live Q&A)

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# IRS Form 990 – What Your Nonprofit Needs to Know (Live Q&A)

## Agenda

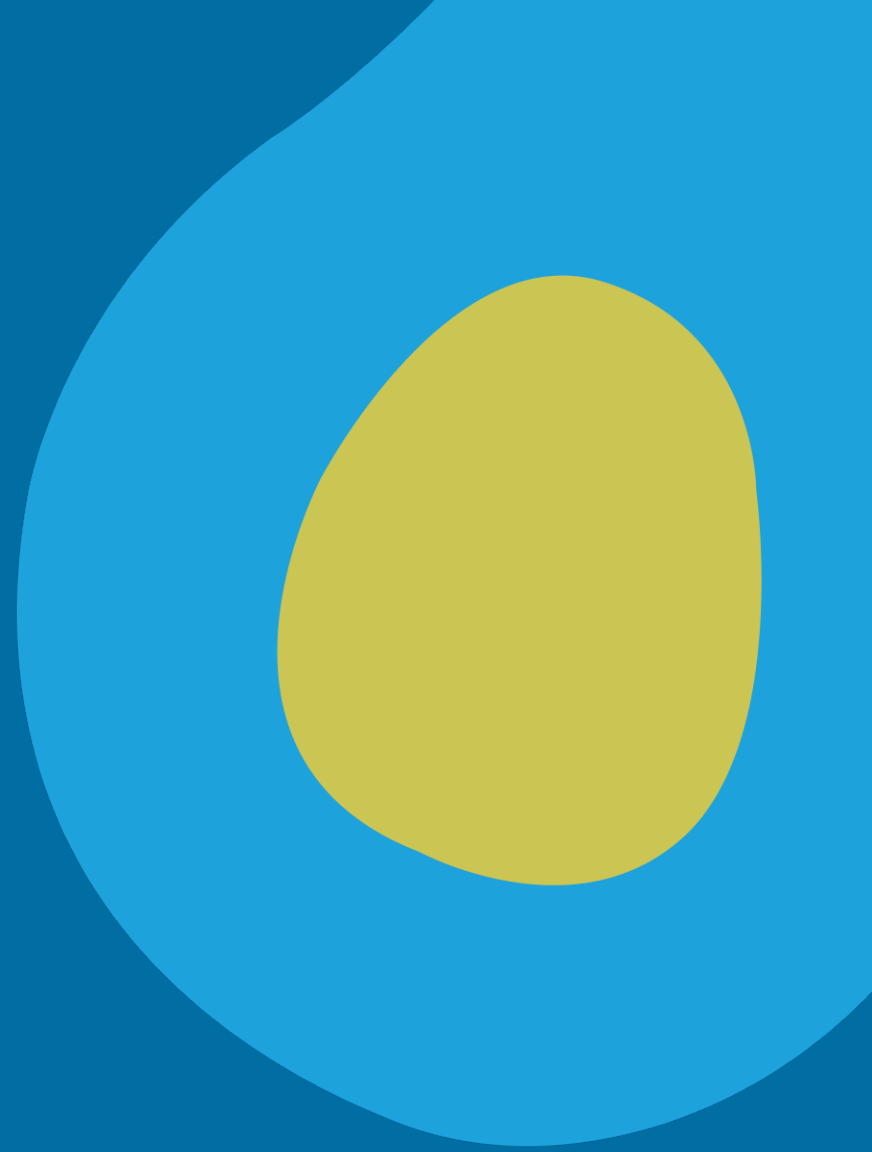
What IRS Form 990 Does

Which Nonprofits Need to File Which Forms

When it Should be Filed

Common Pitfalls to Avoid

# What IRS Form 990 Does



# What IRS Form 990 Does

Reports detailed information on an organization's activities to the government and the public.

## Quantitative

- **Financial**
  - Operating results and financial position, compensation paid to officers, directors, key employees, highest-compensated employees, and highly compensated independent contractors
- **Non-financial**
  - E.g., time contributed by board members, number of volunteers, and program statistics

## Qualitative

- Processes regarding conflicts of interest, executive compensation review, program accomplishments, and Form 990 review

# What IRS Form 990 Does - Continued

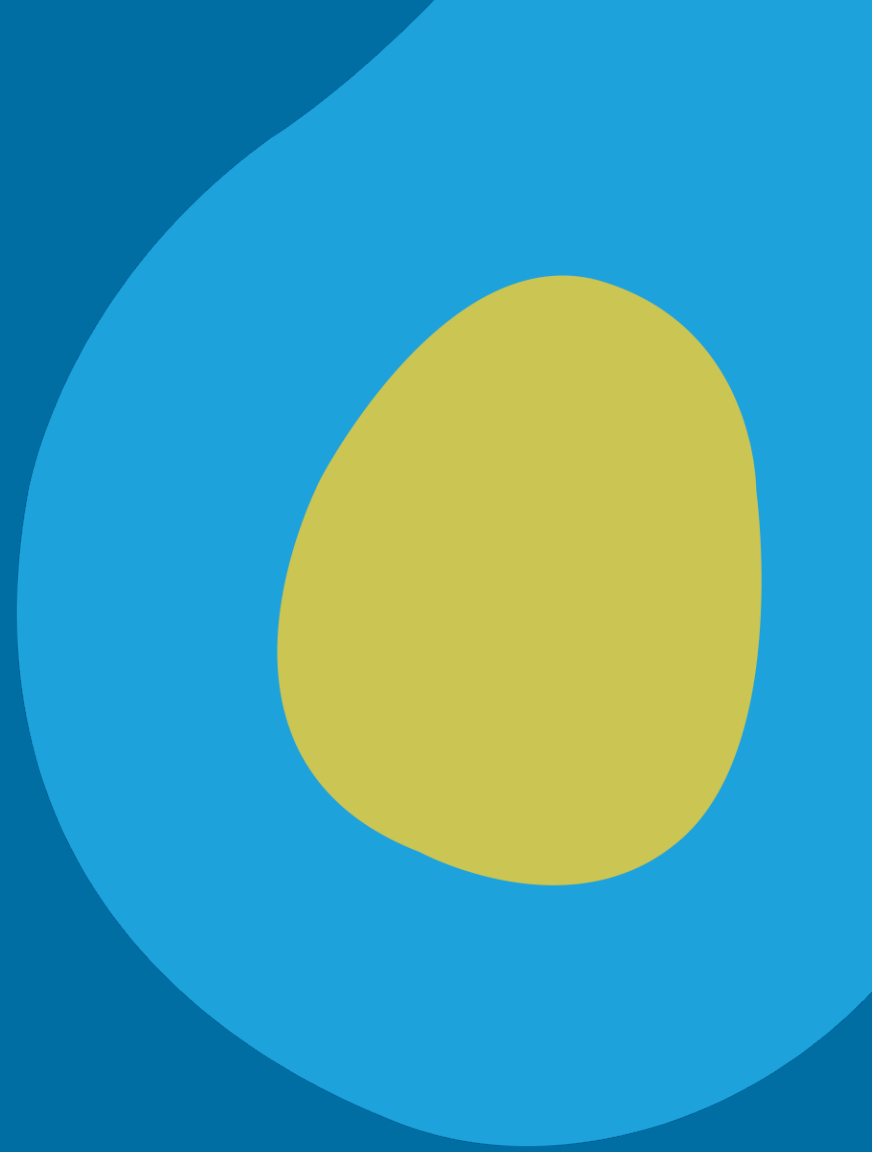
## Demonstrates compliance with the Internal Revenue Code

- Public support test (Schedule A)
- Lobbying activities (Schedule C)

## Reports Key Relationships

- Business transactions with interested persons (Schedule L)
- Related nonprofit organization (Schedule R)

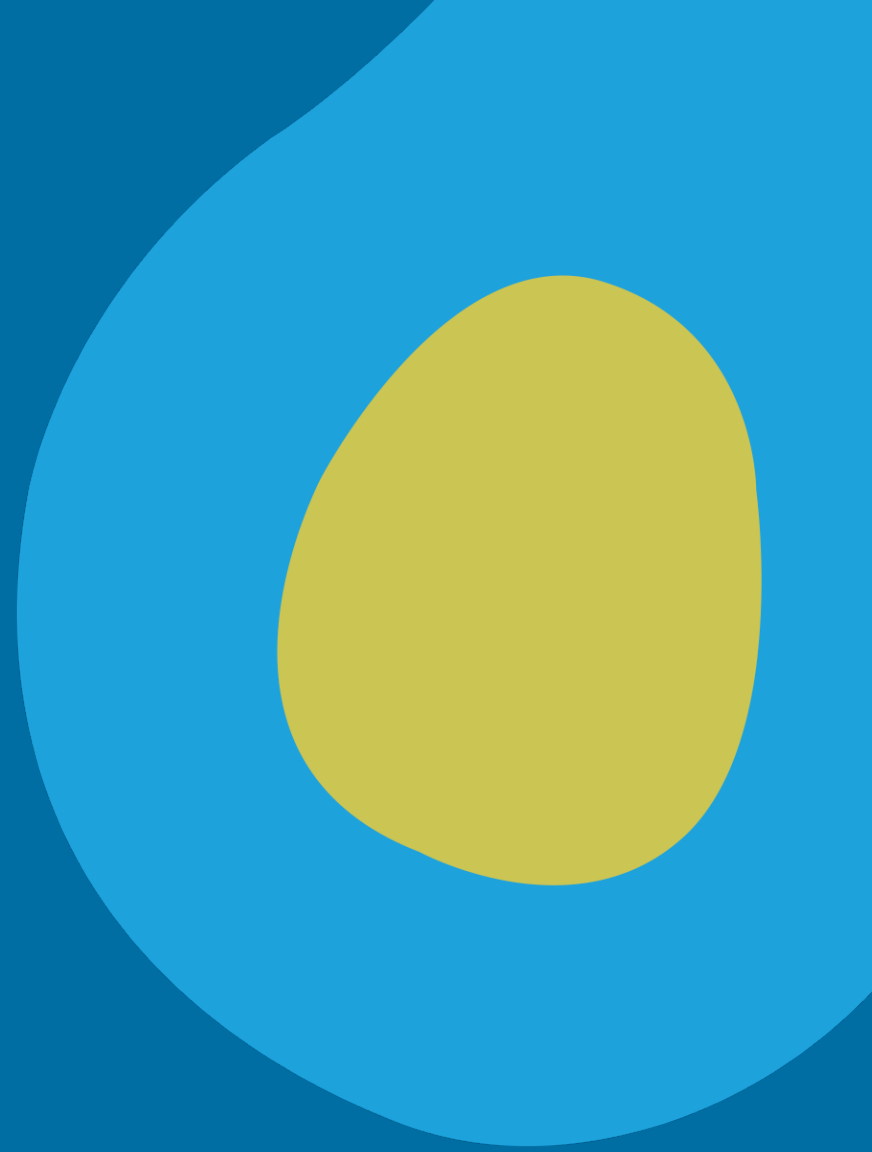
# Which Nonprofits Need to File Which Forms



# Which Nonprofits Need to File Which Forms

- Core Form (file [one](#))
  - 990
  - 990-EZ
  - 990-N
  - 990-PF
- Supplemental 990 Schedules
  - Schedules A through R
  - Schedule B's Unique Nature
- 990-T (Unrelated Business Income Tax)
- Understanding State-specific 990 Filing Requirements

## When it Should be Filed





# When it Should be Filed

**Due the 15<sup>th</sup> day of the fifth month following year-end (i.e., 4 ½ months)**

~ File IRS Form 8868 for an automatic six-month extension

**Organizations have 10 ½ months in total to file 990**

~ Visit [IRS.gov](https://www.irs.gov) and monitor the media for additional extensions due to disasters, etc.

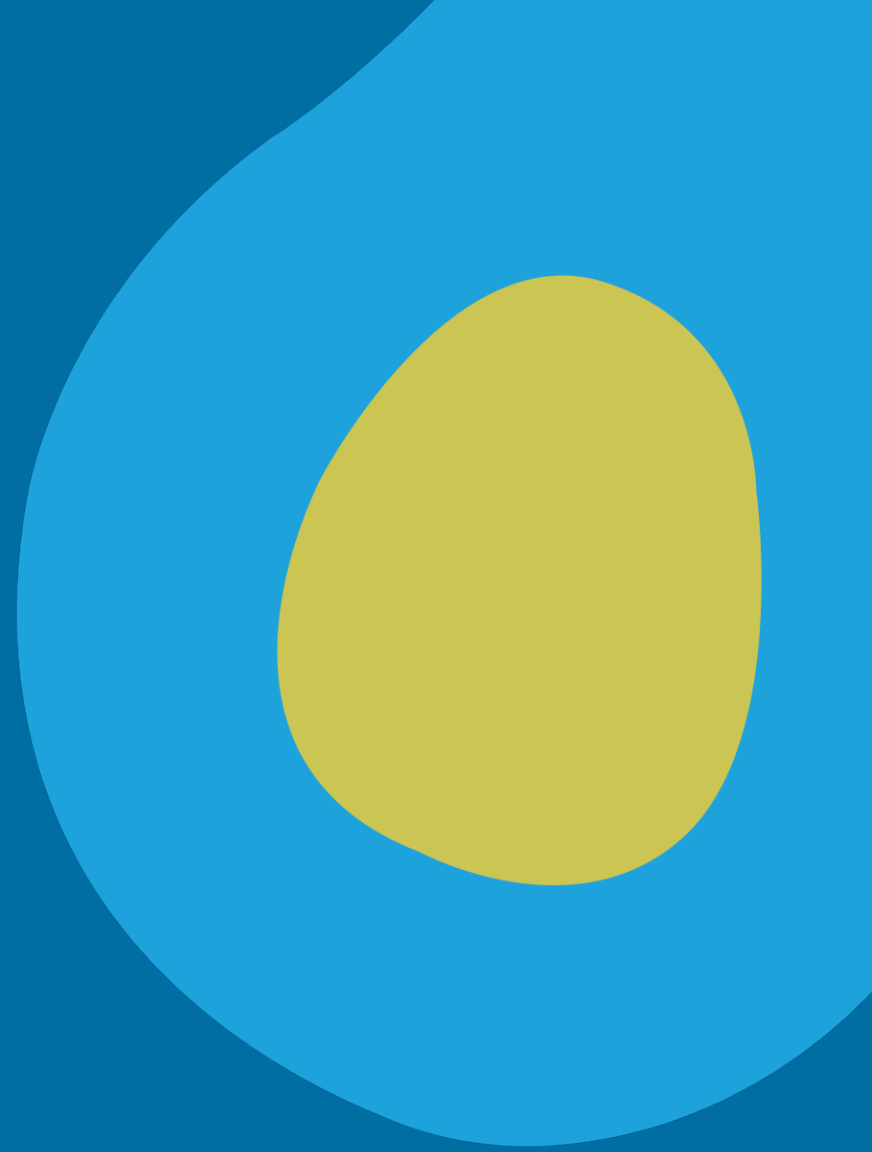
**File annually and on time**

~ Late penalties are \$100 per calendar day (or \$20 for smaller organizations)

~ Missing returns for three years results in revocation of tax-exempt status

**Returns must now be filed electronically**

# Common Pitfalls to Avoid



# Common Pitfalls to Avoid

Monitor your public support percentage

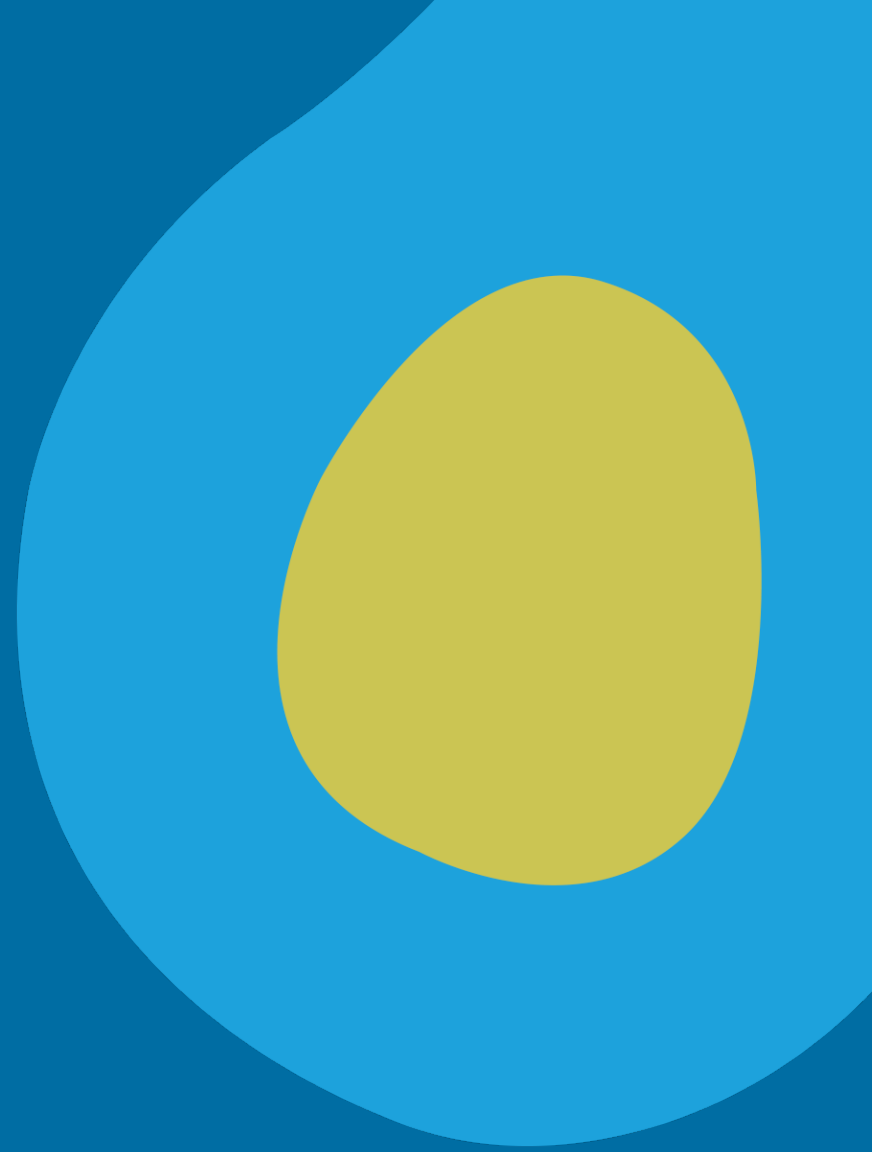
Prepare pro forma calculations if necessary

Consider a 501(h) election if you lobby

Consider the Part VI “policies not required by the Internal Revenue Code”

Don't wait until the last minute to file

# Additional Considerations



# Additional Considerations

## IRS TE / GE Governance Board Priorities:

- Improper filing of 990-N
- Compensating employee(s) over \$1 million without reporting IRC Section 4960 excise tax (21%) on Form 4720
- Small nonprofits with retirement plans
- Worker classification issues
- Incorrectly treating workers as independent contractors instead of employees
- Affects under-reporting of FICA and may result in noncompliance with 401(k)/403(b)
- IRS has emphasized using "data-driven" techniques to detect potential non-compliance

# Resources

IRS Instructions (including glossary of key terms)

- <https://www.irs.gov/pub/irs-pdf/i990.pdf>

Filing Thresholds

- <https://www.irs.gov/charities-non-profits/form-990-series-which-forms-do-exempt-organizations-file-filing-phase-in>

Application for Automatic Extension

- <https://www.irs.gov/pub/irs-pdf/f8868.pdf>

Tax-Exempt & Governmental Entities Current Developments

- <https://www.irs.gov/government-entities/tax-exempt-government-entities-compliance-program-and-priorities#dda>

Electronic Filing Requirement

- <https://www.irs.gov/newsroom/irs-recent-legislation-requires-tax-exempt-organizations-to-e-file-forms>

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