

Understanding the Ins and Outs of New IRS Form 990

For the first time in 30 years, the format for reporting income tax for non-profit and tax-exempt organizations has been changed by the Internal Revenue Service. The changes will have great impact upon non-profits/tax-exempts.

The new IRS "Form 990," as it is known is intended to enhance transparency, promote compliance and reduce the filing burden. It is now in effect for calendar year 2008 and for filers whose fiscal year began in 2008.

The new format calls for a significant increase in the amount of information to be disclosed. When completed, the Form 990s are available for public inspection and easily accessible through Guidestar and other non-profit watchdog organizations. As a result, the management and boards of

non-profits/tax-exempts should make sure their filings are well organized and accurately portray the organization's data in the new reporting format.

Management should review the following pages as soon as possible to determine which, if any, they will need to complete, and then review schedules and the instructions:

- 11 page core
- 16 possible schedule attachments (Schedules A through O, and Schedule R)
- 37 questions on pages 3 and 4 that determine which of the schedules an organization must follow

The new Form 990 has a graduated phase-in as follows:

May File 990-EZ for:	If Gross Receipts Are:	If Assets Are:
2008 tax year (filed in 2009)	> \$25,000 and < \$1 million	< \$2.5 million
2009 tax year (filed in 2010)	> \$25,000 and < \$500,000	< \$1.25 million
2010 and later tax years	> \$50,000 and < \$200,000	< \$500,000

A Quick Overview:

Page 1 - a summary of comparative financial information and questions about activities and governance.

Page 2 - information on program service accomplishments, similar to the data required on the current Form 990.

Page 5 - 12 mostly new questions about compliance with tax filings and IRS requirements.

Page 6 - probably the most significant change, asking 20 key questions about governance, management and disclosures. Most non-profits/tax-exempts may need to amend or adopt certain policies so these questions may be answered "yes."

Pages 7 and 8 - information regarding compensation levels for officers, directors, trustees, key employees, highest

compensated employees and independent contractors, past and present. While some of this data is similar to the prior Form 990, several differences are important to understand.

Pages 9 through 11 - data about revenues, functional expenses and balance sheet, while comparable to the old reporting format, requires more detail.

Some of the 16 schedules require the same information as from the old form, but the data appears to be better presented on the applicable schedule. For example, the former Schedule A has been divided into four schedules (A, C, E and H). The former Schedule B regarding contributions and contributors has not changed. Most of the remaining schedules are new and require detail typically not provided in the past.

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