

The “New” 990

Who Must File and What to File

There have been a lot of comments offered concerning the redesigned Form 990, including the substantial number of related schedules now required. Fortunately, the IRS has offered some relief for small and mid-size organizations. For the next two years (2008-2009), organizations that would normally file a Form 990 have the opportunity to file Form 990-EZ (which is substantially unchanged) to allow qualified organizations additional time to become familiar with the new form and its requirements. An organization may file a 2008 Form 990-EZ (normally filed in 2009) if their gross receipts are less than \$1,000,000 and their assets are less than \$2,500,000. The following year (2009) gross receipts need to be less than \$500,000 and assets less than \$1,250,000 to qualify for the 990-EZ filing. In 2010 and later years, to qualify for 990-EZ filing, gross receipts need to be less than \$200,000 and assets less than \$500,000. If an organization “normally” has gross receipts of \$25,000 or less, it is required to file Form 990-N, Electronic Notice (e-postcard) for Tax-Exempt Organizations not Required to File Form 990 or 990-EZ.

Highlights of the Revised 990

The revised 990 requires detailed information on the governance and management of the organization, statements regarding other IRS filings and tax compliance, and compensation of officers, directors, key employees and independent contractors. The IRS estimates that most organizations will use eight of the possible sixteen schedules in order to file a complete return, making the 990 the most extensive form in IRS history! Whether you must file the new 990 for 2008 or have a reprieve for two more years, all organizations need to prepare now to meet the new requirements.

- **Written Conflict of Interest Policy**-all officers, directors and key employees should be required to disclose interests that could give rise to conflicts **annually**. The organization will be required to answer if the policy is regularly monitored and compliance enforced with a description of how that is accomplished.
- **Written Whistleblower Policy and Written Document Retention and Destruction Policy**
- **Process of Determining Compensation of CEO, Executive Director, or top management official**-documentation of the review and approval by independent persons using comparability data with contemporaneous substantiation of the deliberation and decision.
- **Contemporaneous Documentation of Meetings Held by the Board of Directors and Committees with authority to act on behalf of the governing body.**
- **How the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.**
- **Number of Forms 1099 filed and Number of Employees Reported on Form W-3**
- **Total Number of Volunteers**

• **Local Chapters, Branches or Affiliates** –written policies and procedures governing the activities of such chapters to ensure their operations are consistent with those of the organization.

• **The Entire Board Provided with a copy of the 990 before it is filed**-again, a description is required of the process the organization uses to review the 990.

• **Description of the Exempt Purpose Achievements of the Three Largest Program Services by Expenses**

The most recent draft (dated 10/08/08) of the revised Form 990 is available at www.irs.gov. The IRS has assured the AICPA that this draft is the final version.