

## **Understanding the New IRS Form 990**

**Estate Planning Council of the Fun Coast**

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### **Mileage Rates**

- **2009 Standard Mileage Rates** - The IRS announced that the 2009 standard mileage rates will decrease from the second half of 2008. Beginning 1/1/09, the standard business mileage rate will be 55 cents per mile, the standard medical or moving mileage rate will be 24 cents per mile, and the standard charitable rate will be 14 cents per mile. By way of comparison, for the first six months of 2008, the rates were 50.5 cents per mile, 19 cents per mile, and 14 cents per mile, respectively, while for the last six months of 2008, the rates were 58.5 cents per mile, 27 cents per mile, and 14 cents per mile.

## May File Form 990-EZ

If gross receipts are -

2008 tax year (filed in 2009) >  
\$25,000 and < \$1 million

2009 tax year (filed in 2010) >  
\$25,000 and < \$500,000

2010 and later > \$50,000 and <  
\$200,000

If assets are -

2008 tax year < \$2.5 million

2009 tax year < \$1.25 million

2010 and later < \$500k

## Information You Will Need To File the e-Postcard

- Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN).
- Tax year
- Legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer
- Web site address if the organization has one
- Confirmation that the organization's annual gross receipts are normally \$25,000 or less

## 2009 IRS Exempt Organizations Section Work Plan

- Preparing and Helping To File the Form 990
- Form 990-N (e-Postcard)
- Exempt Organizations Voluntary Compliance Program (EOVCP)
- Helping To Prepare Future Non-Profit Leaders
- *Charitable Spending Initiative*
- *Gifts In-Kind*
- *Governance*
- *Political Activities Compliance Initiative (PACI)*

## IRS Audits

- Daunting list of data to compile
- Compensation
- Unrelated Business Income
- Automatic Excess Benefits
  - Corporate Credit Cards
  - Travel, Club Memberships
  - Cell phones
- Transactions with Related Parties (if any)
- Political Activity

## Cell Phones

- Taxpayer must document by adequate records -
  - (1) the amount of such expense or other item,
  - (2) the time and place of the use of the property,
  - (3) the business purpose of the expense, and
  - (4) the business relationship to taxpayer of persons using the property.
- An employer may not exclude from an employee's gross income *any* amount of the value of the listed property provided by the employer to the employee unless the employee substantiates the amount of business usage (Reg. Sec. 1.274-5T(e)(1)).
- According to the IRS, it is not enough for an employee to simply highlight personal calls on the monthly cell phone bill and say that all the rest are business calls.
- CASH ALLOWANCES INCLUDED IN W-2

## Cell Phone Update

- **Substantiating Business Use of Employer Cell Phones:** If an employer provides a cell phone to an employee and pays the costs of using the cell phone, the employee receives a fringe benefit. The usage qualifies as a working condition fringe benefit excludable from the employee's income to the extent the employee uses the phone for business purposes, with the cell phone expense deductible by the employer if the substantiation requirements of IRC Sec. 274(d) are met. However, the FMV of the employee's personal usage is includable in the employee's income. This notice requests comments from the public on several proposals (including a minimal personal use method, a safe harbor substantiation method, and a statistical sampling method) to simplify the procedures for employers to substantiate an employee's business use of employer-provided cell phones. Notice 2009-46, 2009-23 IRB .

### INDEPENDENT VOTING MEMBER OF THE BOARD

A voting member of the governing body, if all three of the following circumstances applied at all times during the organization's tax year:

1. The member was not compensated as an officer or other employee of the organization or of a related organization
2. The member did not receive total compensation or other payments exceeding \$10,000 during the organization's tax year from the organization or from related organizations as an independent contractor, other than reimbursement of expenses under an accountable plan or reasonable compensation for services provided in the capacity as a member of the governing body.
3. Neither the member, nor any family member of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) that is required to be reported in Schedule L.

### 2008 "Core Form"

- Part I – Summary
- Part II – Signature Block
- Part III – Statement of Program Service Accomplishments
- Part IV – Checklist of Required Schedules
- Part V – Statement Regarding Other IRS Filings and Tax Compliance
- Part VI – Governance, Management, and Disclosure

## 2008 "Core Form"

- Part VII – Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors
- Part VIII – Statement of Revenues
- Part IX – Statement of Functional Expenses
- Part X – Balance Sheet
- Part XI – Financial Statements and Reporting

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**Form 990** **Return of Organization Exempt From Income Tax** OMB No. 1545-0047 **2008**

Department of the Treasury  
Internal Revenue Service

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

**Open to Public Inspection**

**A** For the 2008 calendar year, or for year beginning 2008, and ending 2008

**B** Check if applicable:

Mergers, acquisitions, or dispositions of all or part of the organization

Change of name

Change of address

Initial return

Amended return

Repealed return

Other

**C** Name of organization

**D** Employer identification number

**E** Tax-exempt status:  501(c)  527 (insert no.)  4947(a)(1) or  527

**F** Name and address of principal officer:

**G** Is this a prior return to which:  Yes  No

**H** Are all affiliates included?  Yes  No

**I** If "No" attach a list, see instructions.

**J** Website:  Corporate  Not  Association  Other

**K** Year of formation:  1970-1979  1980-1989  1990-1999  2000-2007

**L** State of legal domicile

**Part I** Summary

1 Briefly describe the organization's mission or most significant activities:

2 Check this box  if the organization discontinued its operations or disposed of more than 25% of its assets

3 Number of voting members of the governing body (Part VI, line 1d) **3**

4 Number of independent voting members of the governing body (Part VI, line 1b) **4**

5 Total number of employees (Part V, line 2b) **5**

6 Total number of volunteers (estimate if necessary) **6**

7a Total gross unrelated business revenues from Part VII, line 12, column (C) **7a**

7b Total unrelated business taxable income from Form 990-T, line 34 **7b**

**Part II** Revenues

8 Contributions and grants (Part VII, line 1h) **8**

9 Program service revenues (Part VII, line 2g)

10 Investment income (Part VII, column (A), lines 3, 4, and 7d)

11 Other revenues (Part VII, column (A), lines 5, 6d, 6e, 10c, and 11d)

12 Total revenues—add lines 8 through 11 (must equal Part VII, column (A), line 12) **12**

**Part III** Expenses

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)

14 Benefits paid to or for members (Part IX, column (A), line 4)

15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)

16a Professional fundraising fees (Part IX, column (A), line 11a)

16b Total fundraising expenses (Part IX, column (B), line 25)

17 Other expenses (Part IX, column (A), lines 11a-11d, 11e-24b)

18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)

19 Revenues less expenses. Subtract line 18 from line 12

**Part IV** Balance Sheet

20 Total assets (Part X, line 1e)

21 Total liabilities (Part X, line 2f)

22 Net assets or fund balances. Subtract line 21 from line 20

**Part V** Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature of officer \_\_\_\_\_ Date \_\_\_\_\_

Type or print name and title \_\_\_\_\_

Preparer's signature \_\_\_\_\_ EIN \_\_\_\_\_ Check if preparer is:  Not a CPA  CPA  State-certified public accountant  Enrolled agent  Other (specify below) \_\_\_\_\_

Preparer's identification number (see instructions) \_\_\_\_\_

Phone no. \_\_\_\_\_

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. OMB No. 1545-0047 Form 990 (2008)

Form 990 (2008) Page 2

**Part III** Statement of Program Service Accomplishments (see instructions)

1 Briefly describe the organization's mission:

.....

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O.

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(29) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

.....

4b (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

.....

4c (Code: \_\_\_\_\_) (Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

.....

4d Other program services. (Describe in Schedule O.)  
(Expenses \$ \_\_\_\_\_ including grants of \$ \_\_\_\_\_) (Revenue \$ \_\_\_\_\_)

4e Total program service expenses ▶ \$ \_\_\_\_\_ (Must equal Part IX, Line 25, column (B).)

Form 990 (2008)

## Part I – Summary

- Snapshot
- Organization's mission
- Governing body, Employees, Volunteers
- UBI – gross and net
- Prior Year/Current Year reporting\*\*
- REVENUES
- EXPENSES (Not in "functional" format - Part IX)
- Total Assets, Total Liabilities, Net assets/Fund balance

## Core Form - Part IV – Checklist of Required Schedules



- 37 yes/no questions
- In Schedule order
- Affirmative answer requires filing of a given Schedule
- Survey of various questions...

## Core form – Part V - Statements Regarding Other IRS Filings and Tax Compliance

- IRS radar screen - tax-exempt organizations must comply with all applicable laws that pertain to them, this is the driver for Part V.
- Potential of 30 questions that may be answered.
- There will be NO exempt organization that will be required to answer all questions.
- Lines 1 – 2 - questions about 1099s, W-2G and W-2s. Italics on form indicate if the numbers total over 250, electronic filing of the Form 990 may be required.



## Core Form - Part VI

- Governance, Management, Disclosure
  - Independent Board Members?
  - Question 10!
  - New Policies -
    - Conflict of Interest Policy
    - Whistleblower Policy
    - Document Retention and Destruction Policy

## Case Study – Excess Benefits

- Former Board Chairperson of Homeless Relief
- Visited HQ - 3 years after resigning from the Board
- “What happened to the Rollin’ Cafe?”
- “We took it off the streets.”
- “I may know someone who would buy it. How much do you want for it?”
- Call Accounting Dept...Fully depreciated

## Case Study – Excess Benefits

- FMV = \$55,000
- Sale price = \$5,000 (to son in California)
- Excess benefit = \$50,000
- Step one – make the charity whole
- Tier 1 penalty – 25%
- Tier 2 penalty – 200%
- Foundation Managers – 10%??

## Case Study – Excess Benefits

Fair Market Value - Truck Kitchen	55,000
Sale price	(5,000)
Excess benefit	<u>\$50,000</u>
Repay charity (with interest)	**54,748
Tier 1 penalty	12,500
Tier 2 penalty	<u>100,000</u>
Total out-of-pocket DQ person	<u>\$167,248</u>

## Policies!

- Not only should you have a conflict of interest policy but you must also provide information concerning how regularly you monitor and enforce the policy to ensure compliance
- Do you have a written whistleblower policy?
- Do you have a written document retention and destruction policy?
- Do you have a gift acceptance policy?
- Do you know who are your "insiders" (includes "key" employees and certain contributors)?

## New Form 990, Part VII



- A. Name and Title
- B. Average hours per week
- C. Position (check all that apply)
- D. Reportable compensation from the organization
- E. Reportable compensation from related organizations
- F. Estimated amount of other compensation from organization and related organizations

## “Officer”

- New definition of officer – now includes
  - top “management official” is the person with:
    - ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization
  - top “financial officer” is the person with:
    - ultimate responsibility for managing the organization’s finances

## New Form 990, Part VII (superseded)

- Key employee =
  - Has responsibilities, power or influence over org. as a whole similar to officers, directors, trustees
  - Manages a discrete segment/activity of the organization that represents 5% or more of activities, assets, income, or expenses
  - Has or shares responsibility to control or determine 5% or more of capital expenditures, operating budget, employee compensation
  - In any case, the CEO/Executive Director is a key employee

## Key Employee - Definition

- In general, the three part key employee definition will require reporting as a key employee only those employees, other than officers, directors, and trustees, who -
  1. Had reportable compensation exceeding \$150,000 for the year (the "\$150,000 Test");
  2. Had or shared organization-wide control or influence similar to that of an officer, director, or trustee, or managed or had authority or control over at least 10 percent of the organization's activities (the "Responsibility Test"); and
  3. Were within that group of the organization's top 20 highest paid employees for the year who satisfied both the \$150,000 test and the Responsibility Test ("Top 20 Test").

## Employees - Key, Highly Compensated?

1. Obtain a list of all employees who were paid over \$100,000 (from W-2, box 5) for the organization AND any related organizations
2. Ascertain whether there is "Other Income" for these folks (see instructions to new Part VII)
3. Note that for Part VII there is a \$10,000 threshold for most fringe benefits (that does not pertain to Schedule J)
4. Build a list of all employees having Total Compensation (not including the amounts under the \$10,000 threshold!) of greater than \$150,000

### Employees - Key, Highly Compensated? (continued)

5. Consider whether each of them meet the "Responsibility Test" (see above)
6. Build a list of employees who meet BOTH \$150,000 Test AND Responsibility Test.
7. If that list is more than 20 people, omit number 21 and above (based upon level of compensation) – THESE (Max 20 folks) ARE YOUR KEY EMPLOYEES!
  - (note that because of the \$10,000 threshold for Part VII, compensation reported on Schedule J is likely to be different from that reported on Part VII)

### Functional Expenses: Problem Areas

- No Salaries allocated to Fundraising Expenses
- Fundraising Expenses shown "net" of funds raised
- "Miscellaneous" Expenses > 5%
- Professional Fees line items not completed
- Incorrect allocations (Chronicle of Philanthropy)
  - Reported overhead rates between 13 and 22 percent
  - Actual overhead rates ranged from 17 to 35 percent

## Part IX – Statement of Functional Expenses

- Functional Expenses
- Lines 1-3 → Schedule I (> \$5,000)
- Line 11 – Fees for services...
- Line 14 – Information technology
- Line 15 – Royalties
- Line 18 – T&E – “tattling”
- Line 23 – Insurance
- Line 24 - Miscellaneous (cannot exceed 5%)

## Core Form - Part IX - Statement of Functional Expenses

- Fundraising Expenses
  - Expenses incurred in soliciting contributions, gifts and grants.
  - Includes all expenses, including allocable overhead costs in publicizing and conducting fundraising campaigns and soliciting bequests and grants from foundations or other organizations or government grants reported on Part VIII, Line 1
  - Includes participation in federated fundraising campaigns, preparing and distributing fundraising manuals, instructions and other materials and conducting fundraising events that generate contributions reportable on Line 1c, or revenue reportable on Part VIII, line 8a.

## Core Form - Part IX - Statement of Functional Expenses

- Specific line item instructions -
- Line 17 - Travel Costs
  - Include all travel costs, meals and lodging on this line, including these costs associated with attending conferences, conventions and meetings.
- Line 18 - Payments of travel or entertainment expenses for any federal, state or local public officials
  - If aggregate expenses for particular official exceed \$1,000
  - May use any reasonable allocation method

## Core Form: Part X – Balance Sheet

- The following are highlights of information reporting that is different than on the old form:
  - Land, buildings and equipment used in operations and used for investment purposes are combined and reported together.
  - Added line 13, Investments-program related, to separate it from other assets.
  - Added line 14, Intangible assets.
  - Added line 21, Escrow account liability.
  - Added line 23 and 24 for secured and unsecured liabilities.
  - Added Program related investments line.



## Core Form: Part XI – Financial Statements and Reporting (new)

- This is a new area of information reporting. “Yes/No” format.
- Used to disclose the organization’s method of accounting and other information regarding the compiled, reviewed or audited financial statements.

## 2008 Form 990 - Schedules

- Schedule A – Public Charity Status
- Schedule B – Contributors (unchanged)
- Schedule C – Political & Lobbying Activity
- Schedule D – Supplemental Financial Statements
- Schedule E - Schools
- Schedule F – Foreign Activities
- Schedule G – Fundraising & Gaming
- Schedule H - Hospitals

## 2008 Form 990 - Schedules

- Schedule I - Grants
- Schedule J - Compensation
- Schedule K - Tax Exempt Bonds
- Schedule L - Transactions with Interested Persons
- Schedule M - Noncash Contributions
- Schedule N - Termination/Significant Disposition
- Schedule O - Supplemental Information to Form 990
- Schedule R - Related Organizations/Unrelated Partners

## Schedule A - Public Charity Status

- To be completed by ALL 501(c)(3) organizations
- Only Public Charity Status and Public Support
- Renumbered Part I
- Part II, III = 5 years
- Part II, III = no longer "cash basis required"!!
  - RESTATEMENT!
- Part IV = "blank page"
  - To be used if 10% "facts and circumstances" narrative desired

## Schedule C – Lobbying

### Purpose of the Schedule

- To furnish additional information on political campaign or lobbying activities, as those terms are defined below for the various Parts of this Schedule.

### Who Must File

- Any organization that answered “Yes” on Form 990, Part IV, *Checklist of Required Schedules*, lines 3, 4 or 5 must complete and attach Schedule C to Form 990, and complete the applicable Parts relating to those lines. Any organization that answered “Yes” on Form 990-EZ, Part VI, lines 46 or 47, must complete and attach Schedule C to Form 990-EZ, and complete the applicable Parts relating to those lines.

## Schedule D – Supplemental Financial Statements

- Used to report donor advised funds, conservation easements, certain art and museum collections, escrow accounts and custodial arrangements, endowment funds, and supplemental information.
- Seven trigger questions in part IV, Core Form, requires Sch D
- Part I - DAF information (some abuse here)
- Part II – Conservation Easements (lots of abuse here)
- Part III – Collections of Art, Historical Treasures or Similar Assets
- Part IV – Trust, Escrow and Custodial Arrangements

## Schedule D – Supplemental Financial Statements

- Part V – Endowment Funds
- Part VI – Investment in Land, Buildings and Equipment
  - Totals only presentation for Land, Building, Leaseholds, Equipment and an “other” total
- Part VII – Investments – Other Securities
  - 5% test for closely helds and for marketable if 5% of a type or class is held
  - Must list each
- Part VIII – Investments – Program Related

## Schedule D – Supplemental Financial Statements

- Part IX – Other Assets
- Part X – Other Liabilities (FIN 48 footnote disclosure)
- Schedule D – page 4 (good change, all in one spot)

## Donor Advised Funds

A fund or account:

1. That is separately identified by reference to contributions of a donor or donors;
2. That is owned and controlled by a sponsoring organization; and
3. For which the donor or donor advisor has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised funds or accounts because of the donor's status as a donor.

## Schedule F - Regions

- Central America and the Caribbean
- East Asia and the Pacific
- Europe (including Iceland and Greenland)
- Middle East and North Africa
- North America (except U.S.A.)
- Russia and the Newly Independent States
- South America
- South Asia
- Sub-Saharan Africa



Schedule G (Form 990 or 990-EZ) 2008 Page **2**

**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, or reported more than \$15,000 on Form 990-EZ, line 9a. List events with gross receipts greater than \$5,000.

	84 Event #1		84 Event #2		84 Other Events		84 Total Events (add col. 84 through col. 88)
	event type	event type	event type	event type	event type	event type	
<b>Revenue</b>							
1 Gross receipts							
2 Less: Charitable contributions							
3 Gross revenue (line 1 cross line 2)							
<b>Direct Expenses</b>							
4 Cash prizes							
5 Non-cash prizes							
6 Rent/facility costs							
7 Other direct expenses							
8 Direct expense summary. Add lines 4 through 7 in column (8)							
9 Net income summary. Combine lines 3 and 8 in column (9)							

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 on Form 990-EZ, line 9a.

	89 Bingo		89 Full-Mechanism Large-Progressive Bingo		89 Other gaming		89 Total gaming (add col. 89 through col. 93)
	Yes	No	Yes	No	Yes	No	
<b>Revenue</b>							
1 Gross revenue							
2 Cash prizes							
3 Non-cash prizes							
4 Rent/facility costs							
5 Other direct expenses							
6 Volunteer labor							
7 Direct expense summary. Add lines 2 through 5 in column (6)							
8 Net gaming income summary. Combine lines 1 and 7 in column (8)							
9 Enter the state(s) in which the organization operates gaming activities:							
a Is the organization licensed to operate gaming activities in each of these states?							Yes No
b If "No," explain:							
10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?							Yes No
b If "Yes," explain:							
11 Does the organization operate gaming activities with nonmembers?							Yes No
12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?							Yes No

Schedule G (Form 990 or 990-EZ) 2008

Schedule G (Form 990 or 990-EZ) 2008 Page **3**

**13** Indicate the percentage of gaming activity operated in:

a The organization's facility	13a	%	Yes	No
b An outside facility	13b	%		

**14** Provide the name and address of the person who prepares the organization's gaming/special events books and records.

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

**15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?

b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_

c If "Yes," enter name and address:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

**16** Gaming manager information

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

Director/officer  Employee  Independent contractor

**17** Mandatory distributions

a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

b Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's core exempt activities during the tax year ▶ \$ \_\_\_\_\_

Schedule G (Form 990 or 990-EZ) 2008

## Schedule I - Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.

- Domestic activities are reported on this Schedule.
- Grants and other assistance.
- "Within the U.S."
- Organizations in the U.S.
- Individuals in the U.S.
- \$5,000 per recipient for organizations and entities.
- Over \$5,000 in the aggregate for individuals. But not specific, if over the threshold, then it appears \$1 grants need to be disclosed separately if total is over the threshold.

## Schedule J - Compensation Information Opening questions about those in Part VII, Section A

- Check the boxes if you provide -
- Did you follow a **written policy** for the above items? If not, you need to explain why. (yes/no).
- Did you **require substantiation** prior to reimbursing for or allowing the above items for ODT and CEO/ED? (yes/no).



## New Form 990, Schedule J, Part I

- First class travel or charter travel?
- Travel for companions?
- Tax indemnification and gross-up payments?
- Discretionary spending account?
- Housing allowance or residence for personal use?
- Payments for business use of personal residence?
- Health or social club dues or initiation fees?
- Personal services? (e.g. maid, chauffeur, chef)
- **WRITTEN POLICY AND SUBSTANTIATION!!**



## Schedule J - Compensation Information

### More questions about compensation practices

- Check the boxes to **indicate how the compensation** for the CEO/Executive Director was established
  - compensation committee, independent consultant,
  - other Form 990s, written contract, salary survey,
  - approval by the board or compensation committee
- For those listed in Part VII
  - Did you provide **severance** payments or **change of control** payments?
  - Did you provide a **nonqualified** retirement plan or an **equity-based compensation** arrangement?

## Schedule J - Compensation Information Compensation amounts

- Provides additional information for certain persons listed in Part VII of the core form
  - Name of person involved
  - Breakdown of W-2 or 1099-MISC compensation
  - **Base, bonus, and other compensation**
  - Deferred compensation,
  - Nontaxable benefits,
  - Line total for this row, and (in cases of **double counting**)
  - Compensation reported in a prior Form 990
- Use row (ii) to report amounts from related organizations

## Schedule K – Tax Exempt Bonds

- Bonds issued after December 31, 2002 with an outstanding principal amount of greater than \$100,000; or
- Bonds issued prior to 2003 if they have been refunded with the proceeds of tax-exempt bonds issued after December 31, 2002.
- 2008 filing year – only basic disclosures describing the date, issue price and purpose of the issue is required
- [Part I]
- 2009 filing year – more comprehensive disclosures
- [2008 optional]

## Schedule L – Transactions with Interested Persons

- Part I, Excess Benefit Transactions (no threshold for reporting).
- Part II, Loans to and from Interested Persons (only if outstanding balance at year end).
  - Exceptions to Part II reporting
- Part III, Grants or Assistance Benefitting Interested Persons
- Part IV – Business Transactions with Interested Persons (thresholds apply for reporting).
  - What business transactions?
  - Reasonable effort standard.
  - Examples (Family employees, Law Firm)

## Schedule M – Noncash Contributions

- \$25,000 in cumulative Noncash Contributions
- Types of Property – 28 lines/types
  - Number of Contributions
  - Revenues reported (Form 990, Part VIII, Line 1g)
  - Method of determining revenues (minimal space)
- Gift acceptance policy?
- Supplemental information





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QUESTIONS?



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**THANKS!**

For your time and attention.

Dave Moja, Tax Director

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