THE NEW FORM 990 IMPLEMENTATION GUIDANCE

OVERVIEW	KEY ACTION ITEMS
Core Form I-II — Summary Page and Signature Block	
▪ Mission and activities ▪ Board, volunteer and employee data ▪ Two year financial summary ▪ Disclosure of gross and net unrelated business income	▪ Establish process to accumulate data for: o Number of voting members of BOD o Number of independent voting members o Total number of employees o Total number of volunteers
Core Form III — Program Service Accomplishments	
▪ New, changed and discontinued programs ▪ Describe exempt purpose achievements for three largest programs (expenses) ▪ Report remaining activities on Schedule O	▪ Development and public relations departments should coordinate with program managers to narrate program descriptions
Core Form IV — Checklist of Required Schedules	
▪ Series of "trigger" questions — those answered yes will require completion of a supplemental schedule	▪ See Schedules below
Core Form V — Statements Regarding other IRS Filings and Tax Compliance	
▪ Information related to other IRS filings made by the organization	▪ Coordination with the human resources and payroll departments for data related to various filings

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OVERVIEW	KEY ACTION ITEMS
Core Form	
VI — Governance, Management and Disclosures	
A. Governing body and management ▪ Governing principles ▪ Board composition ▪ Disclose changes to governing documents ▪ Minutes of meetings maintained ▪ Material diversion of assets ▪ Monitoring of chapters, branches and affiliates ▪ Form 990 review process B. Policies — yes/no ▪ Conflict-of-interest (COI) ▪ (COI) monitoring ▪ Whistleblower ▪ Document retention and destruction ▪ Compensation policy and practices ▪ Joint venture participation C. Disclosure ▪ State registration or licensing requirements ▪ Documents available for public inspection	▪ This section of the form 990 should be provided to the Governance Committee of the Board of Directors for review and the development of required discussions ▪ Policies should be reviewed or implemented for the various items outlined ▪ The discussion related to the compensation policy must state whether the process used to set compensation meeting the standards for the rebuttable presumption of reasonableness for the CEO, other officers and key employees and include a description of the process.

OVERVIEW	KEY ACTION ITEMS

Core Form
VII — Compensation of Officers, Directors and Trustees

OVERVIEW	KEY ACTION ITEMS
A. Reporting Compensation ▪ From Organization and all related entities ▪ Reportable Compensation ▪ Other Compensation B. Reportable compensation for the calendar year ending with or within organization's tax year. Must be reported for current and former (five year lookback): ▪ **Current:** o Officers, directors and trustees (no minimum threshold) o Five highest compensated employees (over $100,000) — not falling under any other classification o Key Employees (over $150,000) ▪ **Former:** o Officers, highest compensated and key employees (over $100,000) o Directors and trustees (over $10,000) C. Definition of Key Employee ▪ Reportable compensation exceeding $150,000 ▪ Responsibility — had organization wide influence and control over at least 10% of organization's activities ▪ One of top 20 highest paid individuals in the organization D. Other Compensation (in excess of $10,000) ▪ Deferred compensation ▪ Employee benefits E. Disclosure ▪ Describe process for determining compensation ▪ Number of employees and independent contractors receiving over $100,000 F. Schedule J	▪ Accumulate reportable compensation information from: o Form W-2 box 5 o Form 1099 MISC box 7 o Contractual agreements ▪ Obtain Payroll record from past 5 years to perform lookback calculations (non 501(c)(3) organizations exempt for 2008 for former) ▪ Determine employee benefits paid, most common including: o Contributions to benefit plans, qualified and non-qualified o Increase in actuarial value of defined benefit plan o Health benefits o Flexible spending accounts o Life, Disability or long-term care insurance o Employer provided automobile o Tuition assistance

OVERVIEW	KEY ACTION ITEMS
Core Form **VIII — Statement of Revenue**	
A. Combined revenue sections ▪ Columnar detail for related and unrelated business activities B. Contributions, gifts and grants — by category ▪ Federated campaigns ▪ Membership dues ▪ Fundraising events — if > $15,000 Schedule G ▪ Related organizations ▪ Governmental grants ▪ Non-cash C. Program service revenue ▪ Include business code D. Investment income ▪ Do not include realized and unrealized gains here E. Fundraising activities — Schedule G F. Gaming activities — Schedule G	▪ Maintain schedules of contributions by source ▪ Research business codes and determine application to each program service and other revenue category
Core Form **IX — Statement of Functional Expenses**	
A. All organizations complete total expenses column ▪ In addition, 501(c)(3) and (c)(4) complete columns for program services, management and general and fundraising expenses B. New lines ▪ Grants to governments and organizations in the U.S. ▪ Grants to individuals in U.S. ▪ Grants to governments, organizations and individuals outside the U.S. ▪ Management fees ▪ Lobbying ▪ Investment management fees ▪ Advertising and promotion o Information technology o Royalties o Payments of travel or entertainment expenses for public officials	▪ Determine that accounting systems are in place to capture these additional classifications

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OVERVIEW	KEY ACTION ITEMS
Core Form **X — Balance Sheet**	
A. Balance Sheet fairly consistent ▪ Reclassified and reordered certain lines ▪ Added line for investments — program related to separate it from other assets ▪ Added line for intangible assets ▪ Added line for escrow account liability ▪ Separated mortgages and other notes payable into secured and unsecured amounts ▪ Added Schedule D, *Supplemental Financial Statements*, which requires reporting of certain balance sheet detail	▪ Determine that accounting systems are in place to capture these additional classifications
Core Form **XI — Financial Statements and Reporting**	
A. New Section of the Form 990 ▪ Question regarding accounting method moved here from the first page ▪ New questions ▪ Were the financial statements audited, reviewed or complied ▪ Does the organization have an audit or similar committee o Was a the organization audited under OMB Circular A-133	▪ Minimal impact or preparation expected for this area

OVERVIEW	KEY ACTION ITEMS
Schedule A — Public Charity Status and Public Support	
A. Must be completed by organizations described in section 501(c)(3) or 4947(a)(1), other than a private foundation. B. The new form transforms the Schedule A into one that focuses exclusively on the public charity status and public support test. ▪ Increases the testing period from 4 to 5 years ▪ Complete using organization's method of accounting (previously required cash basis) C. Two separate support schedules ▪ Section 170(b)(1)(A)(iv) and (vi) ▪ Section 509(a)(2)	▪ For organizations on the accrual method, will need to do a restatement of amounts reported in prior years (information most likely retained by your preparer).
Schedule B — Schedule of Contributors	
A. No changes to this schedule. B. Generally, every organization that received more than $5,000 from any one contributor during the year must complete this schedule.	▪ Continue to maintain detailed schedules of contributions, including donor name and address and type of contribution.

OVERVIEW	KEY ACTION ITEMS
Schedule C — Political Campaign and Lobbying Activities	
A. Used by 501(c) and section 527 organizations B. Must complete if: ▪ Engaged in direct or indirect political campaign activities ▪ Engaged in lobbying activities ▪ Subject to 6033(e) notice and reporting requirements and proxy tax (501(c)(4), (5) and (6) organizations) C. Political Activities — need to report: ▪ Description of the political activities ▪ Political expenditures ▪ Volunteer hours ▪ Payments to Section 527 organizations D. Lobbying Activities — need to report: ▪ Made lobbing expense election o Information as to if in compliance with election ▪ Has not made lobbying election o Disclosure of activities	▪ Coordinate with government relations and development staff to determine extent of activities ▪ Create general ledger accounts to capture costs related to activities

<table>
<tr><th>OVERVIEW</th><th>KEY ACTION ITEMS</th></tr>
<tr><th colspan="2">Schedule D — Supplemental Financial Statements</th></tr>
<tr><td>A. New Schedule to Form 990
B. Additional disclosures:
▪ Donor advised funds
o Must disclose number at end of year, contributions to and grants from, and aggregate value at the end of the year
▪ Conservation easements
o Disclosure of data and practices
▪ Collections of art, historical treasures, similar assets
▪ Trust, escrow and custodial arrangements
▪ Endowment funds
o Five year roll forward
o Explanation as to intended use of fund
▪ Property and equipment
o Disclose cost and depreciation by property type
▪ Investments
o Book value and basis of valuation
▪ Detail of other assets and liabilities
▪ Reconciliations from financial statements to 990:
o Change in net assets
o Revenue
o Expenses
C. FIN 48 financial statement footnote text must be included
▪ FIN 48 effective for years beginning after 12/15/08</td><td>▪ Compile last five years endowment information.

▪ Maintain detailed investment records detailing original cost basis, fair value and methodology for valuation of non-publicly traded securities</td></tr>
<tr><th colspan="2">Schedule E — Schools
(Unchanged from Prior Form 990)</th></tr>
</table>

OVERVIEW	KEY ACTION ITEMS
Schedule F — Statement of Activities Outside the United States	
A. Must complete if conduct activities outside U.S. with: ▪ Revenues or expenses > $10,000, or ▪ Grants or assistance > $5,000 B. Disclose: ▪ Activities per region, number of offices, activities conducted and total expenditures o Instructions identify 9 regions ▪ Grants selection and monitoring activities ▪ Requires a count of recipient organizations that have been recognized as charities by the foreign country or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter	▪ Obtain from program directors the activity by region. Formulate accounting records to accumulate data by region. ▪ If grant making performed, determine (and document) the policies in place for selection and monitoring

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OVERVIEW	KEY ACTION ITEMS
Schedule G — Supplemental Information Regarding Fundraising or Gaming Activities	
A. Reporting Threshold $15,0000 for: ▪ Professional fundraising services ▪ Fundraising events ▪ Gaming B. Part I — Fundraising activities ▪ Checkbox reporting of solicitation activities o Mail o Email o Phone o In-person o Non-government grants o Government grants o Special fundraising events ▪ Information regarding professional fundraisers — 10 highest paid individuals > $5,000 o Name o Activity o Control over contributions o Gross receipts o Amount paid to fundraiser o Amount retained by the organization o Schedule O for additional disclosures ▪ List all states in which organization is registered or licensed to solicit funds or has been notified it is exempt from registration or licensing C. Part II — Events ▪ List events with gross receipts > $5,000 ▪ Event details o Event name o Gross receipts o Less charitable contributions o Gross revenue o Direct expenses, including * Cash prizes * Non-cash prizes	▪ Close coordination will be necessary between the finance and development departments to properly track and classify fundraising and gaming activities ▪ Development department should track each event in a separate spreadsheet or data base in order to accumulate the specific details necessary ▪ Copies of contractual obligations related to fundraising professionals should be shared with the finance department

OVERVIEW	KEY ACTION ITEMS
* Rent/facility costs * Other direct expenses o Net Income D. Part III — Gaming ▪ List events individually for: o Bingo o Pull tabs/instant bingo/progressive bingo o Other gaming ▪ Event details o Gross revenue o Direct expenses, including * Cash prizes * Non-cash prizes * Rent/facility costs * Other direct expenses - Net Income - Volunteer labor percentages ▪ Disclosures regarding gaming activities o States where gaming activities o Information regarding gaming licenses o Percentage of gaming in organization facilities o Name and address of person who prepares the gaming/special events books and records o Contract with third party for gaming revenue o Gaming manager information * Name * Compensation * Services provided - Special fundraising events ▪ Any mandatory distributions under license	

OVERVIEW	KEY ACTION ITEMS
Schedule H — Hospitals	
A. Used to report information by an organization that operates one or more facilities that are licensed, registered or similarly recognized by a state as a hospital B. Form to be phased in — only facility information required for 2008, remainder for 2009 C. Disclosures ▪ Charity care and community benefits ▪ Community building activities ▪ Bad Debt, Medicare and collection practices ▪ Management companies and joint ventures ▪ Facility information ▪ Supplemental information	▪ Coordination is necessary between the finance and administrative departments to properly represent the disclosure items ▪ Preparation will require a significant investment of time and personnel to complete
Schedule I — Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.	
A. Reporting of grants made > $5,000 B. Disclosure required regarding grant selection, substantiation and monitoring activities C. Information related to government and organization recipients ▪ Name and address ▪ EIN ▪ Amount of cash grant ▪ Amount of non-cash assistance ▪ Method of valuation ▪ Description of non-cash assistance ▪ Purpose of grant or assistance ▪ Total number of 501(c)(3) and other organization recipients D. Information related to assistance to individuals ▪ Type of grant ▪ Number of recipients ▪ Amount of cash grant ▪ Amount of non-cash assistance ▪ Method of valuation ▪ Description of non-cash assistance	▪ Coordination is necessary between the finance department and the programmic grant making department to accumulate non-financial data related to recipients.

<table>
<tr><th>OVERVIEW</th><th>KEY ACTION ITEMS</th></tr>
<tr><th colspan="2">Schedule J — Compensation Information</th></tr>
<tr><td>A. New schedule — Detail to Core Form Part VII — to report compensation for certain officers, directors, trustees, key employees (ODTKEs) and top 5 highest compensated individuals
B. Complete for ODTKEs:
▪ Earning > $150,0000
▪ Receiving or accruing from an unrelated organization for services rendered to that organization
C. Part I – Questions Regarding Compensation
▪ Disclose the presence of various fringe benefits
o Is there a written policy regarding reimbursement
o Is there a substantiation requirement
o Noted benefits include
* First class or charter travel
* Travel for companions
* Tax indemnification or gross-up payments
* Discretionary spending account
* Housing allowance
* Payments for business use of personal residence
* Health or social club dues/initiation
* Personal services
▪ Methods used to establish CEO compensation
▪ During year was there:
o Severance or change of control payments
o Supplemental non-qualified retirement plan
o Equity based compensation arrangement
o Compensation contingent on revenues or net earnings
o Other non-fixed payments (bonus, royalties, etc)
o Amounts subject to initial contract exception
▪ All yes answers require additional disclosures

D. Part II — Officers, Directors, Trustees, Key Employees and Highest Compensated Employees</td><td>▪ Coordination is necessary between the finance department, the human resources department and the compensation committee of the board of directors in order to accumulate all the information necessary to complete this schedule</td></tr>
</table>

OVERVIEW	KEY ACTION ITEMS
▪ Requires disclosure of o Name o Base compensation o Bonus and incentive compensation o Other compensation o Deferred compensation o Non-taxable benefits o Compensation reported in prior Form 990	
Schedule K — Supplemental Information on Tax-Exempt Bonds	
A. New schedule — Required for organizations with a tax-exempt bond issue with outstanding principal > $100,000 as of last day of year and issued after December 31, 2002 B. Schedule K is used to report certain information on outstanding liabilities associated with tax-exempt bond issues	

OVERVIEW	KEY ACTION ITEMS
Schedule L — Transactions with Interested Persons	
A. Provides information on certain financial transactions or arrangements between the organization and interested persons B. Disclosures (with significant detail) required for transactions with interested persons (and their family members) ▪ Excess benefit transactions ▪ Loans to/from interested persons ▪ Grants or assistance benefiting interested persons ▪ Business transactions involving interested persons C. Who is an interested person? ▪ An officer, director, trustee, key employee, highly compensated employee or a disqualified person D. Who is a disqualified person? ▪ Any person who was in a position to exercise substantial influence over the affairs of the organization at any time during a five-year period and includes: o Family members o A 35% owned entity of a disqualified person o A donor or donor advisor to a donor advised fund	▪ Coordination is necessary between the finance department, contracting department and the board of directors in order to accumulate all the information necessary to complete this schedule ▪ The Board should be notified of these requirements, and document transactions of this nature in the board minutes, since often these types of transactions are initiated at the board level

OVERVIEW	KEY ACTION ITEMS
Schedule M — Non-Cash Contributions	
A. New form — used to report the types of non-cash contributions or property received by the organization, if > $25,000 in total received B. For 25 specifically identified categories, must disclose ▪ Number of contributions ▪ Contributions reported ▪ Method of determining contribution value ▪ Business transactions involving interested persons ▪ To reduce burden, the number of contributions need not be reported for two types of property: books and publications, and clothing and household goods C. Other Disclosures ▪ Number of Forms 8283 received during the year ▪ Requirements to hold property ▪ Gift acceptance policy ▪ Third parties used to solicit non-cash contributions ▪ Non-cash items not reported as contributions	▪ Close coordination will be necessary between the finance and development departments to properly track and classify these in-kind items ▪ Development department should track each item in a separate spreadsheet or data base in order to accumulate the specific details necessary
Schedule N — Liquidation, Termination, Dissolution, or Significant Disposition of Assets	
A. New form — used to provide information relating to going out of existence or disposing of more than 25% of its net assets, whether through a contraction, sale, exchange, or other disposition	▪ This is likely an unusual occurrence. Consult Form 990 instructions and draft sales agreements for determination of reporting objectives
Schedule O — Supplemental Information to Form 990	
A. New form — purpose is to provide supplemental narrative information required for specific questions on the Form 990	
Schedules P & Q — Reserved for Possible Future Use	

<table>
<tr><th>OVERVIEW</th><th>KEY ACTION ITEMS</th></tr>
<tr><th colspan="2">Schedule R — Related Organizations and Unrelated Partnerships</th></tr>
<tr><td>A. Schedule to provide information regarding related entities and transactions with those entities
▪ Related organization generally defined to be a more than 50% control or ownership
B. Disclose
▪ Disregarded entities
▪ Related Tax-exempt organizations
▪ Related organizations taxable as partnerships
▪ Related organizations taxable as a corporation or trust
C. Disclosures include name of the organization, EIN, nature of activity, state or country of domicile, percentage ownership, total income and assets of the related organization
D. Schedule R was added to capture the increasingly complex organizational structures of tax-exempt organization and improve transparency</td><td>▪ An inventory should be done of all related entities. Along with that all incorporation documents and financial statements for these entities should be gathered in order to accumulate the necessary data.</td></tr>
</table>