Highlights of IRS Form 990
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Deciphering the Form 990

IRS Form 990 contains a wealth of information—far too much to discuss in a quick overview. Here, however, is a review of the parts of the form as well as an introduction to several of the fields people find most useful and tips for deciphering the information you’ll find in the 990.

The header

Although it makes up a relatively small portion of the 990, the header contains information that can orient you before you review the form.

Identifies the type of 990. If something in a 990 looks strange, check here to confirm that it is a 990 and not a 990-EZ or 990-PF.

Identifies the 990 as the first one the nonprofit has filed.

Indicates the organization no longer exists (and therefore will not be filing any more 990s).

Indicates that the 990 includes information for affiliates under a group exemption.
Part I—Summary

Part I is exactly what its title says it is—a summary of key information presented elsewhere in the form. It's a snapshot of what is in the rest of the 990.

Brief description of the nonprofit’s mission. At Grantspace, we believe this is the most important part of the form, because everything a nonprofit does should flow from its mission.

People are often surprised that they can’t find donor lists in a 990. With two exceptions, donor information provided in a 990 is confidential; when either the IRS or the filing nonprofit releases a copy of a 990 to the public, they must redact—mask—all information that will identify the donors, whether a donor is an individual, corporation, 501(c)(3) private foundation, or 501(c)(3) public charity.

The exceptions are Forms 990-PF filed by 501(c)(3) private foundations and Forms 990 filed by Section 527 political organizations. For these nonprofits, donor information is public information.

Many of the lines in Part I end with parentheses indicating where in the form the information in a specific line came from. If you have questions about a line, go to the part and line(s) indicated in the parentheses. But remember: what you see on a 990 is what you get. If a line doesn’t indicate that more detail is provided in another section or on a schedule, then you probably won’t find additional information for that particular entry elsewhere in the form.

Part II—Signature block

Part II is located at the bottom of the first page of the 990 and shows the signature and title of the nonprofit official who approved the 990 and, if a paid preparer completed the form, who that person was.

The 990 is an official document, submitted to the IRS under penalties of perjury.
Part III—Mission and programs

Part III describes the nonprofit’s mission and its most significant activities carrying out that mission.

The mission—the most important information in the form.

Narrative and financial information on the three largest (by amount spent on them) activities to carry out the mission.

Here you can see what the nonprofit considers most important as well as begin evaluating it: Do the programs support the mission as stated in line 1? Are the program descriptions concrete, or are they merely vague generalizations? Did the nonprofit provide all of the data required?

Part IV—Checklist of required schedules

When the IRS released the current Form 990 at the end of 2007, it was the first time since 1979 that the form had been completely overhauled. As part of the redesign, the IRS created several schedules to provide more information on issues of concern to the public, Congress, and the IRS itself.

Part IV poses 38 questions on such topics as engagement in political activities, paid fundraiser expenses, gaming revenue, and loans made by exempt organizations to their board members and senior staff. Any organization answering “Yes” to any question in Part IV must file the schedule indicated on that line. Part IV takes up two full pages of the 990.
Part V—Statements regarding other IRS filings and tax compliance

Although not required to pay federal income tax, a tax-exempt organization may still need to file IRS forms related to employee wages and withholding, unrelated business income (income generated by activities that do not directly carry out the nonprofit’s mission), sponsorship of donor-advised funds, and even income received for indoor tanning services.

Part V comprises 14 questions addressing these additional filings and compliance issues.

Part VI—Governance, management, and disclosure

Part VI is another section added to the 990 as part of the revision released in December 2007. It contains questions about the filing organization’s governing body (i.e., its board); whether the nonprofit has conflict of interest, whistleblower, document retention/destruction, and other policies in place; the procedures it follows for establishing executive compensation; and how it makes its public documents (its three most current 990s and application for exemption) available to the public.

IRS officials believe that nonprofits that follow best practices in these areas are more likely to be in compliance with the Internal Revenue Code.
Part VII—Compensation

Unlike the old 990, which reported compensation partly in the main form and partly on a schedule, the current 990 presents all compensation data in Part VII.

All key employees must be listed. A key employee is someone who (1) received more than $150,000 in compensation from the nonprofit or the nonprofit + related organization(s) and (2) controls at least 10% of the nonprofit’s assets and activities and (3) is one of the top 20 most highly paid employees.

All current officers, directors, and trustees (board members) must be listed, even if they are not paid for their service. (Most nonprofit board members are not paid.)

The nonprofit must list the 5 most highly paid employees who (1) are not officers, directors, trustees, or key employees and (2) received more than $100,000 from the nonprofit or the nonprofit + related organizations.

Former officers, directors, trustees, and highest compensation employees may also need to be listed, depending on how much they were paid.

Part VII is also where the five highest paid independent contractors that received more than $100,000 must be reported.

| A | Name and Title | B | Average Hours per Week | C | Reportable Compensation from the Organization (W-2/1099-MISC) | D | Reportable Compensation from the Organization (W-2/1099-MISC) | E | Exempted Amount of Compensation from the Organization and Related Organizations |
|---|---|---|---|---|---|---|---|---|
| (1) | | | | | | | | |
| (2) | | | | | | | | |
| (3) | | | | | | | | |

Compensation from related nonprofits is reported here.
Part VIII—Revenue

Here you can find details on the kinds of revenue the nonprofit received.
Part IX—Expenses, Part X—Balance sheet

Part IX provides a breakdown of expenses, divided into program service expenses, management and general expenses, and fundraising expenses.

Part X compares financial indicators from the beginning of the fiscal year with the end of the fiscal year.
Part XI—Expenses, reconciliation of net assets

Part XII—Financial statements and reporting
Schedules
As of January 2020:

A — Public Charity Status and Public Support
B — Schedule of Contributors
C — Political Campaign and Lobbying Activities
D — Supplemental Financial Statements
E — Schools
F — Statement of Activities Outside the United States
G — Supplemental Information Regarding Fundraising or Gaming Activities
H — Hospitals
I — Supplemental Information on Grants and Other Assistance to Organizations, Governments, and Individuals in the United States
J — Compensation Information
K — Supplemental Information on Tax-Exempt Bonds
L — Transactions with Interested Persons
M — Non-Cash Contributions
N — Liquidation, Termination, Dissolution, or Significant Disposition of Assets
O — Supplemental Information to Form 990
P — Related Organizations and Unrelated Partnerships

Where to get more information
The GrantSpace Knowledge Base and the GuideStar Help Center—search “990.”

Form 990 instructions—downloadable from the IRS website. The 990 instructions provide a wealth of information, including a line-by-line section.

Charities & Non-Profits section of the IRS website—a treasure trove of information pertaining to tax-exempt organizations. The availability of forms for a new tax year, changes in filing requirements, and other topics related to the 990 are all announced in this section of the IRS website.

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