

# NONPROFIT UPDATE ● ● ●



## Let the Form 990 Tell Your Story

Most tax-exempt organizations are required to file an annual information return with the Internal Revenue Service (IRS) – Form 990, *Return of Organization Exempt From Income Tax*. Management of nonprofit organizations may believe less information provided on the form is preferred. This assumption should not be the case! Organizations should take advantage of this annual compliance requirement by using the information presented on the Form 990 as a marketing tool as many individuals use this information to determine whether or not they want to commit time or resources to the organization.

The Form 990 provides a snapshot of the financial condition, governance structure, and operations of a particular organization. The 2015 instructions for the Form 990 state, “Some members of the public rely on the Form 990 as their primary or sole source of information about a particular organization. How the public perceives an organization in such cases can be determined by information presented on its return.”

Readers of the Form 990 tend to focus on the following key areas:

- Assess the governance structure, policies and compliance
- Determine if the mission aligns with the values and goals of the organization
- Evaluate the program accomplishments and alignment of the program(s) with the overall mission

As the number of tax-exempt organizations continues to grow each year, competition for funding and other resources has increased. An organization must be strategic in stating its mission and programs within the Form 990 to ensure that the information provided will attract donors. The Form 990 should be viewed as another external communication piece used by the organization in addition to newsletters, email communications and websites. Potential donors and grantors use the Form 990 to make decisions that affect the organization’s ability to obtain funding, provide services and achieve the mission and other goals.

The Form 990 includes various sections where the organization can market itself to its potential donors including:

- ✓ Part I, Summary, Line 1: Briefly describe the organization’s mission or most significant activities
- ✓ Part III, Statement of Program Service Accomplishments, Line 1: Briefly describe the organization’s mission

- ✓ Part III, Statement of Program Service Accomplishments, Line 4: Describe the organization's program service accomplishments for each of its three largest program services
- ✓ Schedule O, Supplemental Information to Form 990

In order to effectively market itself in the Form 990 sections noted above, an organization must consider the readers and who they are (i.e. donors, third-party evaluators and potential board members). The organization must also develop focused messaging while determining content that will resonate with its readers. The communication within these sections should focus on the organization's exceptional qualities, its program activities and quantifiable results. The more detailed information an organization provides and in clear terms, the better chance it has at attracting donors and grantors.