

Form 990 Filing Tips

The IRS has compiled a short list of Form 990 filing tips which can be used to improve efficiencies during preparation. Completion of the form may be best performed by using the “divide and conquer” approach, where the form is separated into sections and prepared by different individuals within the organization. For example, the governance section may be completed by the board of directors or executive committee; the financial section may best be completed by the treasurer, CFO or an outside CPA; and the program services section may be completed by the CEO or program staff.

Tip #1 - When in doubt, use the Form 990 instructions. The instructions include a glossary and various appendices (11 appendices for Form 990, 8 for Form 990-EZ).

Tip #2 - Assembly of Form 990, the schedule and attachments. If you decide to paper file, be sure to include the Form 990, all required schedules, and federal attachments, in this order. Part IV of Form 990 provides a checklist of the organization’s required schedules.

Tip #3 - Compliance. Use the instructions for Parts V and VI to respond to compliance questions and Schedule A instructions to complete the public support test. These sections and schedules ensure that the organization is in compliance within the requirements of its tax-exempt status and help to manage risks effectively. For example, if an organization receives \$1,000 or more in unrelated business income, the related question is answered “yes” in the Form 990 and Form 990-T is required. Additionally, Schedule A can be used as a planning tool to help ensure that the organization meets its public support test on an annual basis.

Tip #4 - Highlight accomplishments using Schedule O. Schedule O may aid in providing the space for the organization to tell its story and allow more room for narratives when space is inadequate in other sections of the Form. Schedule O is the only schedule required in each Form 990 for all organizations.

Tip #5 - Compensation. Compensation should be reported on a calendar year basis for current directors and trustees, current officers and key employees (if more than \$100,000), former directors and trustees (if more than \$10,000), former officers, key employees, and highest paid individuals (if more than \$100,000), the top five highest paid individuals (if more than \$100,000), and the five highest paid independent contractors (if more than \$100,000).

Tip #6 - E-file your return. Most accounting software allows for e-filing, which streamlines the process and reduces preparation time. Other advantages of e-filing include reduced IRS processing time, less room for error and a more accurate and complete reporting process.

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