

990s – Cheat Sheet for Board Members

The Form 990 is an informational return for tax-exempt entities. The 990 is open to public inspection, and organizations are required to provide it to members of the public who request it. It is also provided to the public directly through websites such as <http://GuideStar.org>. Since interested parties can review an organization's 990 without ever being in contact with the organization, it is important that the 990 stands on its own, clearly communicating everything you would like a reader to know. However, the 990 is lengthy and involves many technical questions. How should a Board member approach their review of the 990, to ensure it represents their organization well? Here are some key areas on which Board members can focus their attention:

- Page 1 – includes essential and overall information about the organization, including a brief description of the mission, address, website, and numbers of employees and volunteers.
- Part III – includes a more detailed description of the mission as well as descriptions of the major program services. Part III describes what the organization has accomplished in the past year, and can be used as a tool to inform potential donors about such accomplishments. The IRS also seems to be indicating the relative importance of program accomplishments for not-for-profits by including them at the beginning of the 990.
- Part VI – includes questions about governance in Section A, such as the number of Board members and the number of *independent* Board members (ask us for help if you aren't sure who is independent). In Section B, Part VI asks about certain policies, such as conflict of interest and whistleblower, and how executive compensation is determined. There are technically no “wrong” answers here, but some answers are better than others. Details on these questions are on Schedule O, towards the back of the 990.
- Part VII – includes Board members names and titles, as well as officers, which per IRS definitions generally includes the Executive Director/CEO and the Finance Director/CFO (or equivalents). Key employees and the 5 highest compensated employees making over \$100k per year are also included. Compensation for anyone on the list must be included, as well as average hours per week, from the organization *and* any related organizations. It is important to make sure compensation is reasonable, and that the hours per week are appropriate, especially with regard to related organizations.
- Schedule B (Schedule of Contributors) – is not available for public inspection. It is removed from the Forms 990 published online.
- Schedule D (Supplemental Financial Statements) – includes information that doesn't belong anywhere else, e.g. conservation easements, collections and endowments. If your organization has any of these items, you should review the details.
- Schedule O (Supplemental Information) – includes descriptions of policies, additional program accomplishments, and any other information that you'd like to disclose.
- Various other schedules, depending on the organization – your organization may have schedules about lobbying activities (Schedule C), gambling activities (Schedule G), related party transactions (Schedule R), additional compensation information (Schedule J), as a school (Schedule E) or hospital (Schedule H), or many other areas. It's important to take a look at what schedules are included and be familiar with what they include.