Bill and Gale Rattner Nonprofit Start-up Workshop

Instructor: Jan Feldman

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About LCA

LCA was formed in 1972 and is an Illinois nonprofit organization providing pro bono legal services to individuals and organizations engaged in all areas of the arts, as well as arts education and nonprofit organizations in general. Services are provided by the LCA staff, and a roster of volunteer attorneys experienced in all areas of law which affect the arts. LCA also provides its Patricia Felch Arts Mediation Service and numerous educational outreach programs.

LCA is partially funded by: Alphawood Foundation, Arts Work Fund for Organizational Development, The Chicago Bar Foundation, City of Chicago Department of Cultural Affairs & Special Events, Gaylord and Dorothy Donnelley Foundation, The Richard H. Driehaus Foundation, the Illinois Arts Council, the Mellon Foundation, and the Walder Foundation.

LCA History

In 1972, a group of passionate young attorneys came together as the "Creative City Committee," driven by a vision: to connect the legal profession more meaningfully with the cultural life of Chicago. They recognized a critical gap in support for artists—talented individuals and organizations whose voices were vital to the city but who often lacked access to legal resources. Out of that need, *Lawyers for the Creative Arts* (LCA) was born.

Led by our first President, James N. Alexander, and our inaugural Executive Director, Thomas R. Leavens—both of whom remain active supporters—LCA launched with a modest $38,000 budget and a team of 53 volunteer attorneys, handling 100 matters in our very first year.

Fast forward to today: we've grown into a thriving community of over 1,800 volunteer lawyers who have helped thousands of clients across every artistic discipline. Just in the past year, LCA has responded to over 1,000 requests for assistance—from musicians, filmmakers, dancers, and visual artists to nonprofits and emerging creative enterprises.

Our mission remains rooted in the same belief that inspired our founders: that artists deserve access to justice, guidance, and advocacy. Every day, we hear how our volunteers have empowered creatives to focus on their work, secure in the knowledge that someone has their back on the legal front. Whether it's protecting their rights, structuring their businesses, or navigating contracts, our attorneys make it possible for artists to keep creating—boldly, bravely, and brilliantly.

With your continued support, we'll keep doing what we've always done: **Nourishing the Creative Spark™**.

What We Do

Behind every successful arts venture is a solid legal foundation—but for most artists and creative organizations, access to affordable legal services is out of reach. That's where *Lawyers for the Creative Arts* steps in.

We believe artists should be able to focus on their craft—not get lost in contracts, copyright claims, or confusing business structures. As the only pro bono legal service organization in Illinois dedicated exclusively to the arts—and one of just a few nationwide—we bridge the gap between creative passion and legal protection.

LCA supports artists and arts organizations across every discipline:

- 🎭 From performance artists to puppeteers
- 🎨 From sculptors to street photographers
- 📚 From novelists to historians
- 🎶 From string quartets to hip-hop groups
- 🩰 From ballet companies to marching bands
- 🎨 From fashion designers to scenic designers
- 🎪 From circus acts to theater troupes

Whether you're launching a nonprofit, registering a trademark, negotiating a lease, or navigating immigration or employment issues, our network of volunteer attorneys is here to help. We provide legal guidance in areas including:

- Business formation (nonprofit and for-profit)
- Contract negotiation and drafting
- Copyright and trademark law
- Employment and labor
- Real estate and leasing
- Dispute resolution and litigation support
- Immigration
- And more

Our *Patricia Felch Arts Mediation Service* offers a faster, more affordable alternative to litigation, resolving disputes with discretion and care.

While our full-time staff remains lean by design, we're backed by a powerhouse network of hundreds of volunteer attorneys from leading law firms across Illinois—legal professionals who generously donate their time and talent to help artists thrive.
In addition to legal services, LCA offers robust educational programming:

- **Legal Clinics & Workshops**
- **Educational Seminars**
- **Continuing Legal Education (CLE)**
- **General Business Education & Support**

We've become a trusted resource and a creative community hub—a place artists know they can turn to for guidance, support, and advocacy.

At the heart of it all is our extraordinary Board of Directors, Honors Council, and the volunteer attorneys who make this work possible. Thanks to them, artists across Illinois are empowered to create, innovate, and share their visions with the world.

Because when artists are supported, communities flourish. And with LCA, they're never alone.

Workshop Overview

Topics

Nonprofit Incorporation

- Whether to form a nonprofit
- How to incorporate
- Typical operating issues

Tax Exemption

- Benefits of exemption
- How to obtain an exemption
- Typical operating issues

Agenda

i. **Pre-Incorporation Considerations**
   a. Serious business
   b. Is it necessary
   c. Business plan
   d. Professional help

ii. **Form of Enterprise – Legal Structure**
   a. Various forms of enterprise
   b. Not-for-Profit vs. For-Profit

iii. **Illinois Not for Profit Corporation**
   a. Advantages and attributes
   b. State creation
   c. Distinguished from Tax Exemption

iv. **Creation of Illinois NFP Corporation**
   a. Forms online
   b. Articles of Incorporation – NP 102.10
      i. Purposes and IRS Requirements
      ii. Articles 4 & 5
      iii. Name
      iv. Board of Directors
      v. Registered Agent and Address
   c. Steps After Incorporation
      i. Taxpayer ID Number
      ii. Registration with IL Attorney General
         1. IL Charitable Trust Act
         2. IL Solicitation for Charity Act

iii. By Laws
    1. Members or non-members
    2. General provisions
iv. First Board Meeting
v. Sales Tax
vi. Real Property Tax
vii. Registration with IIL Department of Employment Security

d. Annual Reports – AG, Secretary of State, IDOR, IRS

v. <u>Particular Issues</u>

a. Compensation
b. Succession and Governance
c. Liability – immunity – indemnity – insurance
d. Ongoing control
e. Day-to-day requirements
f. Dissolution
g. Profit/Non-Profit Ventures

vi. Federal Tax Exemption

a. Not always needed
b. Federal not state – not per se with NFP
c. Benefits and Limitations
d. Still pay other taxes
e. Lobbying and political involvement
f. Private inurement and private benefit
g. Dissolution

vii. Application for Tax Exemption

a. Form 1023 Long Form vs. 1023-EZ
b. 1023-EZ Eligibility Worksheet
c. 1023-EZ Online Form
d. 1023 Long Form – Best Practices and Guidance

viii. Particular Issues

a. Raising money before exemption received
b. Unrelated business income tax
c. Tax Return
    i. Forms 990, and 990 EZ and 900 N

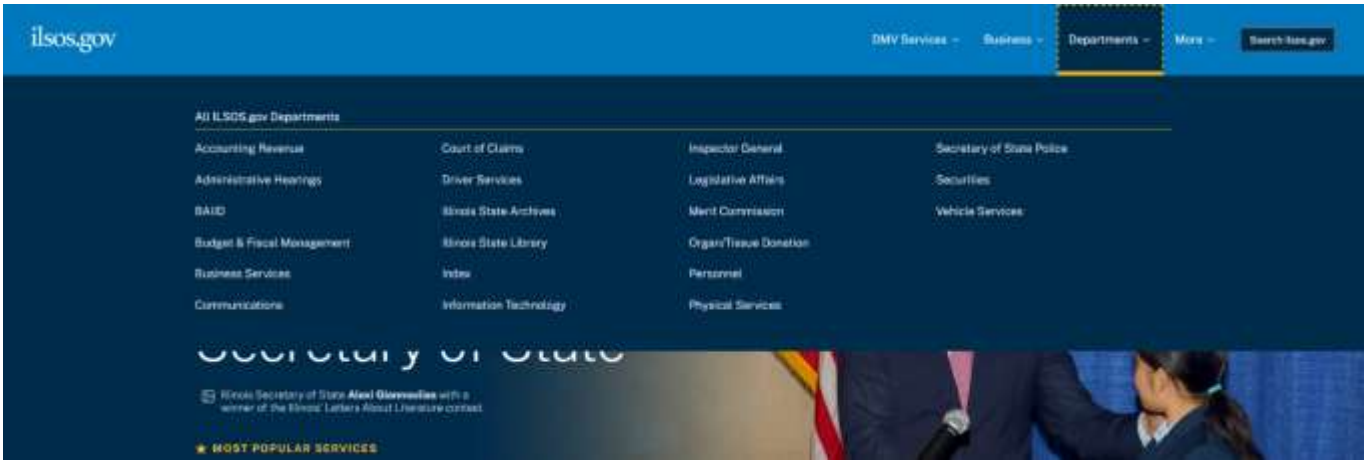
Incorporating in Illinois

Applications Online

Illinois Articles of Incorporation

To find and fill out Illinois Articles of Incorporation, Not-for-Profit Corporation, Form 102.10:

1. Go to the Secretary of state website: ilsos.gov



2. Click **Departments**
3. Select **Business Services** from the drop-down menu

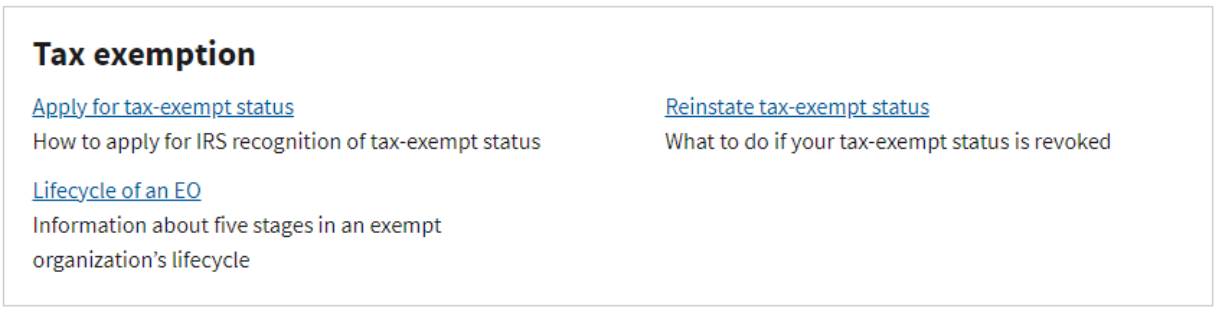
4. Under Business/Not-for-Profit Corporations click **Corporations Services**
5. Click **NFP Articles of Incorporation**
6. Click **Incorporate a Not-for-Profit Corporation**

IRS Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

To find and fill out Application for Recognition of Exemption, IRS Form 1023:

1. Go to the IRS website: www.irs.gov
2. Click **Charities & Nonprofits**

3. Click **Apply for tax-exempt status** to get information for Form 1023 and the corresponding Instructions for Form 1023 and 1023-EZ



FORM **NFP 102.10** (rev. Dec. 2003)
ARTICLES OF INCORPORATION
General Not For Profit Corporation Act

Secretary of State
Department of Business Services
501 S. Second St., Rm. 350
Springfield, IL 62756
217-782-9522
ilsos.gov

Make payment in the form of a cashier's check, certified check, money order, or Illinois attorney's or C.P.A.'s check payable to Secretary of State.

_____ File #_____ **Filing Fee: $50** Approved: _____

——— Submit in duplicate ——— Type or print clearly in black ink ——— Do not write above this line ———

Article 1.
Corporate Name: _____

Article 2.
Name and Address of Registered Agent and Registered Office in Illinois:

Registered Agent: _____
First Name Middle Name Last Name

Registered Office: _____
Number Street Suite # (P.O. Box alone is unacceptable)

_____
City IL ZIP Code County

Article 3.
The first Board of Directors shall be _____ in number, their names and addresses being as follows.
Not less than three

Director Name	Street Address	City	State	ZIP Code

Article 4.
Purpose(s) for which the Corporation is organized:

(continued on back)

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Article 5.
Other provisions **(For more space, attach additional sheets of this size.):**

Article 6.
Is this Corporation a Condominium Association as established under the Condominium Property Act? (check one)
Yes No

Is this Corporation a Cooperative Housing Corporation as defined in Section 216 of the Internal Revenue Code of 1954? (check one)
Yes No

Is this Corporation a Homeowner's Association, which administers a common-interest community, as defined in subsection (c) of Section 9-102 of the code of Civil Procedure? (check one)
Yes No

Article 7.
Names & Addresses of Incorporators
The undersigned incorporator(s) hereby declare(s), under penalties of perjury, that the statements made in the foregoing Articles of Incorporation are true.

Dated _____ _____
Month Day Year

Signatures and Names	Post Office Address
1. _____	1. _____
Signature _____	Street _____
Name (print) _____	City, State, ZIP _____
2. _____	2. _____
Signature _____	Street _____
Name (print) _____	City, State, ZIP _____
3. _____	3. _____
Signature _____	Street _____
Name (print) _____	City, State, ZIP _____

Signatures must be in BLACK INK on the original document.
Carbon copies, photocopies, or rubber stamped signatures may only be used on the duplicate copy.

- If a corporation acts as incorporator, the name of the corporation and the state of incorporation shall be shown and the execution shall be by a duly authorized corporate officer. Please print name and title beneath the officer's signature.
- The registered agent cannot be the corporation itself.
- The registered agent may be an individual, resident in Illinois, or a domestic or foreign corporation, authorized to act as a registered agent.
- The registered office may be, but need not be, the same as its principal office.
- A corporation that is to function as a club, as defined in Section 1-3.24 of the "Liquor Control Act" of 1934, must insert in its purpose clause a statement that **it will comply with the state and local laws and ordinances relating to alcoholic liquors**.

Return to:

_____	_____
Firm Name	
_____	Attention _____
Mailing address	City, State, ZIP

Provisions to be Inserted as Articles 4 & 5 of the Articles of Incorporation

4. The purposes for which the corporation is organized are:

   The Corporation is organized to operate exclusively for charitable, religious, educational and scientific purposes including, for such purposes, the making of distributions to organizations that qualify as exempt organizations, under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, and more specifically: **(Here insert the specific purpose of your new corporation)**.

5. Other Provisions:
   a. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to, its members, Directors or officers or to other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in these Articles.
   b. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.
   c. Notwithstanding any other provisions of these Articles, the Corporation shall not carry on any other activities not permitted to be carried on: (i) by a corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code; or (ii) by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code or the corresponding section of any future federal tax code.
   d. Upon the dissolution of the Corporation, the assets of the Corporation shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Sample By-Laws of an Illinois Not-for-Profit Corporation

(This is a specimen set of Bylaws, to be used as a guide. These Bylaws may, and should, be tailored to the specific needs of your corporation. The italicized comments are NOT part of the Bylaws and should be deleted).

BYLAWS OF
(Name of Corporation)
AN ILLINOIS NOT FOR PROFIT CORPORATION

ARTICLE I
GOVERNING LAWS AND PURPOSES

1.01 Definition of Bylaws

These Bylaws constitute the code of rules adopted by *(name of organization)* (the "Corporation") for the regulation and management of its affairs.

1.02 Purposes and Powers

The Corporation is organized exclusively for charitable and educational purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code (the "Code"). The Corporation shall have such powers as are set forth in the Articles of Incorporation of the Corporation or as may be granted by the Illinois General Not For Profit Corporation Act of 1986 (the "Act"), or any successor legislation; provided that such powers may be exercised only consistently with its status as a corporation described in Section 501(c)(3) of the Internal Revenue Code, as from time to time amended. The primary purposes of the Corporation are for those enumerated in Section 501(c)(3) of the Internal Revenue Code generally, and including *(insert purposes of Corporation from Articles of Incorporation.)*

1.03 Dissolution

Upon the dissolution of the Corporation, any assets remaining after settlement of the Corporation's liabilities shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

ARTICLE II
OFFICES AND AGENT

2.01 Offices

The Corporation shall have and continuously maintain a Registered Office in the State of Illinois and a Registered Agent at such office. In addition, the Corporation may maintain other offices either within or without the State of Illinois.

ARTICLE III
MEMBERSHIP

3.01 No Members

The Corporation shall not have members. *(If the corporation will have members, there are several changes to this set of Bylaws that will be required.)*

3.02 Effect of Prohibition

Any action which by the Act would require notice to, the presence of, or the vote, consent, approval or other action by the members shall only require notice to, the presence of, or the vote, consent, approval or other action by the Board of Directors.

3.03 Associates

Nothing in this Article III shall be construed as limiting the right of the Corporation to refer to persons associated with it as "members," even though such persons are not members, and no such reference shall constitute anyone a member, within the meaning of Section 101.80 of the Act or corresponding section of any subsequent law. The Corporation may confer by amendment of these Bylaws some or all of the rights of a member as set forth in the Act on any person or persons who do not have the right to vote on changes to the Articles of Incorporation, or on a merger, consolidation, or dissolution of the Corporation, or on a distribution of the Corporation's assets, or on a sale, lease, exchange or mortgage of assets, but no such person shall be a member within the meaning of Section 101.80 of the Act.*(This allows having people designated as "members" in the operational sense without their being considered "members" in The legal sense under the Act)*

ARTICLE IV
BOARD OF DIRECTORS

4.01 General Powers

The affairs of the Corporation shall be managed by the Board of Directors which shall be the governing body of the Corporation. The Board of Directors, in addition to the powers, authority and duties that may be granted or imposed by the Articles of Incorporation or elsewhere in these Bylaws, shall have all of the powers, authority and duties prescribed or imposed by the Act for corporations organized under the Act which have no members. No Director may act by proxy on any matter. The Board of Directors may delegate functions to officers, employees, committees or others but retains full authority over, and responsibility for, all such functions.

4.02 Number of Directors

The number of Directors of the Corporation shall not be fewer than three (3) at any time, nor more than eight (8). The number of Directors may be changed from time to time by amendment of these Bylaws, however the maximum number of Directors may not exceed the minimum number by more than five (5) at any time, and the minimum number of directors may never be fewer than three (3). *(The number of directors can be increased to any number but the range must be 5, i.e. 25-30 directors, 10-15 directors. Never less than 3 however.)*

4.03 Qualifications and Obligations of Directors

Each Director must be eighteen (18) years old. A Director need not be a resident of Illinois. The Board of Directors may, from time to time, set required or suggested obligations of Directors regarding their participation in the Corporation's activities

including the development of financial and other resources. *(Other qualifications may be added).*

4.04 Terms of Directors

At each Annual Meeting, Directors shall be elected for concurrent one (1) year terms by the Board of Directors. Each Director shall continue in office for the term for which elected and until a successor has been elected and qualified. *(The term may be for any number of years. Directors may be divided into classes, and terms may not be uniform, so that all directors' terms do not expire at the same time. This increases continuity. If this is chosen, the bylaw should provide for staggered terms. For example, half the directors are elected each year for a 2-year term.)*

4.05 Resignation of Directors

A Director may resign at any time by written notice delivered to the Board of Directors, the President or Secretary of the Corporation. A resignation is effective when the notice is delivered unless the notice specifies a certain date. The pending vacancy may be filled before the effective date, but the successor shall not take office prior to such effective date.

4.06 Removal of Director

A Director may be removed, with or without cause, by the affirmative vote of a majority of the Directors then in office, at a regular meeting or at a special meeting of the Directors called for that purpose.

4.07 Vacancies on the Board

Any vacancy occurring in the Board of Directors, or any directorship to be filled by reason of an increase in the number of Directors, shall be filled by the Board of Directors. The new Director elected to fill a vacancy shall serve until the next Annual Meeting of the Corporation.

4.08 Directors' Meetings

The Annual Meeting of the Board of Directors shall be held on a date on or before the last day of the fiscal year of the Corporation. The date of other regular meetings of the Board of Directors shall be set by the President or three (3) Directors. *(The dates of the annual or regular meetings can be set for any time).*

4.09 Quorum of Directors

A majority of Directors then in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. If less than such a quorum is present at a meeting, a majority of the Directors present at such meeting may adjourn the meeting to another time without further notice. Participation in a meeting by means of teleconferencing in which all directors can speak to and be heard by all other Directors in attendance shall be considered to be the equivalent of physical attendance at the meeting. The actions of the majority of the Directors present at any meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by the Articles of Incorporation or these Bylaws. (*The quorum can be less, say one-third or forty percent of the Board).*

4.10 Place of Directors' Meetings

Meetings of the Board of Directors, regular or special, shall be held at the registered office of the Corporation or at any other place within or without the State of Illinois, as the President designates by written notice to the Board of Directors or as the Board of Directors designates by resolution duly adopted.

4.11 Notice of Directors' Meeting

a. Meetings of the Board of Directors shall be held upon written or electronic notice to the Board of Directors from the President or the Board of Directors, stating the place, day and time of such meeting. Such notice shall be delivered to each Director not less than five (5) nor more than thirty (30) days before the day of the meeting, either personally, by mail or electronically. If mailed, such notice shall be deemed delivered when deposited in the United States mail, postage prepaid, addressed to the Directors at the addresses as they appear in the records of the Corporation. If notice is provided electronically, such notice shall be deemed delivered on the date and time electronically sent, unless failure of such sending is received prior to the noticed Board meeting. Any Director may waive notice of any meeting.
b. Attendance of a Director at any meeting shall constitute a waiver of notice of such meeting, except when a Director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting, unless specifically required by law or by some provision of these Bylaws.

4.12 Compensation

No Director or Officer of the Corporation, except for the Executive Director, shall receive, directly or indirectly, any salary, wages or compensation in his or her capacity as Director or Officer, but may receive reimbursement of reasonable and necessary expenses advanced on behalf of the Corporation.

4.13 Informal Action

a. Any action required to, or which may, be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the Directors and all of any non-director committee members entitled to vote with respect to the subject matter thereof, or by all the members of such committee, as the case may be. Such consent may also be given electronically.
b. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more Directors or committee members. Such consent may also be given electronically. All the approvals evidencing the consent shall be delivered to the Secretary to be filed in the corporate records. The action taken shall be effective when all the Directors or the committee members, as the case may be, have approved the consent unless the consent specifies a different effective date.
c. Any such consent signed by all the Directors or all the committee members, as the case may be, shall have the same effect as a unanimous vote and may be stated as such in any document filed with the Secretary of State under the Act.

4.14 Committees of the Board

a. The Board of Directors may from time to time create one or more committees. The President shall appoint Directors or such other persons as may be designated, to serve on a committee. Each committee shall have one or more Directors, and a majority of its membership shall be Directors. Each member

of a committee shall continue to serve until the next Annual Meeting of the Board of Directors, and may be reappointed to additional terms. Any member of any committee may be removed by the President whenever in the judgment of the President the best interests of the Corporation shall be served by such removal. One member of each committee shall be appointed chair thereof.

b. Unless the appointment by the Board requires a greater number, a majority of any committee shall constitute a quorum, and a majority of committee members present and voting at a meeting at which a quorum is present is necessary for committee action. A committee may act by unanimous consent in writing without a meeting and the committee by majority vote of its members shall determine the time and place of meetings and the notice required therefore. Such consents may also be given electronically.
c. The Board may delegate to a committee specific and prescribed authority of the Board and each committee may exercise the authority of the Board provided, however, a committee may not:
    i. Adopt a plan for the distribution of the assets of the Corporation, or for its dissolution;
    ii. Fill vacancies on the Board or any of its committees;
    iii. Elect, appoint or remove any Officer or Director or member of any committee, or fix compensation of any member of a committee;
    iv. Adopt, amend or repeal these Bylaws or the Articles of Incorporation of this Corporation;
    v. Adopt a plan of merger or adopt a plan of consolidation with another corporation, or authorize the sale, lease, exchange or mortgage of all or substantially all of the property or assets of the Corporation; or
    vi. Amend, alter, repeal or take action inconsistent with any resolution or action of the Board of Directors unless the resolution or action of the Board of Directors provides by its terms that it may be amended, altered or repealed by action of a committee.
    vii. The Board of Directors may create and appoint persons to a commission, advisory body or other such body which may or may not have Directors as members, which body may not act on behalf of the Corporation or bind it to any action but may make recommendations to the Board of Directors or to the officers.*(This allows advisory groups)*

ARTICLE V
OFFICERS

5.01 Roster of Officers

The Officers of the Corporation shall consist of the following:

1. a President;
2. such number of Vice Presidents as the Board shall determine;
3. a Treasurer;
4. a Secretary; and
5. such other Officers as the Board shall determine.

Two or more offices may be held by the same person, except one person may not serve simultaneously as President and Secretary. *(Officers do not need these titles. They may be called Artistic Director, Business manager, Managing Director etc. A*

person may be both an officer and a member of the board of directors, generally that is the case).

5.02 Selection of Officers

Each of the Officers of the Corporation shall be elected annually by the Board of Directors, shall be a member of the Board of Directors and shall remain in office until a successor to such office has been elected and qualified. Such election will take place at the Annual Meeting of the Board of Directors. *(It may be decided that the Executive Director is not also on the Board).*

5.03 President

The President shall be the principal executive officer of the Corporation and shall, subject to the control of the Board of Directors, supervise and control the affairs of the Corporation. The President shall further perform all other duties incident to such office and such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

5.04 Vice Presidents

The Vice President(s) (or one of them) elected by the Board of Directors shall perform all duties and exercise all powers of the President when the President is absent or otherwise unable to act. In addition, the Vice President(s) shall perform such other duties as may be prescribed from time to time by the Board of Directors. *(There do not have to be any vice-presidents).*

5.05 Secretary

The Secretary shall keep minutes of all meetings of the Board of Directors, shall be the custodian of the corporate records, and generally shall perform all other duties incident to such office and such other duties as may be prescribed from time to time by the Board of Directors. In addition, the Secretary shall have the authority to certify the Bylaws, resolutions of the Board of Directors and committees thereof, and other documents of the Corporation as true and correct copies thereof.

5.06 Activities of Treasurer

The President, or such person as the President designates, shall have charge and custody of all funds of the Corporation, shall deposit the funds as required by the Board of Directors, shall keep and maintain adequate and correct records and accounts of the Corporation's properties and business transactions, shall render reports and accountings to the Directors as required by the Board and, generally, shall perform all other duties incident to such office and such other duties as may be provided in these Bylaws or as may be prescribed from time to time by the Board of Directors.

5.07 Executive Director

The Board of Directors may appoint an Executive Director to handle and carry out the day-to-day operations of the Corporation, subject to the control and supervision of the Board of Directors. The Executive Director shall perform all duties incident to such office and such other duties as may be provided by these Bylaws or as may be prescribed from time to time by the Board of Directors. The Executive Director's compensation shall be determined by the Board of Directors.

5.08 Removal of Officers

Any Officer may be removed by an affirmative vote of a majority of the Board of Directors then in office, exclusive of such Officer, with or without cause, whenever

in their judgment the best interests of the Corporation will be served by such removal.

ARTICLE VI
INDEMNIFICATION OF EMPLOYEES AND AGENTS

6.01 Claim Brought By Third Party

The Corporation may, but is not required to, indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he or she is or was a director, officer, employee or agent of the Corporation, or who is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent, shall not of itself create a presumption that the person did not act in good faith and in a manner in which he or she reasonably believed to be in or not opposed to the best interests of the Corporation or, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that his or her conduct was unlawful.

6.02 Claim By or in the Right of the Corporation

The Corporation may, but is not required to, indemnify any person who was or is a party, or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was an employee or agent of the Corporation, or is or was serving at the request of the Corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit, if such person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation, provided that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall be adjudged to be liable for negligence or misconduct in the performance of his or her duty to the Corporation, unless, and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability, but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses as the court shall deem proper.

6.03 Successful Defense

To the extent that a present or former Director, Officer, employee or agent of the Corporation has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding referred to in Sections 6.01 or 6.02 of these Bylaws, or in

the defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith; if that person acted in good faith and in a manner he or she reasonably believed to be in, or not opposed to, the best interests of the Corporation.

6.04 Determination of Conduct

Any indemnification under Sections 6.01 or 6.02 of these Bylaws (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case, upon a determination that indemnification of the Director, Officer, employee or agent is proper in the circumstances because he or she has met the applicable standard of conduct set forth in said Sections 6.01 or 6.02. Such determination shall be made by a majority vote of the Board of Directors who were not parties to such action, suit or proceeding, even though less than a quorum, and if there are no such directors, by independent legal counsel.

6.05 Insurance

The Corporation may, but is not required to, purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee or agent of the Corporation or who is or was serving at the request of the Corporation as a Director, Officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify such person against liability under the provisions of this Article VI.

ARTICLE VII
OPERATIONS

7.01 Fiscal Year

For accounting, tax and related purposes, the Corporation shall operate, and its records shall end, on December 31 of each year. (*The Corporation may select any fiscal year of twelve months that it chooses).*

7.02 Execution of Documents

The Board of Directors may authorize any Officer or Officers or agent or agents of the Corporation to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. In the absence of such determination by the Board of Directors, such documents shall be signed by the Secretary and countersigned by the President.

7.03 Books and Records

The Corporation shall keep correct and complete books and records of account and of the activities of the Corporation, including the Articles of Incorporation, these Bylaws and minutes of the proceedings of the Board of Directors and any committee of the Board of Directors, which books and records shall be kept at the Corporation's principal office or at such other place as the Board of Directors shall from time to time determine.

7.04 Inspection of Books and Records

All books and records of the Corporation may be inspected by a Director, or his or her agent or attorney, for any purpose at any mutually agreed upon time.

7.05 Not For Profit Operation

The Corporation will not have or issue shares of stock. No dividend shall be paid, and no part of the money, property or other assets of the Corporation will be distributed to its Directors or Officers. However, the Corporation may pay compensation in a reasonable amount to Officers or Directors for actual services rendered, other than as an Officer or Director, with the exception of the Executive Director, who may be compensated as such.

7.06 Loans to Management

The Corporation shall make no loans to any of its Directors or Officers.

7.07 Gifts

The Officers or Board of Directors may accept on behalf of the Corporation any contributions, gifts, bequests or devises for the general purpose or for any specific purpose of the Corporation.

ARTICLE VIII
AMENDMENTS

8.01 Amendment of Bylaws

The affirmative vote of a majority of the Board of Directors then in office is required to amend, repeal, alter or adopt new Bylaws. Such action may be taken at a regular or special meeting provided written notice of the purpose shall be given prior to said meeting, or by written or electronic consent. The Bylaws may contain any provision for the regulation and management of the affairs of the Corporation not inconsistent with the Act, law or the Corporation's stated purpose.

DATE: _____

AUTHORIZED SIGNATURE: _____

TITLE: _____

Rev. 4/7/2025

Actions to be taken at the First Meeting of the Board of Directors

1. Elect Board of Directors
   Note: This may be the same three persons as set forth in the Articles – or other people. Not limited to three (but three is the minimum).
2. Adopt By-Laws
3. Elect officers (including any Executive Directors – and set compensation)
4. Resolution to open bank account (bank will supply forms)
5. Adopt Conflict of Interest Policy
6. Resolution – officers to file all required forms with state agencies – and apply to Federal Internal Revenue Service for tax exemption
7. Register domain names
8. Adopt record keeping and records retention systems policy
9. Adopt Whistleblower Policy
10. Pay or reimburse organizational expenses

Guide for Organizing Not-for-Profit Corporations

SECRETARY *of* STATE | ALEXI GIANNOULIAS

My office provides this guide to assist you with forming your own Not-for-Profit Corporation, a process that can sometimes be complicated. The guide provides detailed guidelines for filing the Articles of Incorporation, as well as information on filing fees, government agencies you must contact, and legal obligations you will assume after incorporation.

This guide is not a substitute for legal advice. I encourage you to consult with an attorney and accountant to understand the legal, business, tax, and financial obligations and consequences that may result after incorporation.

If you have further questions about organizing your Not-for-Profit Corporation, please contact my office's Department of Business Services, Corporations Division, at 217-524-8008.

Alexi Giannoulias
Illinois Secretary of State

GUIDE FOR ORGANIZING NOT-FOR-PROFIT CORPORATIONS

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ARTICLES OF INCORPORATION

The Articles of Incorporation is a legal document through which a corporation is formed. This document is sometimes referred to as the charter. Regardless of your future tax-exempt status, you must complete and submit two identical copies of the Articles of Incorporation, Form NP-102.10, with at least one copy being the original. All sections of the form must be completed. Please type or print all responses.

TAX-EXEMPT STATUS

NOT ALL NOT-FOR-PROFIT CORPORATIONS ARE TAX EXEMPT. Before you take any action, you should decide whether you wish to apply for federal income tax-exempt status (e.g., 501(c) (3) status). Only certain kinds of charities, schools, churches, research institutes, clubs, etc., fall into that category. The words "athletic," "benevolent," "eleemosynary," and "social" are not acceptable as purposes if a corporation is going to apply for 501(c) (3) status.

To find out if your corporation may qualify for a tax break, obtain and read the Internal Revenue Services' (IRS) Publication 557 — Tax-Exempt Status for Your Organization. An organization does not have to be incorporated to apply for exempt status.

If you decide to apply, you will use either Form 1023 or Form 1024. However, you must be incorporated before the IRS considers your application a Not-for-Profit Corporation. Incorporation does not guarantee federal tax exemption, but if you wish to apply for that status, your Articles of Incorporation may have to be written with the IRS regulations in mind.

ARTICLES OF INCORPORATION REQUIREMENTS

CORPORATE NAME

A. Restrictions

Distinguishable: You may choose any name as long as it is distinguishable from: (1) the name of an existing Illinois corporation; (2) the name of a foreign corporation authorized to conduct affairs in Illinois; (3) the name of an existing Illinois Limited Liability Company (LLC) or a foreign LLC registered in Illinois; or (4) a name to which the exclusive right is currently reserved.

NFP Designator: The name must end with the letters NFP if it contains any word or phrase that indicates or implies that the corporation is organized for any purpose not listed in the General Not For Project Corporation Act of 1986.

Restricted Words: No name shall contain the words "regular democrat," "regular democratic," "regular republican," "democrat," "democratic," "republican," or the name of any other established political party unless consent is given by the State Central Committee of such established political party.

B. Name Availability

You may check if a name is available by calling the Secretary of State's Department of Business Services at 217-524-8008 or using the name availability tool on the Department's website.

NOTE: *A preliminary name availability determination does not guarantee that the name will be available at a later date. The Department of Business Services reserves final determination of availability until a Name Reservation, an Articles of Incorporation, or an Assumed Name Application is filed.*

C. Reserving a Name

You may reserve an available name for 90 days for a $25 fee by filing Form NFP-104.10 with the name and a brief description of the corporate purpose. Name reservations may be renewed by repeating this process.

REGISTERED AGENT AND OFFICE

A. Purpose

Each corporation must establish and maintain a registered agent and a registered office in Illinois upon whom service of process on the corporation may be served and to whom all official correspondence from the Secretary of State may be sent. For these reasons, the name and address of the registered agent must be kept current with the Secretary of State.

NOTE: *Failure to maintain a registered agent and a registered office will ultimately result in the involuntary dissolution of the company.*

B. Qualifications

The registered agent must be:

- An individual who resides in Illinois **OR**
- A business entity authorized to transact business in this state.

The registered office must be:

- Located in Illinois and must be a street or road address. P.O. Box numbers will not be accepted.

C. Changes

Any change in either the registered agent or the office must be reported as soon as the change occurs. Prompt reporting of changes ensures correspondence will be completed on time. Form NFP-105.10 is used to report changes.

DURATION

The duration is the period of time you plan to be incorporated. The duration is perpetual unless otherwise stated in the Articles of Incorporation.

PURPOSE

A. General

The purpose states the function or character of the corporation. Illinois requires this statement to be narrow and specific. Purposes that are too broad, general, or vague will not be accepted.

B. Allowable Purposes

Not-For-Profit Corporations may be organized for any one or more of the following or similar purposes:

1) Charitable.
2) Benevolent.
3) Eleemosynary.
4) Educational.
5) Civic.
6) Patriotic.
7) Political.
8) Religious.
9) Social.
10) Literary.
11) Athletic.
12) Scientific.
13) Research.
14) Agricultural.
15) Horticultural.
16) Soil improvement.
17) Crop improvement.
18) Livestock or poultry improvement.
19) Professional, commercial, industrial, or trade association.
20) Promoting the development, establishment, or expansion of industries.
21) Electrification on a cooperative basis.
22) Telephone service on a mutual or cooperative basis.
23) Ownership and operation of water supply facilities for drinking and general domestic use on a mutual or cooperative basis.
24) Ownership or administration of residential property on a cooperative basis.
25) Administration and operation of property owned on a condominium basis or by a homeowner association.
26) Administration and operation of an organization on a cooperative basis producing or providing goods, services, or facilities primarily for the benefit of members who are consumers of such goods, services, or facilities.
27) Operation of a community mental health board or center organized under the Community Mental Health Act for the purpose of providing direct patient services.
28) Provision of debt management services as authorized by the Debt Management Service Act.
29) Promotion, operation, and administration of a ridesharing arrangement as defined in Section 1-176.1 of the Illinois Vehicle Code.
30) Administration and operation of an organization for the purpose of assisting low-income consumers in the acquisition of utility and telephone services.
31) Any purpose permitted to be exempt from taxation under Section 501(c) or 501(d) of the U.S. Internal Revenue Code, as now in or hereafter amended.
32) Any purpose that would qualify for tax-deductible gifts under Section 170(c) of the U.S. Internal Revenue Code, as now or hereafter amended. (Any such purpose is deemed to be charitable under subsection (a)(1) of this Section.)
33) Furnishing natural gas on a cooperative basis.
34) Ownership and operation of agriculture-based biogas (anaerobic digester) systems on a cooperative basis, including the marketing and the sale of products produced from these, including but not limited to methane gas, electricity, and compost.

35) Ownership and operation of a hemophilia program, including comprehensive hemophilia diagnostic treatment centers, under Section 501(a)(2) of the Social Security Act. The hemophilia program may employ physicians, other health care professionals, and staff. The program and the corporate board may not exercise control over, direct, or interfere with a physician's exercise and execution of their professional judgment in providing care or treatment.
36) Engineering for conversation services associated with wetland restoration or mitigation, flood mitigation, groundwater recharge, and natural infrastructure. Non-profit engineering for conservation services may not be procured by qualifications based selection criteria for contracts with the Department of Transportation, Illinois State Toll Highway Authority, or Cook County, except as a subcontractor or subconsultant.

C. Specifics

After prefacing the general purpose, a more detailed or specific purpose may be listed. Simple, everyday language can be used. For example: "To find homes for stray dogs and cats," "To send needy inner-city children to summer camp," or "To form a neighborhood block club." DO NOT use any language that may indicate or imply a business purpose, as it is not a proper not-for-profit purpose.

A corporation that is to function as a club, as defined in Section 1-3-24 of the Liquor Control Act of 1934, must insert in its purpose clause the following statement: the corporation will comply with state and local laws and ordinances relating to alcoholic liquors.

A corporation must also state whether it is a condominium association as established under the Condominium Property Act, a cooperative housing corporation defined in Section 216 of the Internal Revenue Code of 1954, or a homeowner association, which administers a common-interest community as defined in subsection (c) of Section 9-102 of the Code of Civil Procedures.

D. Tax-Exempt Status

If you intend to apply for federal tax-exempt status, you must elaborate on the corporation's purpose in the Other Provisions section of the form.

E. Powers

All Not-For-Profit Corporations are granted many powers by statute. Among the granted, statutory powers are the powers to sue and be sued, complain and defend in the corporate name; to have and affix a corporate seal; to purchase, lease, acquire, hold, use, own, or otherwise deal in and with any real and personal property; to make contracts and incur liabilities; to elect or appoint officers; to make and alter by-laws; to loan money for its corporate purposes; to have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is organized. Because these powers are statutory, they do not need to be listed or included in the purpose.

DIRECTORS

There must be at least three directors. They do not have to be Illinois residents or corporation members, but you may require these and any other qualifications you choose. Restrictions and qualifications may be outlined in the Articles of Incorporation under the Other Provisions section or in the corporate by-laws.

INCORPORATORS

One or more incorporators may organize a corporation under this Act. An incorporator may be either a natural person age 18 or older or a corporation, domestic or foreign, whether not-for-profit or otherwise.

OTHER PROVISIONS

This section may be used to list any other provisions regarding the corporation's internal affairs that you wish to have as part of the Articles of Incorporation. These may include:

A. Tax-Exempt Status

If you intend to apply to the IRS for tax-exempt status and the section of the Internal Revenue Code under which your corporation will fall requires an elaboration of purposes, the means for achieving them, procedures for dissolution, etc., this is the place to make those statements. This section must be written in a language and format that conforms to the specifications of the IRS Code. These statements will play a large part in determining your tax status by the IRS. (Note — In some instances, this information may be included in your by-laws instead of in the Articles of Incorporation. Check Publication 557, ask the IRS, or consult an attorney if uncertain.)

B. Restrictions and Qualifications

List who can be a member, an officer, or a director and what duties each must perform. This information need not be a part of the Articles of Incorporation, but if not, it should be a part of the by-laws.

C. Other Regulations

List any other regulation(s) governing the corporation's internal affairs. This information need not be a part of the Articles of Incorporation, but if not, it should be a part of the by-laws.

FILING THE ARTICLES OF INCORPORATION

WHAT IS NEEDED TO FILE

- Two copies of the Articles of Incorporation (one originally signed document and one copy, which may be an original or photocopy).
- Payment of the initial $50 filing fee. Forms of accepted payment are: credit card, certified check, cashier's check, money order, Illinois attorney check, or certified public accountant's check. Please make payments payable to the Illinois Secretary of State. Cash payments are not accepted.

WHERE TO FILE

Articles of Incorporation and the initial incorporation fee can be submitted on the Department's website or mailed to the Department of Business Services in Springfield.

If expedited service is requested, the Department will review and, if approved, file the Articles of Incorporation within 24 hours of receipt (excluding weekends and holidays). Under the provisions of the Illinois General Not-For-Profit Act, all requests for expedited service will incur a $25 service fee in addition to the $50 filing fee. Please note that expedited service is only available in-person.

Once approved, the Secretary of State will stamp the filing date on both copies of the Articles of Incorporation and assign an 8-digit file number. One copy of the Articles of Incorporation will be returned to the Corporation's representative.

FILINGS AFTER INCORPORATING

FEDERAL INCOME TAX

If you decide to apply for federal income tax exemption, you must do so after you have been incorporated and have received the filed Articles of Incorporation from the Secretary of State. Applications for federal tax-exempt status are available from the IRS. Completed applications should be submitted to the IRS, along with photocopies of your Articles of Incorporation and your by-laws. The IRS will notify you of its determination and the annual reports you will be required to file after receiving your documents.

If you do not apply for or do not receive a federal tax exemption, you must file federal income tax returns and pay the appropriate tax. Please consult the IRS for more information.

ILLINOIS INCOME TAX

If your corporation receives a federal tax exemption, it is exempt from Illinois income tax. No reports need to be filed, and no tax is due.

If you do not apply for or do not receive a federal tax exemption, you must file Illinois income tax returns and pay the appropriate tax. For more information, please consult the Illinois Department of Revenue, Income Tax Division.

ILLINOIS SALES TAX

Some Not-For-Profit Corporations may qualify for an exemption from paying sales tax on goods purchased for the organization's use if they are formed exclusively for charitable, religious, or educational purposes or for senior citizens. To find out if you qualify, write a letter of request to the Illinois Department of Revenue, Sales Tax Division, and enclose photocopies of your Articles of Incorporation, by-laws, constitution, IRS exemption letter, or any other documents that may help determine your status. The Department of Business Services will notify you of your status.

If you qualify for sales tax exemption, you will be issued an exemption letter. You may not use your not-for-profit registration number or IRS number to claim exemption from Illinois sales tax.

ILLINOIS ATTORNEY GENERAL REGISTRATION

Certain charitable organizations must register with the Attorney General, Division of Charitable Trust and Solicitations, under either or both the Illinois Charitable Trust Act or the Illinois Solicitation Act. Please consult the Office of the Illinois Attorney General for more information.

REPORTING REQUIREMENTS

ANNUAL REPORTS TO THE SECRETARY OF STATE

All Not-For-Profit Corporations must file an annual report of officers and directors with the Secretary of State. Exact due dates for annual reports vary based on when the corporation was formed. The annual report is due before the first day of the corporation's anniversary month each year. The anniversary month is the month in which the corporation was formed. For example, if the date of incorporation was September 15, the annual report is due before the first day of September every year. Forms will be sent to the registered agent approximately 60 days before the due date. Failure to file an annual report may result in the involuntary dissolution of the corporation.

ANNUAL REPORTS TO OTHER GOVERNMENT AGENCIES

The IRS, Illinois Department of Revenue, and Illinois Attorney General may require other annual returns. Please consult the proper agency for more information on your obligations.

OTHER REPORTS TO THE SECRETARY OF STATE

Any change in the corporate name, duration, or purpose will require an amendment to the Articles of Incorporation. Mergers, dissolutions, or reinstatements must also be reported to the Department of Business Services. All forms are available on the Department's website and should be filed upon the occurrence of the particular event.

NOT-FOR-PROFIT CORPORATIONS FORMS AND FEES

Please note that the expedited fee amounts are in addition to the applicable filing fees, franchise taxes, penalties, and interest.

Form Number	Form Name	Fee	Expedited Fee in addition to fee
EOA 205	Statement of Conversion	$100	$200
EOA 305	Statement of Domestication	$100	$200
EOA 204/304	Statement of Conversion/ Domestication Abandonment	$100	$200
NFP 101.15	Statement of Correction	$25	N/A
NFP 102.10	Articles of Incorporation	$50	$25
NFP 104.10	Reservation or Transfer of Name	$25	$25
NFP 104.15/104.20	Application to Adopt an Assumed Name	See Form	$25
NFP 104.15/104.20	Application to Change or Cancel an Assumed Name	$5	$25

NFP 104.25	Registration or Renewal of Name (Foreign)	$50	$25
NFP 104.25	Cancellation of Foreign Registration	$5	$25
NFP 105.10/105.20	Change of Registered Agent/Office	$5	$25
NFP 105.15	Notice of Resignation of Registered Agent	$5	$25
NFP 105.25	Affidavit of Compliance for Service of Process	$10	$25
NFP 110.30	Articles of Amendment	$25	$25
NFP 110.30R	Restated Articles of Incorporation	$100	$25
NFP 111.25	Articles of Merger or Consolidation	$25	$25
NFP 111.37	Articles of Merger	$25	$25
NFP 112.20	Articles of Dissolution	$5	$25
NFP 112.25	Articles of Revocation of Dissolution	$5	$25
NFP112.45/113.60	Application for Reinstatement Domestic/Foreign Corporation	$25	$25
NFP 113.15	Application for Authority to Conduct Affairs in Illinois	$50	$25
NFP 113.40	Application for Amended Certificate of Authority	$25	$25
NFP 113.45	Application for Certificate of Withdrawal and Final Report	$5	$25
NFP 114.05	Domestic/Foreign Corporation Annual Report	$10	$25
NFP 115.15	**Expedited Processing** Corporate Request Form For: Certificates Of Good Standing Copies Of Documents	 $5 $5	 $10 $25
NFP 115.20	**Routine Processing** Corporate Request Form For: Certificates Of Good Standing Copies Of Documents	 $5 $5	

All payments must be in the exact amount due and accompany any forms submitted.

Forms of accepted payment are: credit card, certified check, cashier's check, money order, Illinois attorney check, or certified public accountant's check. Please make payments payable to the Illinois Secretary of State. Cash payments are not accepted.

CONTACT INFORMATION

This information is not intended to be a complete list but merely those agencies most frequently required to be consulted.

ILLINOIS SECRETARY OF STATE

ilsos.gov

Secretary of State
Department of Business Services
Corporation Division
501 S. Second St., Rm. 350
Springfield, IL 62756
217-524-8008

Secretary of State
Department of Business Services
Corporation Division
69 W. Washington St., Ste. 1240
Chicago, IL 60602
312-793-3380

ILLINOIS DEPARTMENT OF REVENUE

tax.illinois.gov

Department of Revenue
Income Tax Division
101 W. Jefferson St.
Springfield, IL 62702
217-782-3336
800-732-8866

Department of Revenue
Income Tax Division
555 W. Monroe St., Ste. 1100
Chicago, IL 60661
800-732-8866

Department of Revenue
Sales Tax Division
101 W. Jefferson St.
Springfield, IL 62702
217-782-3336
800-732-8866

Department of Revenue
Sales Tax Division
555 W. Monroe St., Ste. 1100
Chicago, IL 60661
800-732-8866

ILLINOIS ATTORNEY GENERAL

Illinois Attorney General
500 S. Second St.
Springfield, IL 62701
217-782-1090

Illinois Attorney General
Division of Charitable Trust and Solicitations
100 W. Randolph St., 11th Fl.
Chicago, IL 60601
312-814-2595

INTERNAL REVENUE SERVICE

irs.gov

Internal Revenue Service
3101 Constitution Drive
Springfield, IL 62704
800-829-1040

Internal Revenue Service
Attn: Forms Services
230 S. Dearborn St.
Chicago, IL 60609
800-829-1040

ILLINOIS
SECRETARY
of STATE

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February 2024 — 1 — C 165.34

City of Chicago Business Licensing

Every business operating in the City of Chicago requires a City of Chicago business license. The exact license and cost will depend on the specific business activities you will be conducting. If you are operating in Unincorporated Cook County, you are required to obtain a Cook County General Business License.

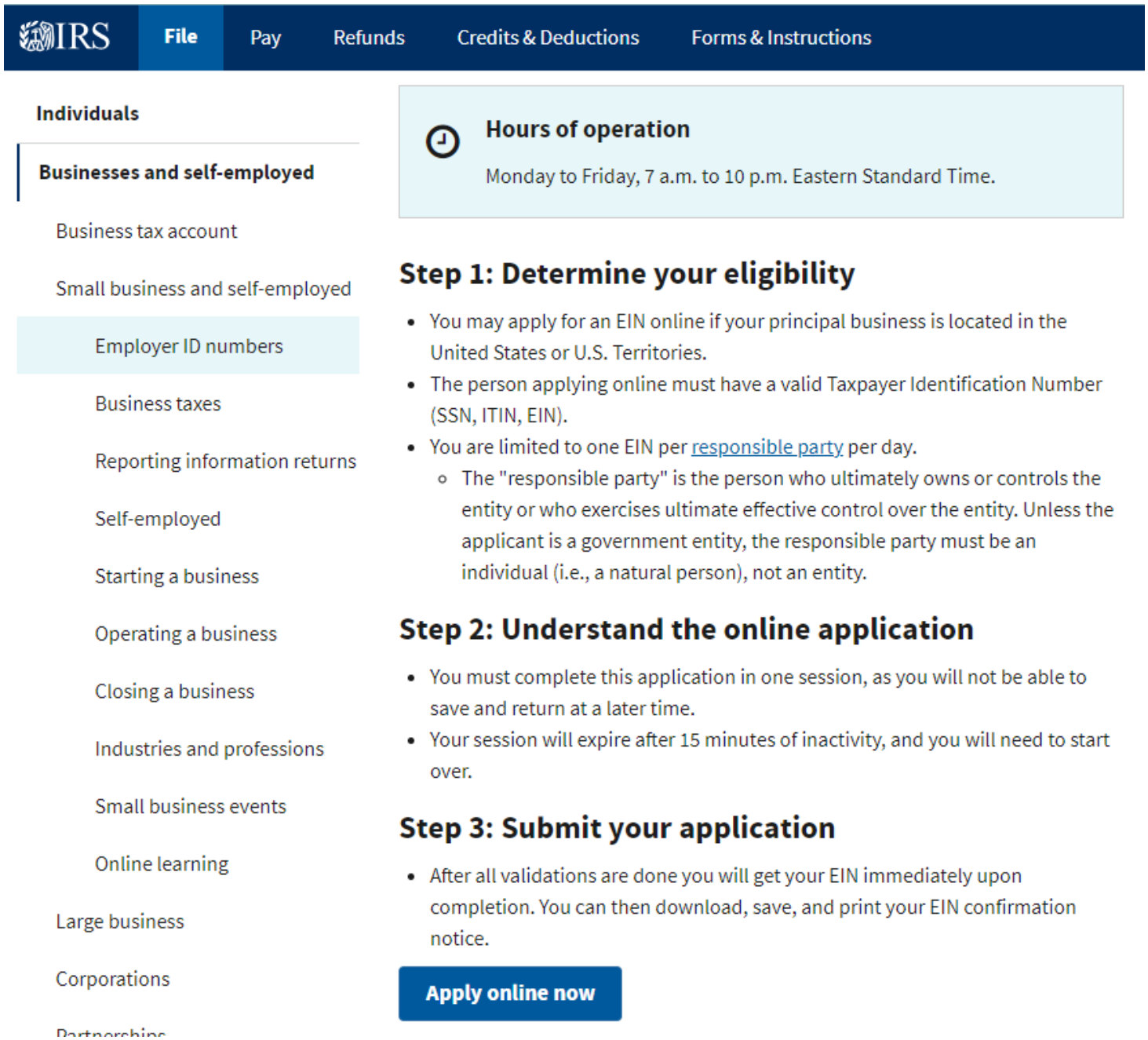
You can obtain a business license through the Chicago Business License Application System or by setting up an in-person appointment with a Business Affairs and Consumer Protection business consultant. If you decide to set up the in-person appointment, you will need to complete a Business Information Sheet ahead of time.

A list of common licenses can be found below, but you should utilize the tools provided by the Chicago Department of Business Affairs and Consumer protection to determine the appropriate licenses required by your organization.

BUSINESS SECTOR/Activity	LICENSE TYPE	LICENSE APPLICATION FEE / 2 YEARS	APPLY ONLINE	ZONING REVIEW	CRIMINAL HISTORY BACKGROUND	ONSITE INSPECTIONS
ENTERTAINMENT						
Indoor Special Event, Class A	Indoor Special Events, Class A	$6,000		√		Buildings (SIP), Fire
Indoor Special Event, Class B Not-For-Profit	Indoor Special Events, Class B	$100/event		√		Buildings (SIP), Fire
Public Place of Amusement (PPA)	Public Place of Amusement	$770 - $13,200		√	√	Buildings (SIP, Ventilation, Electrical, Plumbing), Finace, Fire
Raffle	Raffle	$100/1 year	√			
FOOD						
Mobile Food Dispenser (truck), Pre-packaged and Pre-cooked food - More Information	Mobile Food	$700	√	√		Health, Finance, Fire (if applicable)
Mobile Food Preparer (truck), Cooking or Preparing food on vehicle - More Information	Mobile Food	$1,000	√	√		Health, Finance, Fire
Mobile Frozen Desserts, Non-Motorized	Mobile Food	$275	√	√		Heath, Finance
Mobile Frozen Desserts, Motorized (2 or 3 wheels)	Mobile Food	$275	√	√		Health, Finance
Mobile Prepared Food Vendor - Complete Requirements	Mobile Food	$100	√			Health, Finance
Produce Merchant	Mobile Food	$100	√			Heal,th Finance
Restaurant, Grocery Store, Bakery Deli, Café, etc.	Retail Food	0 – 1,000 square feet $660.00 1,001 – 2,500 square feet	√	√		Health,Finance

Apply Online for an Employer Identification Number

Access the EIN Assistant at IRS.gov – https://www.irs.gov/businesses/small-businesses-self-employed/apply-for-an-employer-identification-number-ein-online



Additional Information about Applying Online

Return due dates provided on CP575 notices

Due to a change in return due dates for Partnerships and certain Corporations, your CP575 notice may be incorrect for tax periods ending after 12/31/2015. When fiuling any tax return, sue the most current version of the form and instructions for your entity type to ensure timely filing.

Important

You cannot process your application online if the responsible party is an entity with an EIN previously obtained through the Internet. Please use one of the other methods to apply. See How to Apply for an EIN.

Purpose of an Employer Identification Number

Employer Identification Numbers are issued for the purpose of tax administration and are not intended for participation in any other activities (e.g., tax lien auction or sales, lotteries, etc.)

Employer Tax Responsibilities Explained (Publications 15, 15-A & 15-B)

Publication 15 provides information on employer tax responsibilities related to taxable wages, employment tax withholding and which tax returns must be filed. More complex issues are discussed in Publication 15-A and tax treatment of many employee benefits can be found in Publication 15. We recommend employers download these publications from IRS. Gov. Copies can be requested online (search "Forms and Publications") or by calling 1-800-TAX-FORM.

Exempt Organization Information

If you believe your organization qualifies for tax exempt status (whether or not you have a requirement to apply for a formal ruling), be sure your organization is formed legally before you apply for an EIN. Nearly all organizations exempt under IRC 501(a) are subject to automatic revocation of their tax-exempt status if they fail to file a required annual information return or notice for three consecutive years. When you apply for an EIN, it is presumed you're legally formed and the clock starts running on this three-year period. **Example:** Your organization applies for an EIN in November 2014 and chooses a December accounting period. Your first tax period would end on December 31, 2014, and your first return or notice (if your organization does not meet one of the few exceptions to the annual reporting requirement) would be due May 15, 2015. You would be subject to automatic revocation of your exemption if you fail to file for the three periods that end December 31, 2016 (return/notice due May 15, 2017) or for any consecutive three-year period thereafter.

Instructions for Form SS-4

(Rev. December 2023)

Application for Employer Identification Number (EIN)

Department of the Treasury
Internal Revenue Service

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Use these instructions to complete Form SS-4, Application for Employer Identification Number (EIN). Also, see *Do I Need an EIN?* on page 2 of Form SS-4.

Future Developments

For the latest information related to Form SS-4 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/FormSS4*.

What's New

Line 14. Form SS-4, line 14, now reflects the ceiling for wages paid by employers in U.S. territories electing to file Form 944. This information has been available in the instructions for *Line 14*.

Indian tribal governments/enterprises. We added guidance to *Line 1* and *Line 9a*, later, for Indian tribal governments, and for certain tribal enterprises that are not recognized as separate entities for federal tax purposes, under Regulations section 301.7701-1(a)(3).

Forms SS-4 and SS-4(sp) absorb Form SS-4PR. Form SS-4PR, Solicitud de Número de Identificación Patronal, will no longer be available after 2023. Instead, if you are an employer in Puerto Rico, you will file Form SS-4. If you prefer your form and instructions in Spanish, you can file new Form SS-4 (sp), Solicitud de Número de Identificación del Empleador (EIN).

Pub. 51 and Pub. 80 rolled into Pub. 15, plus new Pub. 15(sp). Pub. 51, Agricultural Employer's Tax Guide, and Pub. 80, Federal Tax Guide for Employers in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands, will no longer be available after 2023. Instead, information specific to agricultural employers and employers in the U.S. territories will be included in Pub. 15, Employer's Tax Guide, beginning with the Pub. 15 for use in 2024. Beginning in 2024, there will be a new Pub. 15 (sp) that is a Spanish-language version of Pub. 15.

Purpose of Form

Use Form SS-4 to apply for an EIN. An EIN is a 9-digit number (for example, 12-3456789) assigned to sole proprietors, corporations, partnerships, estates, trusts, and other entities for tax filing and reporting purposes. The information you provide on this form will establish your business tax account.

TIP *See Form SS-4SP (Spanish) for the Spanish-language version of Form SS-4.*

CAUTION *An EIN is for use in connection with your business activities only. Don't use your EIN in place of your social security number (SSN) or individual taxpayer identification number (ITIN).*

Reminders

Apply for an EIN online. For applicants in the U.S. or U.S. territories, you can apply for and receive an EIN free of charge on IRS.gov. See *How To Apply for an EIN*, later.

Keep Form SS-4 information current. Use Form 8822-B to report changes to your responsible party, address or location. Changes in responsible parties must be reported to the IRS within 60 days.

File only one Form SS-4. Generally, a sole proprietor should file only one Form SS-4 and needs only one EIN, regardless of the number of businesses operated as a sole proprietorship or trade names under which a business operates. However, if a sole proprietorship incorporates or enters into a partnership, a new EIN is required. Also, each corporation in an affiliated group must have its own EIN.

EIN applied for, but not received. If you don't have an EIN by the time a return is due, write "Applied For" and the date you applied in the space shown for the number. Don't show your SSN as an EIN on returns. If you don't have an EIN by the time a tax deposit is due, send your payment to the Internal Revenue Service Center for your filing area as shown in the instructions for the form that you are filing. Make your check or money order payable to the "United States Treasury" and show your name (as shown on Form SS-4), address, type of tax, period covered, and date you applied for an EIN.

TIP *For information about EINs and federal tax deposits, see Pub. 15.*

CAUTION *To ensure fair and equitable treatment for all taxpayers, EIN issuances are limited to one per responsible party, per day. For trusts, the limitation is applied to the grantor, owner, or trustor. For estates, the limitation is applied to the decedent (decedent estate) or the debtor (bankruptcy estate). This limitation is applicable to all requests for EINs whether online, telephone, fax, or mail.*

How To Apply for an EIN

You can apply for an EIN online (only for applicants in the U.S. or U.S. territories), by telephone (only for applicants outside of the U.S. or U.S. territories), by fax, or by mail, depending on how soon you need to use the EIN. Use only one method for each entity so you don't receive more than one EIN for an entity.

Apply for an EIN online. If you have a legal residence, principal place of business, or principal office or agency in the U.S. or U.S. territories, you can receive an EIN online and use it immediately to file a return or make a payment. Go to the IRS website at *IRS.gov/EIN*.

The principal officer, general partner, grantor, owner, trustor, etc., must have a valid taxpayer identification number (SSN, EIN, or ITIN) in order to use the online application. Taxpayers who apply online have an option to view, print, and save their EIN assignment notice at the end of the session. Authorized third-party designees, see *Line 18*, later.

CAUTION *If you have NO legal residence, principal place of business, or principal office or agency in the U.S. or U.S. territories, you can't use the online application to obtain an EIN. Please use one of the other methods to apply.*

Apply by telephone—option available to international applicants only. If you have NO legal residence, principal place of business, or principal office or agency in the U.S. or U.S. territories, you may call 267-941-1099 (not a toll-free number), 6:00 a.m. to 11:00 p.m. (Eastern time), Monday through Friday, to obtain an EIN.

The person making the call must be authorized to receive the EIN and answer questions concerning Form SS-4. Complete the Third Party Designee section only if you want to authorize the named

individual to receive the entity's EIN and answer questions about the completion of Form SS-4. The designee's authority terminates at the time the EIN is assigned and released to the designee. You must complete the signature area for the authorization to be valid.

Note. It will be helpful to complete Form SS-4 before contacting the IRS. An IRS representative will use the information from Form SS-4 to establish your account and assign you an EIN. Write the number you're given on the upper right corner of the form and sign and date it. Keep this copy for your records.

If requested by an IRS representative, mail or fax the signed Form SS-4 (including any third-party designee authorization) within 24 hours to the IRS address provided by the IRS representative.

The IRS no longer issues EINs by telephone for domestic taxpayers. Only international applicants can receive an EIN by telephone.

Apply by fax. Under the Fax-TIN program, you can receive your EIN by fax generally within 4 business days. Complete and fax Form SS-4 to the IRS using the appropriate fax number listed in *Where To File or Fax*, later. A long-distance charge to callers outside of the local calling area will apply. Fax-TIN numbers can only be used to apply for an EIN. The numbers may change without notice. Fax-TIN is available 24 hours a day, 7 days a week.

Be sure to provide your fax number so the IRS can fax the EIN back to you.

Apply by mail. Complete Form SS-4 at least 4 to 5 weeks before you will need an EIN. Sign and date the application and mail it to the appropriate address listed in *Where To File or Fax*, later. You will receive your EIN in the mail in approximately 4 weeks. Also, see *Third-Party Designee*, later.

Call 800-829-4933 to verify a number or to ask about the status of an application by mail.

Form SS-4 downloaded from IRS.gov is a fillable form and, when completed, is suitable for faxing or mailing to the IRS.

Where To File or Fax

If you have a principal place of business, office or agency, or legal residence in the case of an individual, located in:	File or fax to:
One of the 50 states or the District of Columbia	Internal Revenue Service Attn: EIN Operation Cincinnati, OH 45999 Fax: 855-641-6935
If you have no legal residence, principal office, or principal agency in any state or the District of Columbia (international/U.S. territories)	Internal Revenue Service Attn: EIN International Operation Cincinnati, OH 45999 Fax: 855-215-1627 (within the U.S.) Fax: 304-707-9471 (outside the U.S.)

How To Get Tax Help, Forms, and Publications

Tax help for your business is available at IRS.gov/Businesses.

You can download or print all of the forms and publications you may need on *IRS.gov/FormsPubs*. Otherwise, you can go to *IRS.gov/OrderForms* to place an order and have forms mailed to you. You should receive your order within 15 business days if the items are available.

Related Forms and Publications

The following forms and instructions may be useful to filers of Form SS-4.

- Form 11-C, Occupational Tax and Registration Return for Wagering.
- Form 637, Application for Registration (For Certain Excise Tax Activities).
- Form 720, Quarterly Federal Excise Tax Return.
- Form 730, Monthly Tax Return for Wagers.
- Form 941, Employer's QUARTERLY Federal Tax Return.
- Form 944, Employer's ANNUAL Federal Tax Return.
- Form 990-T, Exempt Organization Business Income Tax Return (and Proxy Tax Under Section 6033(e)).
- Instructions for Form 990-T, Exempt Organization Business Income Tax Return.
- Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.
- Form 1024, Application for Recognition of Exemption Under Section 501(a).
- Schedule C (Form 1040), Profit or Loss From Business (Sole Proprietorship).
- Schedule F (Form 1040), Profit or Loss From Farming.
- Instructions for Form 1041 and Schedules A, B, G, J, and K-1, U.S. Income Tax Return for Estates and Trusts.
- Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons.
- Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding.
- Instructions for Form 1065, U.S. Return of Partnership Income.
- Instructions for Form 1066, U.S. Real Estate Mortgage Investment Conduit (REMIC) Income Tax Return.
- Instructions for Form 1120, U.S. Corporation Income Tax Return.
- Form 1120-S, U.S. Income Tax Return for an S Corporation.
- Form 2290, Heavy Highway Vehicle Use Tax Return.
- Form 2553, Election by a Small Business Corporation.
- Form 2848, Power of Attorney and Declaration of Representative.
- Form 8821, Tax Information Authorization.
- Form 8822-B, Change of Address or Responsible Party — Business.
- Form 8832, Entity Classification Election.
- Form 8849, Claim for Refund of Excise Taxes.

For more information about filing Form SS-4 and related issues, see:

- Pub. 15, Employer's Tax Guide.
- Pub. 538, Accounting Periods and Methods.
- Pub. 542, Corporations.
- Pub. 557, Tax-Exempt Status for Your Organization.
- Pub. 583, Starting a Business and Keeping Records.
- Pub. 966, Electronic Choices to Pay All Your Federal Taxes.
- Pub. 1635, Understanding Your EIN.

Specific Instructions

Follow the instructions for each line to expedite processing and to avoid unnecessary IRS requests for additional information. Generally, enter "N/A" on the lines that don't apply.

Line 1. Legal name of entity (or individual) for whom the EIN is being requested. Enter the legal name of the entity (or individual) applying for the EIN exactly as it appears on the social security card, charter, or other applicable legal document. An entry is required.

Individuals. Enter your first name, middle initial, and last name. If you're a sole proprietor, enter your individual name, not your business name. Enter your business name on line 2. Don't use abbreviations or nicknames on line 1.

Trusts. Enter the name of the trust as it appears on the trust instrument.

Estate of a decedent. Enter the name of the estate. For an estate that has no legal name, enter the name of the decedent followed by "Estate."

Partnerships. Enter the legal name of the partnership as it appears in the partnership agreement.

Corporations. Enter the corporate name as it appears in the corporate charter or other legal document creating it.

Plan administrators. Enter the name of the plan administrator. A plan administrator who already has an EIN should use that number.

Indian tribal governments/enterprises. Enter the legal name of the Indian tribal government or tribal enterprise applying for the EIN.

Line 2. Trade name of business. Enter the trade name of the business if different from the legal name. The trade name is the "doing business as" (DBA) name.

Use the full legal name shown on line 1 on all tax returns filed for the entity. (However, if you enter a trade name on line 2 and choose to use the trade name instead of the legal name, enter the trade name on all returns you file.) To prevent processing delays and errors, use only the legal name (or the trade name) on all tax returns.

Line 3. Executor, administrator, trustee, "care of" name. For trusts, enter the name of the trustee. For estates, enter the name of the executor, administrator, personal representative, or other fiduciary. If the entity applying has a designated person to receive tax information, enter that person's name as the "care of" person. Enter the individual's first name, middle initial, and last name.

Lines 4a–4b. Mailing address. Enter the mailing address for the entity's correspondence. If the entity's address is outside the United States or its territories, you must enter the city, province or state, postal code, and the name of the country. Don't abbreviate the country name. If line 3 is completed, enter the address for the executor, trustee, or "care of" person. Generally, this address will be used on all tax returns.

If the entity is filing Form SS-4 only to obtain an EIN for Form 8832, use the same address where you would like to have the acceptance or nonacceptance letter sent.

File Form 8822-B to report any subsequent changes to the entity's mailing address.

Lines 5a–5b. Street address. Provide the entity's physical address only if different from its mailing address shown on lines 4a–4b. Don't enter a P.O. box number here. If the entity's address is outside the United States or its territories, you must enter the city, province or state, postal code, and the name of the country. Don't abbreviate the country name.

Line 6. County and state where principal business is located. Enter the entity's primary physical location.

Lines 7a–7b. Name of responsible party. Enter the full name (first name, middle initial, last name, if applicable) and SSN, ITIN, or EIN of the entity's responsible party.

Responsible party defined. The "responsible party" is the person who ultimately owns or controls the entity or who exercises ultimate effective control over the entity. The person identified as the responsible party should have a level of control over, or entitlement to, the funds or assets in the entity that, as a practical matter, enables the person, directly or indirectly, to control, manage, or direct the entity and the disposition of its funds and assets. **Unless the applicant is a government entity, the responsible party must be an individual (that is, a natural person), not an entity.**

- For entities with shares or interests traded on a public exchange, or which are registered with the Securities and Exchange Commission, "responsible party" is (a) the principal officer, if the entity is a corporation; or (b) a general partner, if a partnership. The general requirement that the responsible party be an individual applies to these entities. For example, if a corporation is the general partner of a publicly traded partnership for which Form SS-4 is filed, then the responsible party of the partnership is the principal officer of the corporation.
- For tax-exempt organizations, the responsible party is generally the same as the "principal officer" as defined in the Form 990 instructions.
- For government entities, the responsible party is generally the agency or agency representative in a position to legally bind the particular government entity.
- For trusts, the responsible party is a grantor, owner, or trustor.
- For decedent estates, the responsible party is the executor, administrator, personal representative, or other fiduciary.

File Form 8822-B to report any subsequent changes to responsible party information.

If you're applying for an EIN for a government entity, you may enter an EIN for the responsible party on line 7b. Otherwise, you must enter an SSN or ITIN on line 7b. But, leave line 7b blank or enter "N/A," "foreign," or similar language, if the responsible party doesn't have and is ineligible to obtain an SSN or ITIN.

Lines 8a–8c. Limited liability company (LLC) information. An LLC is an entity organized under the laws of a state or foreign country as a limited liability company. For federal tax purposes, an LLC may be treated as a partnership or corporation or be disregarded as an entity separate from its owner.

By default, a domestic LLC with only one member is disregarded as an entity separate from its owner and must include all of its income and expenses on the owner's tax return (for example, Schedule C (Form 1040)). For more information on single-member LLCs, see *Disregarded entities*, later.

Also, by default, a domestic LLC with two or more members is treated as a partnership. A domestic LLC may file Form 8832 to avoid either default classification and elect to be classified as an association taxable as a corporation. For more information on entity classifications (including the rules for foreign entities), see Form 8832 and its instructions.

If the answer to line 8a is "Yes," enter the number of LLC members. If the LLC is owned solely by an individual and his or her spouse in a community property state and they choose to treat the entity as a disregarded entity, enter "1" on line 8b.

Don't file Form 8832 if the LLC accepts the default classifications above. If the LLC timely files Form 2553, it will be treated as a corporation as of the effective date of the S corporation election as long as it meets all other requirements to qualify as an S corporation. The LLC doesn't need to file Form 8832 in addition to Form 2553. See the Instructions for Form 2553.

Line 9a. Type of entity. Check the box that best describes the type of entity applying for the EIN. If you're an alien individual with an ITIN previously assigned to you, enter the ITIN in place of a requested SSN.

This isn't an election for a tax classification of an entity. See Disregarded entities, later.

Sole proprietor. Check this box if you file Schedule C or Schedule F (Form 1040) and have a qualified plan, or are required to file excise, employment, alcohol, tobacco, or firearms returns, or are a payer of gambling winnings. Enter your SSN or ITIN in the space provided. If you're a nonresident alien with no effectively connected income from sources within the United States, enter "N/A." You don't need to enter an SSN or ITIN.

Corporation. This box is for any corporation other than a personal service corporation. If you check this box, enter the income tax form number to be filed by the entity in the space provided.

Unless you are a church, or church-controlled organization, if you are a corporation that is a nonprofit entity, check the "other nonprofit organization" box, and specify the purpose. See Other nonprofit organization, later.

If you entered "1120-S" after the Corporation checkbox, the corporation must file Form 2553 no later than the 15th day of the 3rd month of the tax year the election is to take effect. Until Form 2553 has been received and approved, you will be considered a Form 1120 filer. See the Instructions for Form 2553.

Personal service corporation. Check this box if the entity is a personal service corporation. An entity is a personal service corporation for a tax year only if:

- The principal activity of the entity during the testing period (generally the prior tax year) for the tax year is the performance of personal services substantially by employee-owners, and
- The employee-owners own at least 10% of the fair market value of the outstanding stock in the entity on the last day of the testing period.

Personal services include performance of services in such fields as accounting, actuarial science, architecture, consulting, engineering, health (including veterinary services), law, and the performing arts. For more information about personal service corporations, see the Instructions for Form 1120 and Pub. 542.

If the corporation is recently formed, the testing period begins on the first day of its tax year and ends on the earlier of the last day of its tax year, or the last day of the calendar year in which its tax year begins.

Other nonprofit organization. Check the *Other nonprofit organization* box if the nonprofit organization is other than a church or church-controlled organization and specify the type of nonprofit organization (for example, an educational organization).

If the organization also seeks tax-exempt status, you must file either Form 1023 (or Form 1023-EZ) or Form 1024. See Pub. 557 for more information.

If the organization is covered by a group exemption letter, enter the four-digit group exemption number (GEN) in the last entry. (Don't confuse the GEN with the 9-digit EIN.) If you don't know the GEN, contact the parent organization. See Pub. 557 for more information about group exemption letters.

If the organization is a section 527 political organization, check the *Other nonprofit organization* box and specify "Section 527 organization" in the space to the right. To be recognized as exempt from tax, a section 527 political organization must electronically file Form 8871, Political Organization Notice of Section 527 Status, within 24 hours of the date on which the organization was established. The organization may also have to file Form 8872, Political Organization Report of Contributions and Expenditures. Form 8872 must be filed electronically. Go to *IRS.gov/PolOrgs* for more information.

Estate. An estate is a legal entity created as a result of a person's death. Enter the SSN or ITIN of the deceased person in the space provided.

Plan administrator. If the plan administrator is an individual, enter the plan administrator's taxpayer identification number (TIN) in the space provided.

REMIC. Check this box if the entity has elected to be treated as a real estate mortgage investment conduit (REMIC). See the Instructions for Form 1066 for more information.

State/local government. State and local governments generally have the characteristics of a government, such as powers of taxation, law enforcement, and civil authority. If you're unsure whether or not your organization is a government, search "What are government entities?" at IRS.gov for clarification.

Federal government. The federal government is made up of the Executive, Legislative, and Judicial branches, as well as independent federal agencies. Unions, Veterans of Foreign Wars (VFW) organizations, and political organizations aren't federal agencies.

Indian tribal government/enterprise. Check the box for Indian tribal governments/enterprises for a governing body of any tribe, band, community, village, or group of Indians, or (if applicable) Alaska Natives, but only if the Secretary of the Treasury (after consultation with the Secretary of the Interior) determines that the governing body exercises governmental functions.

Similarly, check this box if you are requesting an EIN for a tribal enterprise that is not recognized as a separate entity for federal income tax purposes, for example, a corporation under Section 17 of the Indian Reorganization Act of 1934, or Section 3 of the Oklahoma Indian Welfare Act.

For more information, see Regulations section 301.7701-1(a)(3), Rev. Rul. 94-16, 1994-1 C.B. 19, available at *IRS.gov/pub/irs-tege/rr94_16.pdf*, and Rev. Rul. 94-65, 1994-2 C.B. 14, available at *IRS.gov/pub/irs-tege/rr94_65.pdf*.

Other. If not specifically listed, check the *Other* box and enter the type of entity and the type of return, if any, that will be filed (for example, "Common trust fund, Form 1065" or "Created a pension plan"). Don't enter "N/A." If you're an alien individual applying for an EIN, see *Lines 7a-7b*, earlier.

- **Household employer.** If you're an individual that will employ someone to provide services in your household, check the *Other* box and enter "Household employer" and your SSN. If you're a trust that qualifies as a household employer, you don't need a separate EIN for reporting tax information relating to household employees; use the EIN of the trust.
- **Household employer agent.** If you're an agent of a household employer that is a disabled individual or other welfare recipient receiving home care services through a state or local program, check the *Other* box and enter "Household employer agent." For more information, see Rev. Proc. 84-33 and Rev. Proc. 2013-39. If you're a state or local government, also check the state/local government box.
- **QSub.** For a qualified subchapter S subsidiary (QSub) check the *Other* box and specify "QSub." See Rev. Rul. 2008-18, 2008-13 I.R.B. 674, if the QSub election is made pursuant to a reorganization under section 368(a)(1)(F), and *Disregarded entities* below.
- **Withholding agent.** If you're a withholding agent required to file Form 1042, check the *Other* box and enter "Withholding agent."

Disregarded entities. A disregarded entity is an eligible entity that is treated as an entity not separate from its single owner for income tax purposes. Disregarded entities include single-member limited liability companies (LLCs) and certain qualified foreign entities. See the instructions for Forms 8832 and 8869, and Regulations section 301.7701-3 for more information on domestic and foreign disregarded entities.

The disregarded entity is required to use its name and EIN for reporting and payment of employment taxes; to register for excise tax activities on Form 637; to pay and report excise taxes reported on Forms 720, 730, 2290, and 11-C; to claim any refunds, credits, and payments on Form 8849; and where a U.S. disregarded entity is wholly owned by a foreign person, to file information returns on Form 5472. See the instructions for the employment and excise tax returns and Form 5472 for more information.

Complete Form SS-4 for disregarded entities as follows.

- If a disregarded entity is filing Form SS-4 to obtain an EIN because it is required to report and pay employment and excise taxes, or for non-federal purposes such as a state requirement, check the *Other* box for line 9a and write "Disregarded entity" (or "Disregarded entity-sole proprietorship" if the owner of the disregarded entity is an individual).
- If the disregarded entity is requesting an EIN for purposes of filing Form 5472, as required under section 6038A for a U.S. disregarded entity that is wholly owned by a foreign person, check the *Other* box for line 9a and write "Foreign-owned U.S. disregarded entity-Form 5472."
- If the disregarded entity is requesting an EIN for purposes of filing Form 8832 to elect classification as an association taxable as a corporation, or Form 2553 to elect S corporation status, check the *Corporation* box for line 9a and write "Single-member" and the form number of the return that will be filed (Form 1120 or 1120-S).
- If the disregarded entity is requesting an EIN because it has acquired one or more additional owners and its classification has changed to partnership under the default rules of Regulations section 301.7701-3(f), check the *Partnership* box for line 9a.
- If a foreign eligible entity is requesting an EIN for purposes of filing Form 8832 to elect classification as a disregarded entity, check the *Other* box for line 9a and write "foreign disregarded entity."

Line 10. Reason for applying. Check only one box. Don't enter "N/A." A selection is required.

Started new business. Check this box if you're starting a new business that requires an EIN. If you check this box, enter the type of business being started. Don't apply if you already have an EIN and are only adding another place of business.

Hired employees. Check this box if the existing business is requesting an EIN because it has hired or is hiring employees and is therefore required to file employment tax returns. Don't apply if you already have an EIN and are only hiring employees. For information on employment taxes (for example, for family members), see Pub. 15.

You must make electronic deposits of all depository taxes (such as employment tax, excise tax, and corporate income tax) using EFTPS. See Pub. 15 and Pub. 966.

Banking purpose. Check this box if you're requesting an EIN for banking purposes only, and enter the banking purpose (for example, a bowling league for depositing dues or an investment club for dividend and interest reporting).

Changed type of organization. Check this box if the business is changing its type of organization. For example, the business was a sole proprietorship and has been incorporated or has become a partnership. If you check this box, specify in the space provided (including available space immediately below) the type of change made. For example, "From sole proprietorship to partnership."

Purchased going business. Check this box if you purchased an existing business. Don't use the former owner's EIN unless you became the "owner" of a corporation by acquiring its stock.

Created a trust. Check this box if you created a trust, and enter the type of trust created. For example, indicate if the trust is a nonexempt charitable trust or a split-interest trust.

Exception. Don't file this form for certain grantor-type trusts. The trustee doesn't need an EIN for the trust if the trustee furnishes the name and TIN of the grantor/owner and the address of the trust to all payers. However, grantor trusts that don't file using Optional Method 1 and IRA trusts that are required to file Form 990-T must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

Don't check this box if you're applying for a trust EIN when a new pension plan is established. Check the Created a pension plan *box.*

Created a pension plan. Check this box if you have created a pension plan and need an EIN for reporting purposes. Also, enter the type of plan in the space provided. For more information about pension plans, visit IRS.gov and enter "Types of retirement plans" in the search box.

Check this box if you're applying for a trust EIN when a new pension plan is established. In addition, check the Other *box on line 9a and write "Created a pension plan" in the space provided.*

Other. Check this box if you're requesting an EIN for any other reason, and enter the reason. For example, a newly formed state government entity should enter "Newly formed state government entity" in the space provided. A foreign-owned U.S. disregarded entity required to file Form 5472 should enter "Foreign-owned U.S. disregarded entity filing Form 5472" in the space provided.

Line 11. Date business started or acquired. If you're starting a new business, enter the starting date of the business. If the business you acquired is already operating, enter the date you acquired the business. For foreign applicants, this is the date you began or acquired a business in the United States. If you're changing the form of ownership of your business, enter the date the new ownership entity began. Trusts should enter the date the trust was funded or the date that the trust was required to obtain an EIN under Regulations section 301.6109-1(a)(2). Estates should enter the date of death of the decedent whose name appears on line 1 or the date when the estate was legally funded.

Line 12. Closing month of accounting year. Enter the last month of your accounting year or tax year. An accounting or tax year is usually 12 consecutive months, either a calendar year or a fiscal year (including a period of 52 or 53 weeks). A calendar year is 12 consecutive months ending on December 31. A fiscal year is either 12 consecutive months ending on the last day of any month other than December or a 52-53 week year. For more information on accounting periods, see Pub. 538.

Individuals. Your tax year will generally be a calendar year.

Partnerships. Partnerships must adopt one of the following tax years.

- The tax year of the majority of its partners.
- The tax year common to all of its principal partners.
- The tax year that results in the least aggregate deferral of income.
- In certain cases, some other tax year.

See the Instructions for Form 1065 for more information.

REMICs. REMICs must have a calendar year as their tax year.

Personal service corporations. A personal service corporation must generally adopt a calendar year unless it meets one of the following requirements.

- It can establish a business purpose for having a different tax year.
- It elects under section 444 to have a tax year other than a calendar year.

Trusts. Generally, a trust must adopt a calendar year except for the following trusts.

- Tax-exempt trusts.
- Charitable trusts.
- Grantor-owned trusts.

Line 13. Highest number of employees expected in the next 12 months. Complete each box by entering the number (including zero (-0-)) of *Agricultural*, *Household*, or *Other* employees expected by the applicant in the next 12 months.

If no employees are expected, skip line 14.

Line 14. Do you want to file Form 944? If you expect your employment tax liability to be $1,000 or less in a full calendar year, you're eligible to file Form 944 annually (once each year) instead of filing Form 941 quarterly (every 3 months). Your employment tax liability will generally be $1,000 or less if you expect to pay $5,000 or less in total wages subject to social security and Medicare taxes and federal income tax withholding. For employers in the U.S. territories, generally, if you pay $6,536 or less in wages subject to social security and Medicare taxes, you're likely to pay $1,000 or less in employment taxes. If you qualify and want to file Form 944 instead of Forms 941, check the box on line 14. If you don't check the box, then you must file Form 941 for every quarter.

Once you check the box, you must continue to file Form 944, regardless of the amount of tax shown on your return, until the IRS instructs you to file Form 941.

For more information on employment taxes, see Pub. 15.

Line 15. First date wages or annuities were paid. If the business has employees, enter the date on which the business began to pay wages or annuities. For foreign applicants, this is the date you began to pay wages in the United States. If the business doesn't plan to have employees, enter "N/A."

Withholding agent. Enter the date you began or will begin to pay income (including annuities) to a nonresident alien. This also applies to individuals who are required to file Form 1042 to report alimony paid to a nonresident alien. For foreign applicants, this is the date you began or will begin to pay income (including annuities) to a nonresident alien in the United States.

Line 16. Check the one box on line 16 that best describes the principal activity of the applicant's business. Check the *Other* box (and specify the applicant's principal activity) if none of the listed boxes applies. You must check a box.

Construction. Check this box if the applicant is engaged in erecting buildings or engineering projects (for example, streets, highways, bridges, and tunnels). The term "construction" also includes special trade contractors (for example, plumbing, HVAC, electrical, carpentry, concrete, excavation, etc., contractors).

Real estate. Check this box if the applicant is engaged in renting or leasing real estate to others; managing, selling, buying, or renting

real estate for others; or providing related real estate services (for example, appraisal services). Also, check this box for mortgage real estate investment trusts (REITs). Mortgage REITs are engaged in issuing shares of funds consisting primarily of portfolios of real estate mortgage assets with gross income of the trust solely derived from interest earned.

Rental & leasing. Check this box if the applicant is engaged in providing tangible goods such as autos, computers, consumer goods, or industrial machinery and equipment to customers in return for a periodic rental or lease payment. Also, check this box for equity real estate investment trusts (REITs). Equity REITs are engaged in issuing shares of funds consisting primarily of portfolios of real estate assets with gross income of the trust derived from renting real property.

Manufacturing. Check this box if the applicant is engaged in the mechanical, physical, or chemical transformation of materials, substances, or components into new products. The assembling of component parts of manufactured products is also considered to be manufacturing.

Transportation & warehousing. Check this box if the applicant provides transportation of passengers or cargo; warehousing or storage of goods; scenic or sight seeing transportation; or support activities related to transportation.

Finance & insurance. Check this box if the applicant is engaged in transactions involving the creation, liquidation, or change of ownership of financial assets and/or facilitating such financial transactions; underwriting annuities/insurance policies; facilitating such underwriting by selling insurance policies or in providing other insurance or employee-benefit related services.

Health care & social assistance. Check this box if the applicant is engaged in providing physical, medical, or psychiatric care; or in providing social assistance activities, such as youth centers, adoption agencies, individual/family services, temporary shelters, daycare, etc.

Accommodation & food services. Check this box if the applicant is engaged in providing customers with lodging, meal preparation, snacks, or beverages for immediate consumption.

Wholesale-agent/broker. Check this box if the applicant is engaged in arranging for the purchase or sale of goods owned by others or purchasing goods on a commission basis for goods traded in the wholesale market, usually between businesses.

Wholesale-other. Check this box if the applicant is engaged in selling goods in the wholesale market generally to other businesses for resale on their own account, goods used in production, or capital or durable nonconsumer goods.

Retail. Check this box if the applicant is engaged in selling merchandise to the general public from a fixed store; by direct, mail-order, or electronic sales; or by using vending machines.

Other. Check this box if the applicant is engaged in an activity not described above. Describe the applicant's principal business activity in the space provided.

Line 17. Use line 17 to describe the applicant's principal line of business in more detail. For example, if you checked the *Construction* box on line 16, enter additional detail such as "General contractor for residential buildings" on line 17. An entry is required. For mortgage REITs, indicate mortgage REIT; and for equity REITs, indicate what type of real property is the principal type (residential REIT, nonresidential REIT, miniwarehouse REIT, etc.).

Line 18. Check the applicable box to indicate whether or not the applicant entity applying for an EIN was issued one previously.

Third-Party Designee. Complete this section only if you want to authorize the named individual to answer questions about the completion of Form SS-4 and receive the entity's newly assigned EIN. You must complete the signature area for the authorization to be valid. The designee's authority terminates at the time the EIN is assigned and released to the designee. EINs are released to authorized third-party designees by the method they used to obtain the EIN (online, telephone, or fax); however, the EIN notice will be mailed to the taxpayer.

If the third-party designee's address or telephone number matches the address or telephone number of the taxpayer, the application must be mailed or faxed.

Signature. When required, the application must be signed by (a) the individual, if the applicant is an individual; (b) the president, vice president, or other principal officer, if the applicant is a corporation; (c) a responsible and duly authorized member or officer having knowledge of its affairs, if the applicant is a partnership, government entity, or other unincorporated organization; or (d) the fiduciary, if the applicant is a trust or an estate. Foreign applicants may have any duly authorized person (for example, division manager) sign Form SS-4.

Privacy Act and Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. We need it to comply with section 6109 and the regulations thereunder, which generally require the inclusion of an employer identification number (EIN) on certain returns, statements, or other documents filed with the Internal Revenue Service. If your entity is required to obtain an EIN, you're required to provide all of the information requested on this form. Information on this form may be used to determine which federal tax returns you're required to file and to provide you with related forms and publications.

We disclose this form to the Social Security Administration (SSA) for their use in determining compliance with applicable laws. We may give this information to the Department of Justice for use in civil and/or criminal litigation, and to cities, states, the District of Columbia, and U.S. commonwealths and territories for use in administering their tax laws. We may also disclose this information to other countries under a tax treaty, to federal and state agencies to enforce federal nontax criminal laws, and to federal law enforcement and intelligence agencies to combat terrorism.

We will be unable to issue an EIN to you unless you provide all of the requested information that applies to your entity. Providing false information could subject you to penalties.

You're not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated average time is:

Recordkeeping	8 hr., 36 min.
Learning about the law or the form	42 min.
Preparing, copying, assembling, and sending the form to the IRS	52 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments at *IRS.gov/FormComments*. Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send Form SS-4 to this address. Instead, see *Where To File or Fax*, earlier.

Form **SS-4**
(Rev. December 2023)
Department of the Treasury
Internal Revenue Service

Application for Employer Identification Number

(For use by employers, corporations, partnerships, trusts, estates, churches, government agencies, Indian tribal entities, certain individuals, and others.)
See separate instructions for each line. Keep a copy for your records.
Go to *www.irs.gov/FormSS4* for instructions and the latest information.

OMB No. 1545-0003
EIN

Type or print clearly.

1 Legal name of entity (or individual) for whom the EIN is being requested

2 Trade name of business (if different from name on line 1) | 3 Executor, administrator, trustee, "care of" name

4a Mailing address (room, apt., suite no. and street, or P.O. box) | 5a Street address (if different) (Don't enter a P.O. box.)

4b City, state, and ZIP code (if foreign, see instructions) | 5b City, state, and ZIP code (if foreign, see instructions)

6 County and state where principal business is located

7a Name of responsible party | 7b SSN, ITIN, or EIN

8a Is this application for a limited liability company (LLC) (or a foreign equivalent)? ☐ Yes ☐ No | 8b If 8a is "Yes," enter the number of LLC members

8c If 8a is "Yes," was the LLC organized in the United States? ☐ Yes ☐ No

9a **Type of entity** (check only one box). **Caution:** If 8a is "Yes," see the instructions for the correct box to check.

- ☐ Sole proprietor (SSN) _____
- ☐ Partnership
- ☐ Corporation (enter form number to be filed) _____
- ☐ Personal service corporation
- ☐ Church or church-controlled organization
- ☐ Other nonprofit organization (specify) _____
- ☐ Other (specify)
- ☐ Estate (SSN of decedent) _____
- ☐ Plan administrator (TIN) _____
- ☐ Trust (TIN of grantor) _____
- ☐ Military/National Guard ☐ State/local government
- ☐ Farmers' cooperative ☐ Federal government
- ☐ REMIC ☐ Indian tribal governments/enterprises

Group Exemption Number (GEN) if any

9b If a corporation, name the state or foreign country (if applicable) where incorporated | State | Foreign country

10 **Reason for applying** (check only one box)

- ☐ Started new business (specify type) _____
- ☐ Hired employees (Check the box and see line 13.)
- ☐ Compliance with IRS withholding regulations
- ☐ Other (specify)
- ☐ Banking purpose (specify purpose) _____
- ☐ Changed type of organization (specify new type) _____
- ☐ Purchased going business
- ☐ Created a trust (specify type) _____
- ☐ Created a pension plan (specify type) _____

11 Date business started or acquired (month, day, year). See instructions.

12 Closing month of accounting year

13 Highest number of employees expected in the next 12 months (enter -0- if none). If no employees expected, skip line 14.

Agricultural	Household	Other

14 If you expect your employment tax liability to be $1,000 or less in a full calendar year **and** want to file Form 944 annually instead of Forms 941 quarterly, check here. (Your employment tax liability will generally be $1,000 or less if you expect to pay $5,000 or less, $6,536 or less if you're in a U.S. territory, in total wages.) If you don't check this box, you must file Form 941 for every quarter. ☐

15 First date wages or annuities were paid (month, day, year). **Note:** If applicant is a withholding agent, enter date income will first be paid to nonresident alien (month, day, year)

16 Check **one** box that best describes the principal activity of your business.

- ☐ Construction ☐ Rental & leasing ☐ Transportation & warehousing ☐ Health care & social assistance ☐ Accommodation & food service ☐ Wholesale—agent/broker ☐ Wholesale—other ☐ Retail
- ☐ Real estate ☐ Manufacturing ☐ Finance & insurance ☐ Other (specify)

17 Indicate principal line of merchandise sold, specific construction work done, products produced, or services provided.

18 Has the applicant entity shown on line 1 ever applied for and received an EIN? ☐ Yes ☐ No
If "Yes," write previous EIN here

Third Party Designee

Complete this section **only** if you want to authorize the named individual to receive the entity's EIN and answer questions about the completion of this form.

Designee's name | Designee's telephone number (include area code)

Address and ZIP code | Designee's fax number (include area code)

Under penalties of perjury, I declare that I have examined this application, and to the best of my knowledge and belief, it is true, correct, and complete.

Name and title (type or print clearly) | Applicant's telephone number (include area code)

Signature | Date | Applicant's fax number (include area code)

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 16055N Form **SS-4** (Rev. 12-2023)

Do I Need an EIN?

File Form SS-4 if the applicant entity doesn't already have an EIN but is required to show an EIN on any return, statement, or other document.[1] See also the separate instructions for each line on Form SS-4.

IF the applicant...	AND...	THEN...
started a new business	doesn't currently have (nor expect to have) employees	complete lines 1, 2, 4a–8a, 8b–c (if applicable), 9a, 9b (if applicable), 10–14, and 16–18.
hired (or will hire) employees, including household employees	doesn't already have an EIN	complete lines 1, 2, 4a–6, 7a–b, 8a, 8b–c (if applicable), 9a, 9b (if applicable), and 10–18.
opened a bank account	needs an EIN for banking purposes only	complete lines 1–5b, 7a–b, 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
changed type of organization	either the legal character of the organization or its ownership changed (for example, you incorporate a sole proprietorship or form a partnership)[2]	complete lines 1–18 (as applicable).
purchased a going business[3]	doesn't already have an EIN	complete lines 1–18 (as applicable).
created a trust	the trust is other than a grantor trust or an IRA trust[4]	complete lines 1–18 (as applicable).
created a pension plan as a plan administrator[5]	needs an EIN for reporting purposes	complete lines 1, 3, 4a–5b, 7a–b, 9a, 10, and 18.
is a foreign person needing an EIN to comply with IRS withholding regulations	needs an EIN to complete a Form W-8 (other than Form W-8ECI), avoid withholding on portfolio assets, or claim tax treaty benefits[6]	complete lines 1–5b, 7a–b (SSN or ITIN as applicable), 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
is administering an estate	needs an EIN to report estate income on Form 1041	complete lines 1–7b, 9a, 10–12, 13–17 (if applicable), and 18.
is a withholding agent for taxes on nonwage income paid to an alien (that is, individual, corporation, or partnership, etc.)	is an agent, broker, fiduciary, manager, tenant, or spouse who is required to file Form 1042, Annual Withholding Tax Return for U.S. Source Income of Foreign Persons	complete lines 1, 2, 3 (if applicable), 4a–5b, 7a–b, 8a, 8b–c (if applicable), 9a, 9b (if applicable), 10, and 18.
is a state or local agency	serves as a tax reporting agent for public assistance recipients under Rev. Proc. 80-4, 1980-1 C.B. 581[7]	complete lines 1, 2, 4a–5b, 7a–b, 9a, 10, and 18.
is a single-member LLC (or similar single-member entity)	needs an EIN to file Form 8832, Entity Classification Election, for filing employment tax returns and excise tax returns, or for state reporting purposes[8], or is a foreign-owned U.S. disregarded entity and needs an EIN to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business	complete lines 1–18 (as applicable).
is an S corporation	needs an EIN to file Form 2553, Election by a Small Business Corporation[9]	complete lines 1–18 (as applicable).

[1] For example, a sole proprietorship or self-employed farmer who establishes a qualified retirement plan, or is required to file excise, employment, alcohol, tobacco, or firearms returns, must have an EIN. A partnership, corporation, REMIC (real estate mortgage investment conduit), nonprofit organization (church, club, etc.), or farmers' cooperative must use an EIN for any tax-related purpose even if the entity doesn't have employees.

[2] However, don't apply for a new EIN if the existing entity only (a) changed its business name, (b) elected on Form 8832 to change the way it is taxed (or is covered by the default rules), or (c) terminated its partnership status because at least 50% of the total interests in partnership capital and profits were sold or exchanged within a 12-month period. The EIN of the terminated partnership should continue to be used. See Regulations section 301.6109-1(d)(2)(iii).

[3] Don't use the EIN of the prior business unless you became the "owner" of a corporation by acquiring its stock.

[4] However, grantor trusts that don't file using Optional Method 1 and IRA trusts that are required to file Form 990-T, Exempt Organization Business Income Tax Return, must have an EIN. For more information on grantor trusts, see the Instructions for Form 1041.

[5] A plan administrator is the person or group of persons specified as the administrator by the instrument under which the plan is operated.

[6] Entities applying to be a Qualified Intermediary (QI) need a QI-EIN even if they already have an EIN. See Rev. Proc. 2000-12.

[7] See also *Household employer agent* in the instructions. **Note:** State or local agencies may need an EIN for other reasons, for example, hired employees.

[8] See *Disregarded entities* in the instructions for details on completing Form SS-4 for an LLC.

[9] An existing corporation that is electing or revoking S corporation status should use its previously assigned EIN.

TO REGISTER OR RE-REGISTER WITH THE ILLINOIS ATTORNEY GENERAL'S OFFICE, ALL ORGANIZATIONS AND TRUSTS MUST SUBMIT:

1. **All fees,** including the required registration fee **($15.00)** or re-registration fee **($200.00),** as well as any late registration fee **($200.00),** annual report filing fee(s) **($15.00 each report),** and/or late report filing fee(s) **($100.00 each late report)** due.

2. **"Charitable Organization Registration** Statement" (Form CO-1).

3. A list of **all Officers, Directors and/or Trustees** including names, mailing addresses, and day time phone numbers.

4. A copy of the **IRS Determination Letter** or, if pending, a copy of **IRS Form 1023 or 1024**. If not available, provide written explanation.

5. If applicable, copies of **all contracts with Professional Fund Raisers**.

6. If applicable, the **"Religious Organization Exemption Form" (Form CO-3)**.

7. IF A CORPORATION: **Articles of Incorporation** and all amendments to the Articles. If incorporated in a state other than Illinois, include a Certificate of Authority to do business from the Illinois Secretary of State. Also submit the **By-Laws** of the Corporation.

8. **IF AN UNINCORPORATED ASSOCIATION:** **Constitution** and all amendments and **By-Laws** of the Association.

9. **IF A REPRESENTATIVE OF A PROBATE ESTATE (Containing Charitable Gifts):** Will and Letters of Office. Inventory; Declarations of Trust for any trusts into which the Will pours over and all Amendments thereto.

10. **IF A CHARITABLE TRUST OR A LIVING INTER VIVOS TRUST:** Declaration of Trust, and all Amendments thereto; Inventory and recent accounting.

11. A completed **Form AG990-IL** with all required attachments for each year during the past 3 years in which the organization has held and/or solicited charitable funds in Illinois. (See instructions for AG990-IL.) If the registrant has held and/or solicited charitable funds in Illinois for more than three years prior to registration, attach complete AG990-ILs, with all required attachments, for the most recent 3 years subject to further requests. If the organization has been in existence for less than 1 year, submit the **Form CO-2**.

FEES

The Solicitation for Charity Act and Charitable Trust Act require a **$15.00** registration fee for all initial registrations.

The Solicitation for Charity Act requires a **$200.00** late registration fee for any organization that solicits contributions prior to registration.

The Solicitation for Charity Act and Charitable Trust Act require a **$200.00** re-registration fee for all re-registrations after cancellation.

The Solicitation for Charity Act and Charitable Trust Act require a **$15.00** filing fee for each annual report due. There is an additional **$100.00** late report fee for each late report due. (See instructions for AG990-IL.)

Charitable Trust Act	**760 ILCS 55/1 et seq.**
Solicitation for Charity Act	**225 ILCS 460/1 et seq.**

Submit the above registration materials, along with a check or money order for all required fees payable to the "**Illinois Charity Bureau Fund**" to:

Office of the Illinois Attorney General
Charitable Trust Bureau
115 S. LaSalle St
Chicago, IL 60603
(312) 814-2595

Form CO-1
Revised 10/24

CHARITABLE ORGANIZATION
- REGISTRATION STATEMENT -

KWAME RAOUL
ATTORNEY GENERAL

PLEASE TYPE OR PRINT IN INK. This registration statement is required by the Illinois Charitable Trust Act **and the Illinois Solicitation for Charity Act. Please answer** all items which are applicable to your organization. If you are unable to answer any question fully in the space provided, please attach a sheet containing the remainder of your answer. No further registration statement is required, provided that every registered organization shall notify the Attorney General within 10 days of any change in the information submitted herein. One copy of this Registration Statement and attachments are to be filed with the Office of the Attorney General, Charitable Trust and Solicitations Bureau, 115 S. LaSalle St, Chicago, IL 60603.

1. This is a registration under: ☐ Illinois Charitable Trust Act;
   ☐ Illinois Solicitation for Charity Act;
   ☐ Both Acts

2. Name of Organization: Telephone Number: Federal Employer ID#

   Street and Number City County State Zip Code

   Email Address:

3. Type of legal entity (Corporation, Trust, Unincorporated Association or other) and date, method and place organization legally established.
   If a foreign corporation, when was it authorized to do business in Illinois?
   If a corporation, Illinois Secretary of State's File No.
   ***A copy of the Articles of Incorporation or Certificate of Authority issued by the Secretary of State must be attached.**

4. Name, address and telephone number of Illinois registered agent:

5. Address of all offices in the State of Illinois.

6. Date on which the annual accounting period of the organization ends. (Month) (Day)

7. State the purposes of the organization and purposes for which contributions are to be used. (Be specific.)

8. If the name under which the organization intends to solicit funds differs from the name listed in No.2, provide name(s) under which contributions will be solicited, and the reason for the use of such other name(s).

9. If the organization has previously been registered with the Attorney General under either Act, give the name under which registered (if different than shown in No. 2), last registration number, and date registered.

10. Has the organization been registered with any other governmental authority to solicit contributions? ☐ Yes ☐ No
    Name of authority and date of authorization.
    Is such registration current? ☐ Yes ☐ No

11. Has the organization or any of its officers, directors or trustees ever been enjoined or prohibited by any court or other governmental agency from soliciting contributions, or is such action pending? ☐ Yes ☐ No **If "Yes", attach an explanation.**

12. Do you intend to use the services of a professional fund raiser as defined by "An Act to Regulate Solicitation and Collection of Funds for Charitable Purposes"? ☐ Yes ☐ No **If "Yes", answer a, b, and comply with c below.**

    a. Name and address of professional fund raiser(s): _____

    _____

    b. Has the professional fund raiser registered and filed a bond with the Office of the Attorney General as required? ☐ Yes ☐ No

    c. Attach copies of all contracts with professional fund raiser(s).

13. State the board, group or individual having final discretion as to the distribution and use of contributions received.

    _____

14. Will you use any of the following methods of solicitation? ☐ Unordered Merchandise ☐ Distribution or Sale of Seals
    ☐ Telephone Appeals ☐ Coin Collection Containers ☐ Special Events ☐ Ad Books ☐ Direct Mail
    ☐ Other **If "Other", attach an explanation.**

15. List name, mailing address and title of the **chief executive** or **staff officer** of the organization.

    _____

16. **Attach** a list of names, mailing addresses, and daytime phone numbers of all officers and directors, or trustees of the organization.

17. Has the United States Internal Revenue Service determined that this organization is tax exempt? ☐ Yes ☐ No
    If "Yes", attach a copy of the determination letter. Is application pending? ☐ Yes ☐ No
    ***All organizations with tax exempt status or an application pending must attach a copy of Federal Form 1023 "Application for Recognition of Exemption" or an exemption letter.**

18. Has organization's tax exempt status ever been questioned, audited, denied or cancelled at any time by any governmental agency?
    ☐ Yes ☐ No **If "Yes", attach the facts.**

19. **An AG990-IL is due within six months after the organization's fiscal year end (see instructions for AG990-IL). Organizations which have been in operation less than one (1) year, and are not yet required to file an AG990-IL, must attach a completed Financial Information Form CO-2. Please note charitable organizations are required to maintain accurate and detailed accounting records.**

20. Approximate amount of contributions solicited or income received from persons in this State during the organization's last annual accounting period $ _____

21. **EVERY REGISTERING ORGANIZATION MUST ATTACH THE FOLLOWING APPLICABLE DOCUMENTS:**
    Corporation ..... The Articles of Incorporation and/or Certificate of Authority, Amendments and By-Laws
    Unincorporated Association ..... Constitution and By-Laws
    Testamentary Trust ..... Will, Probate number and Decree of Distribution
    Inter Vivos Trust ..... Instrument Creating Trust

Note: The President or other authorized officer and the chief fiscal officer of the organization are both required to sign. This must be two different individuals. If entity is a Trust, the form must be signed by two officers of a corporate charitable organization or by two trustees if not a corporate organization.

UNDER PENALTY OF PERJURY, THE UNDERSIGNED DECLARE AND CERTIFY THAT THE INFORMATION CONTAINED IN THIS STATEMENT AND ALL ATTACHED SHEETS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE.

Signature	Title	Date
Signature	Title	Date

Form CO-2
Revised 10/24

CHARITABLE ORGANIZATION
- FINANCIAL INFORMATION FORM -

KWAME RAOUL
ATTORNEY GENERAL

PLEASE TYPE OR PRINT IN INK. Organizations that have been in operation less than one (1) year are required to complete this form, in compliance with the "Charitable Organization Registration Statement" Form CO-1 Line 19, and file each form with the Attorney General's Office, Charitable Trust Bureau, 115 S. LaSalle St, Chicago, IL 60603

1. Name, address and telephone number or the organization: _____

2. The books and records are located at the following address and telephone number: _____

3. Are the gross receipts for the current calendar/fiscal year expected to exceed $10,000.00? ☐Yes ☐No

4. Please provide the following information:

From inception _____ (Month/Day/Year) thru _____ (Month/Day/Year)

GROSS RECEIPTS TO DATE		ASSETS	
Contributions, Gifts & Grants	$_____	**Cash**	$_____
Program Service Revenue	_____	**Accounts Receivable**	_____
Dues	_____	**Other Receivables**	_____
Interest & Dividends	_____	**Inventory**	_____
Rents	_____	**Investments**	_____
FundRaising Events	_____	**Land, Buildings, Equip.**	_____
Other Revenue	_____	**Other Assets**	_____
TOTAL	$_____	**TOTAL**	$_____

(IN LIEU OF THE ABOVE FINANCIAL INFORMATION, A CURRENT TREASURERS REPORT MAY BE SUBSTITUTED, PROVIDED TBA T IT PROVIDES SUBSTANTIALLY THE SAME INFORMATION)

CERTIFICATION

UNDER PENALTY OF PERJURY, THE UNDERSIGNED DECLARE AND CERTIFY THAT THE INFORMATION CONTAINED IN THIS STATEMENT AND ALL ATTACHED SHEETS IS TRUE AND CORRECT TO THE BEST OF OUR KNOWLEDGE

Note: The President or other authorized officer and the chief fiscal officer of the organization are both required to sign. This must be two different individuals. If entity is a Trust, the form must be signed by two officers of a corporate charitable organization or by two trustees if not a corporate organization.

_____ Name and Title

_____ Signature and Date Signed

_____ Address

_____ Signature and Date Signed

_____ Name and Title

_____ Address

ILLINOIS CHARITABLE ORGANIZATION
FORM AG990-IL FILING INSTRUCTIONS

A COMPLETE ANNUAL FINANCIAL REPORT (AG990-IL with all required attachments and applicable fees) is due within six months after the organization's fiscal year end. A REPORT WILL NOT BE CONSIDERED FILED UNLESS IT IS COMPLETE. A COMPLETE ANNUAL FINANCIAL REPORT must include the following items:

1. **$15 Annual Filing Fee** - Make check or money order payable to "ILLINOIS CHARITY BUREAU FUND." **An annual financial report submitted without proper fees will not be considered filed.**
   - Soliciting Organizations are required to pay a $15 Annual Report Filing Fee if gross contributions are greater than $15,000 or assets are greater than $25,000.
   - Trust Organizations registered under the Charitable Trust Act only are required to pay a $15 Annual Report Filing Fee if gross revenues or assets are greater than $25,000.

2. **Form AG990-IL** - Complete all sections and line items applicable to the organization. See 7 below for **Simplified Filing Option for Small Organizations. An annual financial report submitted with an incomplete Form AG 990-IL will not be considered filed.**
   A. **CO#:** Include CO# on the Form AG 990-IL. Correct any incorrect name or address information if using preprinted form and highlight any corrections.
   B. **SIGNATURES:** The Form AG 990-IL must be signed by **two** different officers (president or other authorized officer and the chief fiscal officer) or by two trustees. One signature shall be accepted if there is only one trustee. **A Form AG 990-IL without required signatures is incomplete.**
   C. **Part I, Line D:** Report "contributions" as defined by the Solicitation for Charity Act. The Solicitation for Charity Act defines "contributions" to include the **gross** amounts of cash donations as well as **gross** sums paid by the public for merchandise, special events, rights or services of the organization. **A Form AG 990-IL that fails to report "contributions" as defined by the Solicitation for Charity Act is incomplete.** (A complete definition of "contribution" under the Solicitation for Charity Act is shown on the back of these instructions.)
   D. **Part II, Line J1:** Report all program costs associated with a combined fund-raising appeal to the extent such was allocated to Charitable Program Service Expense and entered on line J as Charitable Program Service Expense. The amount should equal the amount reported on the back of the AG990-IL form, question 7b(ii). You must have and maintain the documentation to support the allocations made.
   E. **Part III, Line S:** Report fees paid to all fund-raising consultants during the year. Attach a list identifying each consultant by name and address and specify the amount paid to each.
   F. **Part V, Lines W, X, Y Program Service Codes:** Select up to three codes from those on back of these instructions which best describe the program service(s) for which the organization spent funds.

3. **IRS Return or Report** - IRS form 990 (excluding Schedule B), 990EZ (excluding Schedule B), 990PF, 1041, 1120 or other, must be attached if required by the IRS. If the organization did not file a federal return or report, attach explanation. **An annual financial report submitted without the required federal return or report is incomplete.**

4. **Audited Financial Statements** – must be attached by a public charity if contributions exceeded $500,000 **or** if the public charity raised contributions in excess of $25,000 through the services of professional fund-raiser. The Solicitation for Charity Act defines "contributions" to include the **gross** amounts of cash donations as well as gross sums paid by the public for merchandise, special events, rights or services of the organization. (A complete definition of "contribution" under the Solicitation for Charity Act is shown on the back of these instructions.) **An annual financial report without required audited financial statements is incomplete.**

5. **Reviewed Financial Statements** – must be attached by a public charity whose fund-raising functions are carried on solely by staff and volunteers and who receive contributions in excess of $300,000 but not in excess of $500,000. The Solicitation for Charity Act defines "contributions" to include the gross amounts of cash donations as well as gross sums paid by the public for merchandise, special events, rights or services of the organization. (A complete definition of "contribution" under the Solicitation for Charity Act is shown on the back of these instructions.) **An annual financial report without required reviewed financial statements is incomplete.**

6. **Form IFC - Report of Individual Fundraising Campaign** - If the organization used a paid professional fund-raiser, a separate Form IFC is required for each campaign, and each must be signed by **both** the professional fund-raiser **and** an officer or director of the organization. **An annual financial report without the required Form IFC is incomplete.**

7. **Simplified Filing Option for Small Organizations:**
   - Soliciting Organizations with gross contributions and assets of $25,000 or less during the fiscal year may file an AG990-IL with all required signatures, disclosing only total revenue, total expenditures, and assets at the fiscal year end (Line A, G and O of the AG990-IL). A $15 annual report filing fee is due only if gross contributions were more than $15,000.
   - Trust Organizations registered solely under the Charitable Trust Act with gross revenue and assets of $25,000 or less during the fiscal year may file an AG990-IL with all required signatures, disclosing only total revenue, total expenditures, and assets at the fiscal year end (Line A, G and O of the AG990-IL). A $15 annual report filing fee is not due.

60 DAY EXTENSION and LATE REPORT FILING FEES:

- A 60 day extension will be granted only upon the filing of a written request with the Attorney General prior to the report due date.
- If a proper and complete annual report (AG990-IL with all required attachments and applicable fees) or a written extension request is not received prior to the due date, a $100 late report filing fee (checks payable to the "Illinois Charity Bureau Fund") is required by Illinois law. The report cannot be accepted and will not be considered filed if it is late and the late fee is not paid.

Submit the complete annual financial report (AG990-IL with all required attachments and applicable fees) or written extension request to:

OFFICE OF THE ATTORNEY GENERAL
CHARITABLE TRUST BUREAU
ATTN: ANNUAL REPORT SECTION
115 S. LASALLE ST
CHICAGO, IL 60603
(312) 814-2595

Instructions for Form 1023-EZ

(Rev. January 2025)

Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Form 1023-EZ and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1023EZ*.

What's New

Form 1023-EZ Eligibility Worksheet. Some questions on the eligibility worksheet were updated. Question 29 was modified, and questions 31 through 34 were added.

Reminder

Don't include social security numbers on publicly disclosed forms. Because the IRS is required to disclose approved exemption applications and information returns, exempt organizations should not include social security numbers on these forms. Documents subject to disclosure include correspondence with the IRS about the filing.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC)*. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Email Subscription

The IRS has established a subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit *IRS.gov/Charities*.

General Instructions

"You" and "Us." Throughout these instructions and Form 1023-EZ, the terms "you" and "your" refer to the organization that is applying for tax-exempt status. The terms "us" and "we" refer to the Internal Revenue Service.

Purpose of Form

Form 1023-EZ is the streamlined version of Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code. Any organization may file Form 1023 to apply for recognition of exemption from federal income tax under section 501(c)(3). Only certain organizations are eligible to file Form 1023-EZ (see *Who Can File This Form*, below).

Note. Most organizations seeking exemption from federal income tax under section 501(c)(3) are required to complete and submit an application. However, the following types of organizations may be considered tax exempt under section 501(c)(3) even if they do not file Form 1023 or Form 1023-EZ.

- Churches, including synagogues, temples, and mosques.
- Integrated auxiliaries of churches and conventions or associations of churches.
- Any organization that has gross receipts in each taxable year of normally not more than $5,000.

Who Can File This Form

Only certain organizations are eligible to apply for exemption under section 501(c)(3) using Form 1023-EZ. To determine if you are eligible to file Form 1023-EZ, you must complete the Form 1023-EZ Eligibility Worksheet.

CAUTION *If you answer "Yes" to **any** of the worksheet questions, you are not eligible to apply for exemption under section 501(c)(3) using Form 1023-EZ. You must apply on Form 1023. If you answer "No" to **all** of the worksheet questions, you may apply using Form 1023-EZ.*

TIP *Before completing either Form 1023 or Form 1023-EZ, we recommend reading "Life Cycle of an Exempt Organization" at IRS.gov/Charities.*

How To File

Form 1023-EZ can only be filed electronically by going to IRS.gov/Form1023EZ or Pay.gov (enter the term "Form 1023-EZ" in the search box). We will not accept printed copy submissions of the application.

TIP *We recommend you preview and print a copy of your application for your records before submitting it electronically.*

User Fee

A user fee is required to process your application. This fee must be paid through Pay.gov when you file your application. Payments can be made directly from your bank account or by credit/debit card. For the current exempt organization user fee amounts, go to IRS.gov/charities-non-profits/user-fees-for-tax-exempt-and-government-entities-division. You can also call 877-829-5500.

When To File (Effective Date of Exemption)

Generally, if you file Form 1023-EZ within 27 months after the end of the month in which you were legally formed, and we approve the application, the legal date of formation will be the effective date of your exempt status.

If you do not file Form 1023-EZ within 27 months of formation, the effective date of your exempt status will be the date you filed Form 1023-EZ (submission date).

If you have been in existence for more than 27 months, and you believe you qualify for an earlier effective date of the exemption for the organization than the submission date, you can now only request the earlier effective date by completing Form 1023 in its entirety instead of completing Form 1023-EZ.

Note. If you have been automatically revoked and are seeking retroactive reinstatement, see Part V. Reinstatement After Automatic Revocation of these instructions.

Application Process

Submitting this application does not guarantee exemption will be recognized. If your application is incomplete or not completed correctly, it may be rejected. In addition, you may be contacted for additional information. Also, the IRS will select a statistically valid random sample of applications for pre-determination reviews, which may also result in requests for additional information.

Filing Assistance

For help in completing this form or general questions relating to an exempt organization, call Exempt Organization Customer Account Services toll free at 877-829-5500. You may also access information on our website at IRS.gov/Charities.

The following publications are available to you for further information.

- Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers
- Publication 526, Charitable Contributions
- Publication 557, Tax-Exempt Status for Your Organization
- Publication 598, Tax on Unrelated Business Income of Exempt Organizations
- Publication 1771, Charitable Contributions–Substantiation and Disclosure Requirements
- Publication 1828, Tax Guide for Churches and Religious Organizations
- Publication 3079, Tax-Exempt Organizations and Gaming
- Publication 3833, Disaster Relief: Providing Assistance Through Charitable Organizations
- Publication 4220, Applying for 501(c)(3) Tax-Exempt Status
- Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities
- Publication 4221-PF, Compliance Guide for 501(c)(3) Private Foundations

Signature Requirements

An officer, director, or trustee listed in Part I, line 8, who is authorized to sign for the organization must sign Form 1023-EZ. The signature must be accompanied by the title or authority of the signer and the date.

Annual Filing Requirements

Generally, an organization that qualifies for exemption under section 501(c)(3) is required to file an annual return in accordance with section 6033(a). However, an eligible organization, other than a private foundation, that normally has gross receipts of $50,000 or less is not required to file an annual return, but must furnish an annual electronic notice on Form 990-N (e-Postcard) providing the information required by section 6033(i). See Rev. Proc. 2011-15, 2011-3 I.R.B. 322. Failure to file a required return or notice for 3 consecutive years will result in auto-revocation of your tax-exempt status.

An organization that is required to file a Form 990-series annual information return or submit Form 990-N must do so even if its application for recognition of exemption has not been filed or has been filed but not yet approved.

If an annual information return or tax return is due while Form 1023-EZ is pending, complete the return, check the "Application pending" box in the heading, and send the return to the address indicated in the instructions.

If Form 990-N is due while Form 1023-EZ is pending, the organization may need to contact the IRS at 877-829-5500 and ask for an account to be established for the organization so that it may file the notice.

Information on annual information return and electronic notice filing requirements and exceptions to the filing requirements may be found in Pub. 557 and at IRS.gov/Charities.

Form 1023-EZ does not allow you to request an exception to filing Form 990, Return of Organization Exempt From Income Tax; Form 990-EZ, Short Form Return of Organization Exempt From Income Tax; or Form 990-N. If your request for recognition of tax-exempt status is granted on Form 1023-EZ, you will be required to submit Form 990, 990-EZ, or 990-N depending on your gross receipts and assets. If you believe that you meet an exception to filing Form 990, 990-EZ, or 990-N, and wish to obtain that exception at the time of filing your application, then you should submit Form 1023 instead of Form 1023-EZ. Otherwise, you may request IRS recognition of this exception by filing Form 8940, Request for Miscellaneous Determination. A user fee must accompany Form 8940.

Note. You do not need to notify the IRS that you are excepted from the annual filing requirement under section 6033(a) if your basis for the exception is that you are not a private foundation, your gross receipts are normally $50,000 or less, and you are filing Form 990-N.

Public Inspection

Information available for public inspection. If we approve exempt status under section 501(c)(3), both you and the IRS

must make your application and related documents available for public inspection. For more information, please go to *IRS.gov/Charities-&-Non-Profits/Exempt-Organization-Public-Disclosure-and-Availability-Requirements*.

State Registration Requirements

Tax exemption under section 501(c)(3) is a matter of federal law. After receiving federal tax exemption, you may also be required to register with one or more states to solicit contributions or to obtain exemption from state taxes. The National Association of State Charity Officials (NASCO) maintains a website that provides informational links to the various states for these purposes. It can be accessed at *nasconet.org*.

Donor Reliance on a Favorable Determination

Generally, donors and contributors may rely on an organization's favorable determination letter under section 501(c)(3) until the IRS publishes notice of a change in status, unless the donor or contributor was responsible for or aware of the act or failure to act that results in the revocation of the organization's determination letter. See Rev. Proc. 2018-32, 1028-23 I.R.B. 739.

Specific Instructions

Before completing the Form 1023-EZ, you must complete the Form 1023-EZ Eligibility Worksheet. If you meet the eligibility requirements, you must check the box at the top of Form 1023-EZ to attest that you are eligible to file the form. By checking the box, you are also attesting that you have read and understand the requirements to be exempt under section 501(c)(3). You are not required to submit the eligibility worksheet with your form. However, you should retain the worksheet for your records.

You must also check the boxes regarding your gross receipts and total assets. If you check "Yes" to those questions, you do not meet the requirements to submit Form 1023-EZ; instead, file Form 1023. For additional information regarding the gross receipts and assets requirements, see questions 1 through 3 on the Form 1023-EZ Eligibility Worksheet.

Part I. Identification of Applicant

Line 1a. Full name of organization. Enter your complete name exactly as it appears in your organizing document, including amendments.

Line 1b. Care of name. If you have an "in care of" name, enter it here; otherwise, leave this space blank.

Line 1c–1f. Mailing address. Enter your complete address where all correspondence will be sent. If mail is not delivered to the street address and you have a P.O. box, enter your box number instead of the street address.

Line 2. Employer identification number (EIN). Enter the nine-digit EIN assigned to you.

CAUTION *You will not be able to submit this application until you have obtained an EIN.*

All organizations must have an EIN. An EIN is required regardless of whether you have employees.

If the organization doesn't have an EIN, it must apply for one. An EIN can be applied for by visiting the IRS website at *IRS.gov/EIN*.

The organization may also apply for an EIN by faxing or mailing Form SS-4 to the IRS. Organizations outside the United States or U.S. territories may also apply for an EIN by calling 267-941-1099 (not toll-free). Don't apply for an EIN more than once.

Line 3. Month tax year ends (01–12). Enter the month that your tax year (annual accounting period) ends, using a two-digit number format. For example, if your annual accounting period ends in December, enter "12." Your annual accounting period is the 12-month period on which your annual financial records are based. Your first tax year could be less than 12 months. Check your bylaws or other rules of operation for consistency with the annual accounting period entered on line 3.

Line 4. Person to contact if more information is needed. Enter the name and title of the person to contact if more information is needed. The person to contact may be an officer, director, trustee, or other individual who is permitted to speak with us according to your bylaws or other rules of operation. Your person to contact may also be an "authorized representative," such as an attorney, certified public accountant (CPA), or enrolled agent (EA).

Note. We will request a Form 2848, Power of Attorney and Declaration of Representative, if we need to contact an authorized representative for additional information.

Line 5. Contact telephone number. Provide a daytime telephone number for the contact listed on line 4.

Line 6. Fax number. You may provide a fax number for the contact listed on line 4.

Line 7. User fee submitted. Pay.gov will populate this field with the current user fee for filing Form 1023-EZ.

Line 8. List the names, titles, and mailing addresses of your officers, directors, and/or trustees. Enter the full names, titles, and mailing addresses of your officers, directors, and/or trustees. You may use the organization's address for mailing. If you have more than five, list only five in the order below.

1. President or chief executive officer or chief operating officer.
2. Treasurer or chief financial officer.
3. Chairperson of the governing body.
4. Any officers, directors, and trustees who are substantial contributors (not already listed above).
5. Any other officers, directors, and trustees who are related to a substantial contributor (not already listed above).
6. Voting members of the governing body (not already listed above).
7. Officers (not already listed above).

If an individual serves in more than one office (for example, as both an officer and director), list this individual on only one line and list all offices held.

An officer is a person elected or appointed to manage the organization's daily operations, such as president, vice president, secretary, treasurer, and, in some cases, board chair. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or otherwise designated consistent with state law.

A director or trustee is a member of the organization's governing body, but only if the member has voting rights.

Line 9a. Organization's website. Enter your current website address, as of the date of filing this application. If you do not maintain a website, leave this space blank.

Line 9b. Organization's email. Enter your email address to receive educational information from us in the future. Because of

security concerns, we cannot send or respond to confidential information via email.

Part II. Organizational Structure

Line 1. Entity type. Only certain corporations, unincorporated associations, and trusts are eligible for tax-exempt status under section 501(c)(3). Sole proprietorships, partnerships, and loosely affiliated groups of individuals are not eligible. Check the appropriate box to indicate whether you are a corporation, an association, or a trust.

Note. Even though limited liability companies (LLCs) are eligible to receive exemption under section 501(c)(3), they are not eligible to apply for exemption using this form.

Corporation. A "corporation" is an entity organized under a federal or state statute, or a statute of a federally recognized Indian tribal or Alaskan native government. A corporation's organizing document is generally referred to as its "articles of incorporation." A corporation must be incorporated under the non-profit or non-stock laws of the jurisdiction in which it incorporates.

Unincorporated association. An "unincorporated association" formed under state law must have at least two members who have signed a written document for a specifically defined purpose.

Trust. A trust may be formed by a trust agreement or a declaration of trust. A trust may also be formed through a will.

Line 2. Necessary organizing document. See below for your organization type.

Corporation. If incorporated under a federal, state, or federally recognized Indian tribal or Alaskan native government statute, you have a "necessary organizing document" if your organizing document shows certification of filing. This means your organizing document shows evidence that on a specific date it was filed with and approved by an appropriate state authority.

Unincorporated association. In order to be a "necessary organizing document," your articles of organization must include your name, your purpose(s), the date the document was adopted, and the signatures of at least two individuals.

Bylaws may be considered an organizing document only if they are properly structured to include your name, purpose(s), signatures, and intent to form an organization.

Trust. In order for your trust agreement or declaration of trust to be a "necessary organizing document," it must contain appropriate signature(s) and show the exact date it was formed.

Line 3. Formation date. See below for your organization type.

Corporation. If you are a corporation, you should enter the date that the appropriate authority filed your articles of incorporation or other organizing document.

Unincorporated association. If you are an unincorporated association, you should enter the date that your organizing document was adopted by the signatures of at least two individuals.

Trust. If your trust was formed by a trust agreement or a declaration of trust and does not provide for distributions to non-charitable interests, enter the date the trust was funded. Generally, a trust must be funded with property, such as money, real estate, or personal property, to be legally created.

If your trust document provides for distributions for non-charitable interests, enter the date on which these interests expired. If your trust agreement continues to provide for non-charitable interests, you will not qualify for tax-exempt status.

If you were formed by a will, enter the date of death of the testator or the date any non-charitable interests expired, whichever is later.

Note. If you amended your organizational documents to comply with the requirements of section 501(c)(3), enter the date of amendment, unless the amendment was nonsubstantive within the meaning of Rev. Proc. 2024-5, 2024-1 I.R.B. 262 (or its successor).

Line 4. State of formation. Enter the jurisdiction (for instance, the state or the federally recognized tribal government) under the laws of which you were incorporated or otherwise formed. If you are a corporation, this may not be the place in which you are physically located. For example, if you are physically located in New York, but incorporated under Massachusetts law, enter Massachusetts.

Line 5. Purpose(s) clause. Your organizing document must limit your purposes to those described in section 501(c)(3). Those purposes are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, and preventing cruelty to children or animals. See discussion of these purposes under Part III, line 3 of these instructions.

If your purposes are limited by referring to section 501(c)(3), your organizing document also properly limits your purposes. For example, the phrase "relief of the elderly within the meaning of section 501(c)(3)" in your organizing document also properly limits your purposes.

However, if the purposes listed in your organizing document are broader than those listed in section 501(c)(3), you should amend your organizing document before applying for recognition of exemption. A reference to section 501(c)(3) will not ensure that your purposes are limited to those described in section 501(c)(3). All of the language in your organizing document must be considered. The following is an example of an acceptable purpose clause:

The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

See Pub. 557 for further information and examples of how to limit your purposes.

Line 6. Activities not in furtherance of tax-exempt purposes. Your organizing document must not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes described in section 501(c)(3). In other words, you are not organized exclusively for one or more exempt purposes if your organizing documents expressly empower you to carry on activities that further purposes outside the scope of section 501(c)(3), such as "to engage in the operation of a social club" or "to engage in a manufacturing business," regardless of the fact that your organizing document may state that you are created for "charitable purposes within the meaning of section 501(c)(3) of the Code."

Further, your net earnings must not inure to the benefit of private shareholders or individuals. You must establish that you will not be organized or operated for the benefit of private interests, such as the founder or the founder's family, shareholders of the organization, other designated individuals, or persons controlled directly or indirectly by such private interests. Also, you must not, as a substantial part of your activities, attempt to influence legislation (however, eligible organizations may elect an expenditure limit instead of the "no substantial part" limit), and you are prohibited from participating to any extent in a political campaign for or against any candidate for public office.

The following is an example of an acceptable clause:

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to its members, trustees, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes described in section 501(c)(3). No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office. Notwithstanding any other provision of these articles, the corporation shall not carry on any other activities not permitted to be carried on (a) by a corporation exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, or the corresponding section of any future federal tax code, or (b) by a corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code, or the corresponding section of any future federal tax code.

See Pub. 557 for further information and examples of acceptable language that expressly limits you to engage in activities in furtherance of one or more exempt purposes described in section 501(c)(3).

TIP *See the instructions for Part III, later, for more information on activities that exclusively further one or more exempt purposes, and certain activities that are prohibited or restricted for organizations exempt from federal income tax under section 501(c)(3).*

Line 7. Dissolution clause. Your organizing document must permanently dedicate your assets for a section 501(c)(3) purpose. This means that if you dissolve your organization in the future, your assets must be distributed for an exempt purpose described in section 501(c)(3), or to the federal government, or to a state or local government, for a public purpose.

If your organizing document states that your assets would be distributed to members or private individuals or for any purpose other than those provided in section 501(c)(3), you must amend your organizing document to remove such statements before you apply for recognition of exemption.

The following is an example of an acceptable dissolution clause:

Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Naming a specific organization or organizations to receive your assets upon dissolution will be acceptable only if your articles state that the specific organization(s) must be exempt under section 501(c)(3) at the time your dissolution takes place and your organizing document provides for distribution for one or more exempt purposes within the meaning of section 501(c)(3) if the specific organization(s) are not exempt.

See Pub. 557 for further information and examples of acceptable language for dedication of assets upon dissolution in your organizing document.

Operation of state law. The laws of certain states provide for the distribution of assets upon dissolution. Therefore, specific written language regarding distribution of assets upon dissolution may not be needed in the organizing documents of exempt organizations organized in those states. Organizations that are organized in these *cy pres* states should be aware of their specific state requirements. Operation of state law is based on Rev. Proc. 2024-22, 2024-22 I.R.B. 1332.

CAUTION *State law does not override an inappropriate dissolution clause. If you are organized in a cy pres state and do not have a dissolution clause, state law is sufficient to meet the dissolution clause. However, if you have an inappropriate dissolution clause (for example, a clause specifying that assets will or may be distributed to officers and/or directors upon dissolution), state law will not override this inappropriate clause, and you will need to amend your organizing document to remove the inappropriate clause before you apply for recognition of exemption.*

Part III. Your Specific Activities

Consider your past, present, and planned activities when responding to these questions.

Line 1. Briefly describe your mission or most significant activities (limit 250 characters). Describe the most significant activity or activities you conduct or will conduct to accomplish your tax-exempt 501(c)(3) purposes (see below for examples and a description of various 501(c)(3) purposes). For example, an organization that plans to provide relief for the poor and distressed by providing free meals at a homeless shelter could enter "We will provide relief for the poor and distressed by providing free meals at a homeless shelter."

Don't refer to or repeat purposes in your organizing document or speculate about potential future programs. You should describe either actual or planned mission or activities. For example, an organization that furthers educational purposes by operating an after-school homework club could enter "We further educational purposes by operating an after-school homework club." If the organization was also contemplating offering scholarships in the future but currently had no definitive plans to do so, then the scholarship activity would be speculative and should not be described.

Examples of activities or missions that were determined to further tax-exempt 501(c)(3) purposes:

Example 1. In Rev. Rul. 69-161, 1969-1 C.B. 149, a nonprofit legal aid society that was organized and operated for the purpose of providing free legal services to indigent persons who were otherwise financially incapable of obtaining such services qualified for exemption under section 501(c)(3) as a charitable organization providing relief to the poor and distressed.

Example 2. In Rev. Rul. 67-148, 1967-1 C.B. 132, an organization formed to increase the knowledge of its members and the public about historic events by researching, studying, and involving its members in historically accurate reenactments to which the public was invited qualified for exemption under section 501(c)(3) as an educational organization.

Example 3. In Rev. Rul. 74-194, 1974-1 C.B. 129, an organization formed to prevent cruelty to animals by subsidizing spaying and neutering for pet owners who otherwise couldn't afford the services qualified for the exemption under section 501(c)(3) as an organization formed and operated exclusively for the prevention of cruelty to animals.

Examples of activities or missions that were determined to not further tax-exempt 501(c)(3) purposes:

Example 1. In *Wendy L. Parker Rehabilitation Foundation Inc. v. Commissioner*, T.C. Memo. 1986-348, an organization created to aid an open-ended class of persons suffering from a disease or illness wasn't described in section 501(c)(3) because it anticipated spending a portion of its income for the benefit of one specifically named individual. The specifically named individual's family controlled the organization and made significant contributions to it. The distributions for her support

relieved them of the economic burden of providing for her care and thus constituted prohibited inurement of the organization's fund. The benefit didn't flow primarily to the general public as required under Regulations section 1.501(c)(3)-1(d)(1)(ii) and instead provided an impermissible private benefit.

Example 2. In Rev. Rul. 71-395, 1971-2 C.B. 228, an organization created as a cooperative art gallery formed by artists to exhibit and sell their works didn't qualify for exemption under section 501(c)(3) because the gallery was a vehicle for advancing the careers of the artists and for promoting the sale of their works. The Revenue Ruling explains that "the gallery serves the private purposes of its members, even though the exhibition and sale of paintings may be an educational activity in other respects." The organization failed to qualify for exemption because it was operated for the benefit of private individuals within the prohibition of Regulations section 1.501(c)(3)-1(d)(ii).

Example 3. In Rev. Rul. 67-367, 1967-2 C.B. 188, an organization was created to operate a scholarship fund plan for making payments to preselected, specifically named individuals. The subscribers deposited a certain amount of money with a designated bank. The subscribers also named a specific child to be the recipient of the scholarship money. The organization failed to qualify for exemption under section 501(c)(3) because it was operated for the benefit of private interests, the designated recipients, rather than to serve a public interest.

Line 2. National Taxonomy of Exempt Entities (NTEE) code. An NTEE code is a three-character series of letters and numbers that generally summarize an organization's purpose. Enter the code that best describes your organization from the list of NTEE codes, later. For more information and more detailed definitions of these codes developed by the National Center for Charitable Statistics (NCCS), visit the Urban Institute, NCCS website at *nccs.urban.org*.

Note. NTEE codes are also used for purposes other than identification of organizations described in section 501(c)(3). Therefore, all codes in the list do not necessarily describe a 501(c)(3) purpose. Selecting the appropriate NTEE code is important as some donors use the codes to identify potential recipients of grants.

Line 3. Exempt purposes. In order to qualify for exemption as an organization described in section 501(c)(3), you must be organized and operated exclusively for one or more of the following purposes: charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports competition, or preventing cruelty to children or animals. An organization is not regarded as being organized and operated exclusively for exempt purposes if more than an insubstantial part of its activities is not in furtherance of an exempt purpose. For more information, see Pub. 557.

Note. An organization does not qualify for exemption as an organization described in section 501(c)(3) if its purposes are illegal or contrary to public policy. See Rev. Rul. 71-447, 1971-2 C.B. 230 (a private school that does not have a racially nondiscriminatory policy as to students does not qualify for exemption). Furthermore, an organization operated for the primary purpose of carrying on a trade or business for profit shall not be exempt from taxation under section 501(c)(3), even if all of its profits are payable to one or more organizations exempt from taxation under section 501.

Charitable. The generally accepted legal definition of "charitable" includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.

Religious. To determine whether an organization meets the religious purposes test of section 501(c)(3), the IRS maintains two basic guidelines.

1. That the particular religious beliefs of the organization are truly and sincerely held. If there is a clear showing that the beliefs (or doctrines) are sincerely held by those professing them, the IRS will not question the religious nature of those beliefs.
2. That the practices and rituals associated with the organization's religious belief or creed are not illegal or contrary to clearly defined public policy. Therefore, an organization may not qualify for treatment as an exempt religious organization for tax purposes if its actions are contrary to well established and clearly defined public policy.

Educational. The term "educational," as used in section 501(c)(3), relates to:

- The instruction or training of the individual for the purpose of improving or developing his or her capabilities, or
- The instruction of the public on subjects useful to the individual and beneficial to the community.

An organization may be educational even though it advocates a particular position or viewpoint so long as it presents a sufficiently full and fair exposition of the pertinent facts as to permit an individual or the public to form an independent opinion or conclusion. An organization is not educational if its principal function is the mere presentation of unsupported opinion.

The term "educational" includes the provision of childcare away from the home if:

1. Substantially all of the care provided by the organization is to enable individuals (parents) to be gainfully employed, and
2. The services provided by the organization are available to the general public.

The following are examples of organizations which, if they otherwise meet the requirements of this section, are educational.

Example 1. An organization whose activities consist of presenting public discussion groups, forums, panels, lectures, or other similar programs. Such programs may be on radio or television.

Example 2. An organization which presents a course of instruction by means of correspondence or through the utilization of television or radio.

Example 3. Museums, zoos, planetariums, symphony orchestras, and other similar organizations.

Scientific. To be a scientific organization described in section 501(c)(3), an organization must be organized and operated in the public interest. Therefore, the term "scientific," as used in section 501(c)(3), includes the carrying on of scientific research in the public interest. Scientific research does not include activities of a type ordinarily carried on as an incident to commercial or industrial operations, as, for example, the ordinary testing or inspection of materials or products, or the designing or construction of equipment or buildings.

Scientific research will be regarded as carried on in the public interest if:

1. The results of such research (including any patents, copyrights, processes, or formulas resulting from such research) are made available to the public on a nondiscriminatory basis;

2. Such research is performed for the United States, or any of its agencies or instrumentalities, or for a state or political subdivision thereof; or

3. Such research is directed toward benefiting the public.

Testing for public safety. The term "testing for public safety," as used in section 501(c)(3), includes the testing of consumer products, such as electrical products, to determine whether they are safe for use by the general public.

To foster national or international amateur sports competition. There are two types of amateur athletic organizations that can qualify for tax-exempt status. The first type is an organization that fosters national or international amateur sports competition, but only if none of its activities involve providing athletic facilities or equipment. The second type is a qualified amateur sports organization under section 501(j) (discussed below). The primary difference between the two is that a qualified amateur sports organization can provide athletic facilities and equipment.

An organization will be a qualified amateur sports organization under section 501(j) if it is organized and operated:

1. Exclusively to foster national or international amateur sports competition, and

2. Primarily to conduct national or international competition in sports or to support and develop amateur athletes for that competition.

The organization's membership can be local or regional in nature.

Prevention of cruelty to children or animals. Examples of activities that may qualify this type of organization for exempt status are:

1. Preventing children from working in hazardous trades or occupations,

2. Promoting high standards of care for laboratory animals, and

3. Providing funds to pet owners to have their pets spayed or neutered to prevent over-breeding.

Line 4. Prohibited or restricted activities. Certain activities are prohibited or restricted for organizations exempt from federal income tax under section 501(c)(3). Along with conducting activities that exclusively further one or more of the purposes listed in Part III, line 3, earlier, organizations exempt under section 501(c)(3) must:

a) Refrain from supporting or opposing candidates in political campaigns in any way.

An organization exempt under section 501(c)(3) is prohibited from directly or indirectly participating in, or intervening in, any political campaign on behalf of (or in opposition to) any candidate for elective public office. The prohibition applies to all campaigns, including campaigns at the federal, state, and local level.

Political campaign intervention includes any and all activities that favor or oppose one or more candidates for public office. The prohibition extends beyond candidate endorsements. Contributions to political campaign funds or public statements of position (verbal or written) made by or on behalf of an organization in favor of or in opposition to any candidate for public office clearly violate the prohibition on political campaign intervention. Distributing statements prepared by others that favor or oppose any candidate for public office will also violate the prohibition. Allowing a candidate to use an organization's assets or facilities will also violate the prohibition if other candidates are not given an equivalent opportunity.

Certain activities will require an evaluation of all the facts and circumstances to determine whether they result in political campaign intervention. For example, section 501(c)(3) organizations are permitted to conduct certain voter education activities (including the presentation of public forums and the publication of voter education guides) if they are carried out in a non-partisan manner. In addition, section 501(c)(3) organizations may encourage people to participate in the electoral process through voter registration and get-out-the-vote drives conducted in a non-partisan manner. However, voter education or registration activities conducted in a biased manner that favors (or opposes) one or more candidates is prohibited. For examples of relevant facts and circumstances, see Rev. Rul. 2007-41, 2007-1 C.B. 1421.

b) Ensure that net earnings do not inure in whole or in part to the benefit of private shareholders or individuals (that is, board members, officers, key management employees, or other insiders).

An organization is not operated exclusively for one or more exempt purposes if its net earnings inure in whole or in part to the benefit of private shareholders or individuals. The term "private shareholder or individual" refers to persons who have a personal and private interest in the organization, such as an officer, a director, or a key employee. Any amount of inurement may be grounds for loss of tax-exempt status.

Note. Examples of inurement include the payment of dividends and the payment of unreasonable compensation to private shareholders or individuals.

c) Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially.

An organization cannot conduct activities that further any purposes other than those described in Part III, line 3 of these instructions more than insubstantially, including benefitting private interests rather than the public as a whole. For example, an organization whose sole activity is the operation of a scholarship program for making payments to pre-selected, specifically named individuals is serving private interests rather than public interests. See Rev. Rul. 67-367, 1967-2 C.B. 188.

d) Not be organized or operated for the primary purpose of conducting a trade or business that is unrelated to exempt purpose(s).

An activity is an unrelated trade or business (and subject to unrelated business income tax) if it meets three requirements.

1. It is a trade or business,

2. It is regularly carried on,

3. It is not substantially related to furthering the exempt purpose(s) of the organization.

Trade or business. The term "trade or business" generally includes any activity conducted for the production of income from selling goods or performing services. An activity does not lose its identity as a trade or business merely because it is conducted within a larger group of similar activities that may or may not be related to the exempt purposes of the organization.

Regularly carried on. Business activities of an exempt organization ordinarily are considered regularly conducted if they show a frequency and continuity similar to, and are pursued in a manner similar to, comparable commercial activities of nonexempt organizations.

Not substantially related. A business activity is not substantially related to an organization's exempt purpose if it does not contribute importantly to accomplishing that purpose (other than through the production of funds). Whether an activity contributes importantly depends in each case on the facts involved.

For more information, see Pub. 598.

e) Not devote more than an insubstantial part of activities to attempting to influence legislation.

In general, if a substantial part of an organization's activities consists of carrying on propaganda or otherwise attempting to influence legislation, it does not qualify for exemption under section 501(c)(3).

Legislation includes action by Congress, any state legislature, any local council, or similar governing body, with respect to acts, bills, resolutions, or similar items (such as legislative confirmation of appointive office), or by the public in referendum, ballot initiative, constitutional amendment, or similar procedure. It does not include actions by executive, judicial, or administrative bodies.

An organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation.

TIP *Most public charities are eligible to elect under section 501(h) to have their legislative activities measured solely by an expenditure limit rather than by the "no substantial amount" limit. An election is made by filing Form 5768, Election/ Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation. If you are eligible and would like to make the election, file Form 5768. Private foundations cannot make this election.*

For additional information on the expenditure limit or the no substantial amount limit, see IRS.gov/Charities-&-Non-Profits/Lobbying.

f) Not provide commercial-type insurance as a substantial part of activities.

An organization described in section 501(c)(3) shall be exempt from tax only if no substantial part of its activities consists of providing commercial-type insurance. The term "commercial-type insurance" does not include:

- Insurance provided at substantially below cost to a class of charitable recipients,
- Incidental health insurance provided by a health maintenance organization of a kind customarily provided by such organizations,
- Property or casualty insurance provided (directly or through an organization described in section 414(e)(3)(B)(ii)) by a church or convention or association of churches for such church or convention or association of churches,
- Providing retirement or welfare benefits (or both) by a church or a convention or association of churches (directly or through an organization described in section 414(e)(3)(A) or 414(e)(3)(B)(ii)) for the employees (including employees described in section 414(e)(3)(B)) of such church or convention or association of churches or the beneficiaries of such employees, and
- Charitable gift annuities.

Line 5. Attempting to influence legislation. Check "Yes" if you have attempted, or plan to attempt, to influence legislation. See the instructions for Part III, line 4, earlier, for a description of "attempting to influence legislation."

Line 6. Compensation to officers, directors, or trustees. Check "Yes" if you pay or plan to pay compensation to any of your officers, directors, or trustees.

Compensation includes salary or wages, deferred compensation, retirement benefits whether in the form of a qualified or non-qualified employee plan (pensions or annuities), fringe benefits (personal vehicle, meals, lodging, personal and family educational benefits, low interest loans, payment of personal travel, entertainment, or other expenses, athletic or country club membership, and personal use of your property), and bonuses.

Line 7. Donation of funds or payment of expenses to individuals. Check "Yes" if you have donated funds to or paid expenses for individual(s), or plan to donate funds to or pay expenses for individual(s) (other than paying for or reimbursing employees' business expenses).

CAUTION *An organization is not organized or operated exclusively for one or more exempt purposes unless it serves a public rather than a private interest. You do not qualify as tax exempt if you are organized or operated for the benefit of private interests such as designated individuals, the creator or his or her family, or shareholders of the organization. For example, you may not set up a scholarship program to pay for the education expenses of a designated individual, such as a contributor's family member. See Rev. Rul. 67-367, 1967-2 C.B. 188.*

Line 8. Conducting activities or providing grants outside the United States. Check "Yes" if you have conducted or plan to conduct activities outside the United States, or have provided or plan to provide grants or other assistance to individual(s) or organization(s) outside the United States. For purposes of this question, "outside the United States" means those locations other than the United States, and its territories.

Line 9. Financial transactions with officers, directors, or trustees. Check "Yes" if you have engaged in or plan to engage in financial transactions (for example, loans, grants, or other assistance, payments for goods or services, rents, etc.) with any of your officers, directors, or trustees, or any entities they own or control. See the glossary in the Form 990 instructions for a definition of "control."

Line 10. Unrelated business gross income. Check "Yes" if you have received or plan to receive unrelated business gross income of $1,000 or more during a tax year. Exempt organizations that receive unrelated business gross income of $1,000 or more during a tax year must file Form 990-T, Exempt Organization Business Income Tax Return. For more information, see Pub. 598.

Line 11. Gaming activities. Check "Yes" if you have conducted or plan to conduct bingo or other gaming activities. For more information, see Pub. 3079, Tax-Exempt Organizations and Gaming.

Line 12. Disaster relief assistance. Check "Yes" if you have provided or plan to provide disaster relief. For more information, see Pub. 3833, Disaster Relief: Providing Assistance Through Charitable Organizations.

CAUTION *Because of the requirement that exempt organizations must serve a charitable class, you do not qualify as a tax-exempt disaster relief or emergency hardship organization if you provide assistance only to specific individuals, such as a few persons injured in a particular natural disaster. Similarly, donors cannot earmark contributions to a charitable organization for a particular individual or family.*

Part IV. Foundation Classification

Every organization described in section 501(c)(3) has a foundation classification. The two main classifications are public charity and private foundation. A public charity generally has a broad base of support, while a private foundation generally receives its support from a small number of donors. Your foundation classification is important because it determines which tax rules govern your operations and which limitations apply to your donors' contributions. For example, deductibility of contributions to a private foundation is more limited than

contributions to a public charity. In addition, private foundations are subject to excise taxes that are not imposed on public charities, discussed later.

Section 509(a) provides that every section 501(c)(3) organization is a private foundation unless it qualifies for one of the public charity exceptions under section 509(a)(1), 509(a)(2), 509(a)(3), or 509(a)(4). Section 509(a)(1) public charities have nine sub-classifications; however, only three of those subclasses (described in the first three bullets below) can apply for exemption on Form 1023-EZ. Private foundations have two main sub-classifications.

Note. Private operating foundations can't apply for exemption on Form 1023-EZ (see question 28 on the Form 1023-EZ Eligibility Worksheet).

CAUTION *You are solely responsible to check the line on Part IV of Form 1023-EZ that corresponds to your correct foundation classification. We will process your application with the classification you indicate based upon your representations.*

Foundation classifications available to a Form 1023-EZ filer. An organization eligible to apply for exemption using Form 1023-EZ will have one of the following foundation classifications.

- A section 509(a)(1) public charity described in section 170(b)(1)(A)(vi) that receives substantial support in the form of grants and contributions from governmental units, the general public, and other public charities. See the instructions for **Line 2a**, later.
- A section 509(a)(2) public charity that receives substantial revenues from a combination of contributions, membership fees, and gross receipts from activities that further its exempt purpose. See the instructions for **Line 2b**, later.
- A section 509(a)(1) public charity described in section 170(b)(1)(A)(iv) that operates for the benefit of a college or university that is owned or operated by a governmental unit. See the instructions for **Line 2c**, later.
- A private foundation (other than a private operating foundation). See the instructions for **Line 3**, later.

You can find a detailed description of the tax treatment of public charities and private foundations in chapter 3 of Pub. 557. Also see Pub. 526, which explains the limitations on deductibility of contributions for gifts to public charities and private foundations.

Note. Your foundation classification can change if the types, sources, and amounts of your revenues change.

Determining your correct foundation classification. In order to determine your correct foundation classification, you need to know the types, sources, and amounts of your revenues for the most recent 5-year period. If you are a new organization, base your determination on the types, sources, and amounts of revenue you actually received since your formation, together with the types, sources, and amounts of revenue you anticipate you will receive over the first 5 years of your existence.

Because of the low asset and revenue thresholds for Form 1023-EZ, the instructions later simplify the applicable tests for the types of public charity described in the instructions for Line 2a and Line 2b. You can obtain more detailed information about the public support tests for Line 2a and Line 2b in the Instructions for Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support. In addition, you can complete Schedule A (Form 990 or 990-EZ), Parts II and III as an alternative to the simplified calculation steps described later.

Types of Revenue

Gifts, grants, and contributions. Gifts, grants, and contributions are transfers of money or property you receive without providing goods or services in exchange. Include bequests and donations in this revenue type. Membership fees may also be treated as contributions when the member receives nothing of value in exchange for the membership fee. In addition, you can treat the value of services or facilities furnished by a governmental unit without charge, provided that the governmental unit would ordinarily charge for the use of its facilities. Treat contributions from members of a family as made by one person. Treat contributions by an individual and a business entity the individual controls as being made by the individual.

Exempt-activity revenues. Exempt-activity revenues include admissions fees, revenues from merchandise sold or services performed, or facilities furnished in any activity related to your tax-exempt purpose.

Revenues from unrelated activities. Revenues from activities unrelated to your exempt purpose don't count as public support for section 170(b)(1)(A)(vi) or 509(a)(2). Therefore, you need to identify these revenues and account for them separately from gifts, grants, contributions, exempt-activity revenues, and unusual grants. Revenues from activities unrelated to your exempt purpose include admissions fees, revenues from merchandise sold or services performed, or facilities furnished in any activity that is unrelated to your tax-exempt purpose. For the purposes of the Form 1023-EZ, we do not distinguish between revenues in this category that are taxable as unrelated business taxable income (UBTI) and revenues that are not UBTI because of an exception, nor do we factor in the deduction allowed on Schedule A (Form 990 and 990-EZ) for the tax on UBTI. See the Instructions for Schedule A (Form 990 and 990-EZ) and Pub. 598 for more information.

Investment income. Investment income includes interest, dividends, and similar items.

Unusual grants. "Unusual grants" are contributions from disinterested persons (that is, not your founder or members of your governing body) that are unusual (in terms of their size), that you do not anticipate will be recurring. For example, a one-time promise of "seed funding" to help you start operations and develop broad-based public support (whether received in a lump sum or over a period of years) could potentially be characterized as an unusual grant. Before you decide that a contribution is an "unusual grant," see chapter 3 of Pub. 557 for more information.

Sources of Revenue

Disqualified persons. The term "disqualified person" has a specific meaning depending upon the circumstances. For the purposes of Form 1023-EZ and your foundation classification, the term "disqualified persons" includes any individual or organization that is any of the following.

1. A "substantial contributor" to you (defined below).
2. An officer, director, trustee, or any other individual who has similar powers or responsibilities.
3. An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor.
4. An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor.
5. An individual who owns more than 20% of the beneficial interest of a trust or estate that is a substantial contributor.
6. A member of the family of any individual described in 1, 2, 3, 4, or 5 above.
7. A corporation in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the total combined voting power.

8. A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the beneficial interests.
9. A partnership in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the profits interest.

Substantial contributor. A "substantial contributor" is any individual or organization that gave more than $5,000 to you from the date you were formed or other date that your exemption would be effective, to the end of the year in which the contributions were received. This total amount contributed must also be more than 2% of all the contributions you received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed.

For more information regarding substantial contributors, go to *IRS.gov/SubstantialContributor*.

Family members. A "member of the family" includes the spouse, ancestors, children, grandchildren, great-grandchildren, and their spouses.

For additional information concerning members of the family, go to *IRS.gov/FamilyMembers*.

Further information about disqualified persons can be obtained at *IRS.gov/DisqualifiedPerson*.

General public. For the purposes of determining your foundation classification, the term "general public" includes any person who is not a disqualified person.

Governmental unit. Governmental unit means a state, a territory of the United States, or a political subdivision of a state or U.S. territory, the United States, or the District of Columbia. Treat taxes levied on your behalf that are paid to or spent on your behalf as being from a governmental unit. In addition, if a governmental unit provides services or facilities to you without charge, and it does not provide those services or facilities to the public without charge, you should treat the value of those services and facilities as being from a governmental unit.

Public charity. An organization described in section 501(c)(3) that makes a gift, grant or contribution to you, or pays exempt-service revenues to you, should inform you of its foundation classification.

Foundation classification tests. Lines 2a, 2b, 2c, and 3 each uses a different test. The specific test for each line is explained below.

You may only check one box in Line 2.

As an alternative to the tests described below, you can use the more detailed support calculations in Schedule A (Form 990 or 990-EZ), Part II (for Line 2a, or Line 2c), or Part III (for Line 2b).

TIP *If the IRS approves your application and you are classified as a public charity, then any year that you must file Form 990 or Form 990-EZ, you will use Schedule A (Form 990 or 990-EZ), to confirm that you continue to satisfy the section 170(b)(1)(A)(vi) or 509(a)(2) public support test. See* Annual Filing Requirements, *earlier.*

Line 1. Check "Yes" if you are applying for recognition as a church, school, or hospital (as described in section 170(b)(1)(A)(i), (ii), or (iii)). Also see questions 12 through 14 on the Form 1023-EZ Eligibility Worksheet. If you are seeking recognition as a church, school, or hospital, you are not eligible to use Form 1023-EZ and should instead submit Form 1023 if you wish to obtain a determination letter from the IRS. However, churches (including synagogues, temples, and mosques) and integrated auxiliaries of churches and conventions or associations of churches may be considered tax exempt under section 501(c)(3) even if they do not file Form 1023.

Check "No" if you are not applying for recognition as a church, school, or hospital (as described in section 170(b)(1)(A)(i), (ii), or (iii)).

Line 2a. Check this box if you meet, or reasonably expect to meet, the requirements for the 170(b)(1)(A)(vi) public support test.

Use the calculation in steps 1–7 below to determine whether you can check Line 2a because you meet, or reasonably expect to meet, the applicable public support test. An organization "normally" receives the requisite amount of public support and meets the 33⅓% public support test or the facts and circumstances test during its first five taxable years as a section 501(c)(3) organization if the organization can reasonably be expected to meet the requirements of the 33⅓% support test or the facts and circumstances test during that period. For additional information about the 33⅓% support test and the "facts and circumstances" test, see Pub. 557 and Regulations section 1.170A-9(f). For the calculations below, combine revenues for the most recent 5-year period. If you are a new organization, base your calculation on revenues you have actually received since your formation as well as revenues you reasonably anticipate you will receive over the first 5 years of your existence. You can also use this support calculation for Line 2c.

Step 1. Total all gifts, grants, and contributions (including those from governmental units and public charities). Don't include exempt-activity revenues and unusual grants.

Step 2. Multiply the amount from Step 1 by 2% (0.02). This is your 2% threshold amount. Gifts, grants, or contributions from persons other than governmental units and public charities can be treated as public support only up to the 2% threshold.

Step 3. Excluding gifts, grants, and contributions from governmental units and public charities, add together contributions of any person that exceed the 2% threshold amount calculated in Step 2.

Example. If the amount in Step 1 is $150,000, the 2% threshold is $3,000. If, over the 5-year period, one individual donor gave $4,000, another individual donor gave $3,250, and the rest of the donors gave $3,000 or less, the amount calculated for Step 3 will be $1,250, which is ($4,000 minus $3,000) plus ($3,250 minus $3,000).

Step 4. Subtract the amount calculated in Step 3 from the amount calculated in Step 1. This is your 170(b)(1)(A)(vi) **public** support amount.

Step 5. Calculate the total of your unrelated trade or business revenues, and investment income. Don't include exempt-activity revenues and unusual grants.

Step 6. Add the amount from Step 1 to the amount from Step 5. This is your 170(b)(1)(A)(vi) **total** support amount.

Step 7. Divide your 170(b)(1)(A)(vi) public support amount (calculated in Step 4) by your 170(b)(1)(A)(vi) total support amount (calculated in Step 6).

- If the result is at least 33⅓%, you satisfy the 170(b)(1)(A)(vi) public support test and should check the box on Line 2a.
- If the result is less than 33⅓%, but is at least 10%, you might satisfy the public support test for Line 2a (or Line 2c) based upon a "facts and circumstances" test. An organization with public support between 10% and 33⅓% must be organized and operated in a way that will attract new and additional public or governmental support on a continuous basis. The following factors are taken into account in determining whether an organization that meets the 10% public support requirement and is organized and operated to attract new and additional public support may

qualify as publicly supported for the purposes of section 170(b)(1)(A)(vi).

a. The percentage of financial support the organization receives from the general public, governmental units, or public charities (the higher the percentage, the lower the burden of meeting the other factors).
b. Whether the organization receives support from a representative number of persons.
c. All other facts and circumstances, including the public nature of the organization's governing body, the extent to which its facilities or programs are publicly available, the extent to which its dues encourage membership, and whether its activities are likely to appeal to persons having a broad common interest or purpose.

Note. If you do not meet, or reasonably expect to meet, the section 170(b)(1)(A)(vi) public support test, but you receive, or reasonably expect to receive, most of your support in the form of exempt-activity receipts, continue to the section 509(a)(2) public support test for Line 2b.

Line 2b. Check this box if you meet, or reasonably expect to meet, the requirements for the section 509(a)(2) public support test.

Use the calculation in steps 1–9 below to determine whether you can check Line 2b because you meet, or reasonably expect to meet, the section 509(a)(2) public support tests. An organization will "normally" meet the one-third support test and the not-more-than-one-third support test during its first 5 taxable years as a section 501(c)(3) organization if the organization can reasonably be expected to meet the requirements of the one-third support test and the not-more-than-one-third support test during that period.

For additional information about the one-third support test and the not-more-than-one-third support test, see Pub. 557 and Regulations section 1.509(a)-3(a). For the calculations below, except as otherwise noted, combine revenues for the most recent 5-year period. If you are a new organization, base your calculation on revenues you have actually received since your formation as well as revenues you reasonably anticipate you will receive over the first 5 years of your existence.

Step 1. Add together amounts you received in the form of taxes levied on your behalf that are paid to or spent on your behalf and the value of services and facilities provided to you by a governmental unit without charge (see the description of this revenue source earlier). Do not include amounts a governmental unit pays to in the form of a grant, contribution, or exempt-activity revenues.

Step 2. Add together all gifts, grants, contributions, and exempt-activity revenues from all sources not included in the calculation for Step 1, excluding unusual grants.

Step 3. To the amount you calculated in Steps 1 and 2, add investment income and all revenues from unrelated activities. For the purposes of this simplified calculation, do not distinguish between unrelated activity revenues that generate UBTI and those that qualify for an exception from UBTI. This is your 509(a)(2) **total** support amount.

Step 4. Treating family members as one contributor, and any business entity and an individual who controls it as one contributor, identify the contributors who are disqualified persons. Then, calculate the total of contributions received from disqualified persons, regardless of amount.

Step 5. Identify any disqualified persons from whom you received exempt-activity revenues of any amount. Then, calculate the total of exempt-activity revenues received from disqualified persons.

Step 6. Identify the payers other than disqualified persons from whom you received exempt-activity revenues in any year that exceed the greater of 1% of your 509(a)(2) total support amount or $5,000 for that year. Total the amounts that exceed the greater of 1% or $5,000 threshold for each year. Make this calculation on a year-by-year basis, rather than on a 5-year aggregated basis.

Step 7. Subtract the total of the amounts calculated in Step 4, Step 5, and Step 6 from the amount you calculated in Step 2. Then, add that to the amount calculated in Step 1. This is your 509(a)(2) **public** support amount.

Step 8. Divide your 509(a)(2) public support amount (calculated in Step 7) by your 509(a)(2) total support amount (calculated in Step 3). If the result is less than 33⅓%, this calculation indicates that you don't satisfy the 509(a)(2) public support test. If the result is at least 33⅓%, proceed to Step 9.

Step 9. In addition to the 509(a)(2) public support amount of at least 33⅓%, you may not derive more than 33⅓% of your total support from a combination of investment income and revenues from activities unrelated to your exempt purpose. Add together your investment income and revenues from unrelated activities. Then, divide that amount by the 509(a)(2) total support amount. If that amount is less than 33⅓%, you satisfy the second part of the 509(a)(2) public support test.

If the result in Step 8 is at least 33⅓% and the result in Step 9 is less than 33⅓%, you satisfy the 509(a)(2) public support test. Check the box on Line 2b.

Line 2c. In order to be able to check the box for Line 2c, you must satisfy the same public support test for Line 2a, earlier. See Rev. Rul. 82-132, 1982-2 C.B. 107. Check this box if, in addition to satisfying the support test described in Line 2a, earlier, you are organized and operated exclusively to receive, hold, invest, and administer property for and make expenditures to or for the benefit of a state or municipal college or university (see below).

The college or university you benefit must be:
- An agency or instrumentality of a state or political subdivision,
- Owned and operated by a state or political subdivision, or
- Owned and operated by an agency or instrumentality of one or more states or political subdivisions.

For this purpose, "support" doesn't include income received in the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for exemption. See Pub. 557 for additional information.

Line 3. If you are eligible to apply for exemption using Form 1023-EZ, but you don't satisfy one of the public charity tests listed in Lines 2a–2c, you are a private foundation and must confirm that you satisfy the organizing document requirements discussed below.

Special organizing document requirement. Before you check Line 3, you need to ensure that your organizing document satisfies the special rule under section 508(e) applicable to private foundations.

As a private foundation you are not tax exempt unless your organizing document contains specific provisions required by section 508(e). These specific provisions require that you operate to avoid liability for excise taxes under sections 4941(d) (acts of self-dealing), 4942 (undistributed income), 4943(c) (excess business holdings), 4944 (jeopardizing investments), and 4945(d) (taxable expenditures).

You can find sample provisions that satisfy the section 508(e) requirements in chapter 3 of Pub. 557.

You can include provisions that satisfy the requirement under section 508(e) even if you are not a private foundation, and even if state law provisions satisfy section 508(e) requirements.

Operation of state law. Some states have enacted statutory provisions that satisfy the requirements of section 508(e). See Appendix B in the *Instructions for Form 1023*. If you are organized in a state that has statutory provisions addressing the requirements of section 508(e), and if you wish to rely on your state law provisions instead of including the provisions in your organizing document, you should be certain that you know what the specific provisions are and where to find them. Reliance on state law to satisfy the rules under section 508(e) is explained in Rev. Rul. 2024-10, 2024-22 I.R.B. 1240.

Note. By checking **Line 3**, you are attesting that either your organizing document contains the appropriate provisions or that the requirement is satisfied by operation of state law.

As a private foundation you are subject to all of the private foundation rules, not just the specific provisions listed in section 508(e). You can find information about the private foundation rules and the excise taxes that may be imposed for violations of the rules in Pub. 4221-PF, Compliance Guide for 501(c)(3) Private Foundations, and at *IRS.gov/Charities-&-Non-Profits/Private-Foundations/Private-Foundation-Excise-Taxes*.

Special foundations-rule procedure for grants to individuals for travel or study. Private foundations are required to obtain advance approval from the IRS before making grants to individuals for travel, study, or similar purposes. Failure to do so will result in excise taxes under section 4945. Under section 4945, the excise tax does not apply to an individual grant awarded on an objective and nondiscriminatory basis pursuant to a procedure approved by the IRS in advance. Additional information regarding these rules is available at *IRS.gov/Charities-&-Non-Profits/Private-Foundations/Grants-to-Individuals*.

To request advance approval of grantmaking procedures under section 4945(g), you must complete and submit Form 8940. A user fee must accompany the form. The advance approval request should be sent to the address indicated on Form 8940. It cannot be submitted with Form 1023-EZ. Additional information about advance approval of individual grant procedures is available at *IRS.gov/Charities-&-Non-Profits/Private-Foundations/Advance-Approval-of-Grant-Making-Procedures*. Alternatively, if you do not wish to submit a Form 1023-EZ and a Form 8940, private foundations required to obtain advance approval may complete Form 1023 instead.

Part V. Reinstatement After Automatic Revocation

You should complete this section only if you have had your exempt status automatically revoked under section 6033(j)(1) for failure to file required annual returns or notices for 3 consecutive years, and you are applying for reinstatement under section 4 or 7 of Rev. Proc. 2014-11, 2014-3 I.R.B. 411.

Rev. Proc. 2014-11 establishes several different procedures for reinstating organizations depending upon their size, number of times they have been automatically revoked, and the timeliness of filing for reinstatement. Therefore, you should review the revenue procedure and determine which section applies to you.

Note. You can apply using this form only if you are requesting reinstatement under section 4 or 7 of the revenue procedure. If you are applying for retroactive reinstatement under section 5 or 6 of Rev. Proc. 2014-11, you must submit the full Form 1023 along with the appropriate reasonable cause statement and a statement confirming you have filed the required annual returns as described in the revenue procedure.

Line 1. Section 4 of Rev. Proc. 2014-11. Check this box if:

- You were eligible to file either Form 990-EZ or Form 990-N for each of the 3 consecutive years that you failed to file,
- This is the first time you have been automatically revoked pursuant to section 6033(j), and
- You are submitting this application not later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Revocation List at *IRS.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check*.

By checking this box, you are also attesting that your failure to file was not intentional and you have put in place procedures to file required returns or notices in the future.

CAUTION *If you are requesting reinstatement under section 4 of Rev. Proc. 2014-11, the foundation classification that you request on Part IV. Foundation Classification of this form must match the foundation classification you had at the time of your revocation. Otherwise, you must use Form 1023.*

Line 2. Section 7 of Rev. Proc. 2014-11. Check this box if you are seeking reinstatement under section 7 of Rev. Proc. 2014-11. By checking this box, you are agreeing to accept an effective date of reinstatement as of the date of filing this application.

Part VI. Signature

An officer, director, or trustee listed in Part I, line 8, who is authorized to sign for the organization must electronically sign Form 1023-EZ. To electronically sign Form 1023-EZ, the signer must check the "penalties of perjury" box in Part VI and type his or her name on the line provided. The signature must be accompanied by the title or authority of the signer and the date.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for tax exempt organizations filing this form is approved under OMB control number 1545-0047 and is included in the estimates shown in the instructions for their information return.

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through *IRS.gov/FormComments*. Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send tax questions, tax

returns, or payments to the above address. Instead, see *How To File*, earlier.

Form 1023-EZ Eligibility Worksheet

(Must be completed prior to completing Form 1023-EZ)

If you answer "Yes" to any of the worksheet questions, you are not eligible to apply for exemption under section 501(c)(3) using Form 1023-EZ. You must apply on Form 1023. If you answer "No" to all of the worksheet questions, you may apply using Form 1023-EZ.

1.	**Do you project that your annual gross receipts will exceed $50,000 in any of the next 3 years?** Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. You should consider this year and the next 2 years.	☐ Yes	☐ No
2.	**Have your annual gross receipts exceeded $50,000 in any of the past 3 years?**	☐ Yes	☐ No
3.	**Do you have total assets the fair market value of which is in excess of $250,000?** Total assets include cash, accounts receivable, inventories, bonds and notes receivable, corporate stocks, loans receivable, other investments, depreciable and depletable assets, land, buildings, equipment, and any other assets.	☐ Yes	☐ No
4.	**Were you formed under the laws of a foreign country (U.S. territories are not considered foreign countries)?** You are formed under the laws of a foreign country if you are not formed under the laws of (1) the United States, its states, or territories; (2) federally recognized Indian tribal or Alaskan native governments; or (3) the District of Columbia.	☐ Yes	☐ No
5.	**Is your mailing address in a foreign country (U.S. territories are not considered foreign countries)?** Your mailing address is the address where all correspondence will be sent.	☐ Yes	☐ No
6.	**Are you a successor to, or controlled by, an entity suspended under section 501(p) (suspension of tax-exempt status of terrorist organizations)?** Section 501(p)(1) suspends the exemption from tax under section 501(a) of any organization described in section 501(p)(2). An organization is described in section 501(p)(2) if the organization is designated or otherwise individually identified (1) under certain provisions of the Immigration and Nationality Act as a terrorist organization or foreign terrorist organization; (2) in or pursuant to an Executive Order which is related to terrorism and issued under the authority of the International Emergency Economic Powers Act or section 5 of the United Nations Participation Act of 1945 for the purpose of imposing on such organization an economic or other sanction; or (3) in or pursuant to an Executive Order issued under the authority of any federal law, if the organization is designated or otherwise individually identified in or pursuant to the Executive Order as supporting or engaging in terrorist activity (as defined in the Immigration and Nationality Act) or supporting terrorism (as defined in the Foreign Relations Authorization Act) and the Executive Order refers to section 501(p)(2). Under section 501(p)(3) of the Code, suspension of an organization's tax exemption begins on the date of the first publication of a designation or identification with respect to the organization, as described above, or the date on which section 501(p) was enacted, whichever is later. This suspension continues until all designations and identifications of the organization are rescinded under the law or Executive Order under which such designation or identification was made.	☐ Yes	☐ No

7.	**Are you organized as an entity other than a corporation, unincorporated association, or trust?** Answer "Yes" if you are organized as an LLC under the laws of the state in which you were formed.	☐ Yes	☐ No
8.	**Are you formed as a for-profit entity?**	☐ Yes	☐ No
9.	**Are you a successor to a for-profit entity?** You are a successor if you have: 1. Substantially taken over all of the assets or activities of a for-profit entity; 2. Been converted or merged from a for-profit entity; or 3. Installed the same officers, directors, or trustees as a for-profit entity that no longer exists.	☐ Yes	☐ No
10.	**Were you previously revoked or are you a successor to a previously revoked organization (other than an organization the tax-exempt status of which was automatically revoked for failure to file a Form 990-series return for 3 consecutive years)?** Do not check "Yes" if your previous revocation, or your predecessor's revocation, was an automatic revocation (pursuant to section 6033(j)) for failing to satisfy Form 990-series filing requirements for 3 consecutive years.	☐ Yes	☐ No
11.	**Are you currently recognized as tax exempt under another section of IRC 501(a) or were you previously exempt under another section of IRC 501(a)?**	☐ Yes	☐ No

12.	**Are you a church or a convention or association of churches described in section 170(b)(1)(A)(i)?** There is no single definition of the word "church" for tax purposes; however, the characteristics generally attributed to churches include: • A distinct legal existence, • A recognized creed and form of worship, • A definite and distinct ecclesiastical government, • A formal code of doctrine and discipline, • A distinct religious history, • A membership not associated with any other church or denomination, • Ordained ministers ministering to the congregation, • Ordained ministers selected after completing prescribed courses of study, • A literature of its own, • Established places of worship, • Regular congregations, • Regular religious services, • Sunday schools for the religious instruction of the young, and • Schools for the preparation of ministers. Although it is not necessary that each of the above characteristics be present, a congregation or other religious membership group that meets regularly for religious worship is generally required. A church includes mosques, temples, synagogues, and other forms of religious organizations. For more information, see Pub. 1828.	☐ **Yes**	☐ **No**
13.	**Are you a school, college, or university described in section 170(b)(1)(A)(ii)?** An organization is a school if it: 1. Presents formal instruction as its primary function, 2. Has a regularly scheduled curriculum, 3. Has a regular faculty of qualified teachers, 4. Has a regularly enrolled student body, and 5. Has a place where educational activities are regularly carried on. The term "school" includes primary schools, secondary schools, preparatory schools, high schools, colleges, and universities. It does not include organizations engaged in both educational and non-educational activities, unless the latter are merely incidental to the educational activities.	☐ **Yes**	☐ **No**

14.	**Are you a hospital or medical research organization described in section 170(b)(1)(A)(iii) or a hospital organization described in section 501(r)(2)(A)(i)?** An organization is a hospital described in section 170(b)(1)(A)(iii) if its principal purpose or function is providing medical or hospital care, or medical education or research. Medical care includes treatment of any physical or mental disability or condition, on an inpatient or outpatient basis. Thus, if an organization is a rehabilitation institution, outpatient clinic, or community mental health or drug treatment center, it is a hospital if its principal function is providing treatment services as described above. A hospital does not include convalescent homes, homes for children or the aged, or institutions whose principal purpose or function is to train handicapped individuals to pursue a vocation. An organization is a medical research organization described in section 170(b)(1)(A)(iii) if its principal purpose or function is the direct, continuous, and active conduct of medical research in conjunction with a hospital. The hospital with which the organization is affiliated must be described in section 501(c)(3), a federal hospital, or an instrumentality of a governmental unit, such as a municipal hospital. An organization is a hospital organization described in section 501(r)(2)(A)(i) if the organization operates a facility which is required by a state to be licensed, registered, or similarly recognized as a hospital.	☐ **Yes**	☐ **No**
15.	**Are you an agricultural research organization described in section 170(b)(1)(A)(ix)?** An organization is an agricultural research organization described in section 170(b)(1)(A)(ix) if it is an agricultural research organization directly engaged in the continuous active conduct of agricultural research (as defined in section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977) in conjunction with a land grant college or university (as defined in such section) or a non-land grant college of agriculture (as defined in such section), and during the calendar year in which the contribution is made such organization is committed to spend such contribution for such research before January 1 of the fifth calendar year which begins after the date such contribution is made.	☐ **Yes**	☐ **No**

16.	**Are you applying for exemption as a cooperative hospital service organization under section 501(e)?** A cooperative hospital service organization described in section 501(e) is organized and operated on a cooperative basis to provide its section 501(c)(3) hospital members one or more of the following activities. • Data processing. • Purchasing (including purchasing insurance on a group basis). • Warehousing. • Billing and collection (including purchasing patron accounts receivable on a recourse basis). • Food. • Clinical. • Industrial engineering. • Laboratory. • Printing. • Communications. • Record center. • Personnel (including selecting, testing, training, and educating personnel) services. A cooperative hospital service organization must also meet certain other requirements specified in section 501(e).	☐ **Yes**	☐ **No**
17.	**Are you applying for exemption as a cooperative service organization of operating educational organizations under section 501(f)?** An organization is a cooperative service organization of operating educational organizations if it is organized and operated solely to provide investment services to its members. Those members must be organizations described in section 170(b)(1)(A)(ii) or (iv) that are tax exempt under section 501(a) or whose income is excluded from taxation under section 115.	☐ **Yes**	☐ **No**

18.	**Are you applying for exemption as a qualified charitable risk pool under section 501(n)?** A qualified charitable risk pool is treated as organized and operated exclusively for charitable purposes. Check the appropriate box to indicate whether you are a charitable risk pool. A qualified charitable risk pool is an organization that: 1. Is organized and operated only to pool insurable risks of its members (not including risks related to medical malpractice) and to provide information to its members about loss control and risk management, 2. Consists only of members that are section 501(c)(3) organizations exempt from tax under section 501(a), 3. Is organized under state law authorizing this type of risk pooling, 4. Is exempt from state income tax (or will be after qualifying as a section 501(c)(3) organization), 5. Has obtained at least $1,000,000 in startup capital from nonmember charitable organizations, 6. Is controlled by a board of directors elected by its members, and 7. Is organized under documents requiring that: a. Each member be a section 501(c)(3) organization exempt from tax under section 501(a), b. Each member that receives a final determination that it no longer qualifies under section 501(c)(3) notify the pool immediately, and c. Each insurance policy issued by the pool provides that it will not cover events occurring after a final determination described in (b).	☐ Yes	☐ No

19.	**Are you requesting classification as a supporting organization under section 509(a)(3)?** A supporting organization (as defined in section 509(a)(3)) differs from the other types of public charities described in section 509. Instead of describing an organization that conducts a particular kind of activity or that receives financial support from the general public, section 509(a)(3) describes organizations that have established certain relationships in support of public charities described in section 509(a)(1) or 509(a)(2). Thus, an organization can qualify as a supporting organization (and not be classified as a private foundation) even though it may be funded by a single donor, family, or corporation. This kind of funding ordinarily would indicate private foundation status, but a section 509(a)(3) organization has limited purposes and activities, and gives up a significant degree of independence. A supporting organization is an organization that: 1. Is organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more specified organizations as described in section 509(a)(1) or 509(a)(2). These section 509(a)(1) and 509(a)(2) organizations are commonly called publicly supported organizations. 2. Has one of three types of relationships with one or more organizations described in section 509(a)(1) or 509(a)(2). It must be: a. Operated, supervised, or controlled by one or more section 509(a)(1) or 509(a)(2) organizations (Type I supporting organization); b. Supervised or controlled in connection with one or more section 509(a)(1) or 509(a)(2) organizations (Type II supporting organization); or c. Operated in connection with one or more section 509(a)(1) or 509(a)(2) organizations (Type III supporting organization). 3. Is not controlled directly or indirectly by disqualified persons (as defined in section 4946) other than foundation managers and other than one or more organizations described in section 509(a)(1) or 509(a)(2). See Pub. 557 for more information.	☐ Yes	☐ No
20.	**Is a substantial purpose of your activities to provide assistance to individuals through credit counseling activities such as budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas?** These activities involve the education of the consumer on budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas. It may also involve assisting the consumer in consolidating debt and negotiating between debtors and creditors to lower interest rates and waive late and over-limit fees.	☐ Yes	☐ No
21.	**Do you or will you invest 5% or more of your total assets in securities or funds that are not publicly traded?**	☐ Yes	☐ No
22.	**Do you participate, or intend to participate, in partnerships (including entities or arrangements treated as partnerships for federal tax purposes) in which you share losses with partners other than section 501(c)(3) organizations?**	☐ Yes	☐ No
23.	**Do you sell, or intend to sell carbon credits or carbon offsets?**	☐ Yes	☐ No
24.	**Are you a Health Maintenance Organization (HMO)?**	☐ Yes	☐ No

25.	**Are you an Accountable Care Organization (ACO), or an organization that engages in, or intends to engage in, ACO activities (such as participation in the Medicare Shared Savings Program (MSSP) or in activities unrelated to the MSSP described in Notice 2011-20, 2011-16 I.R.B. 652)?** ACOs are entities formed by groups of physicians, hospitals, and other health care service providers and suppliers to manage and coordinate the care provided to patients. For a discussion of tax law issues relating to ACOs, see Notice 2011-20 and FS-2011-11, available at *IRS.gov/uac/Tax-Exempt-Organizations-Participating-in-the-Medicare-Shared-Savings-Program-through-Accountable-Care-Organizations*.	☐ Yes	☐ No
26.	**Do you maintain or intend to maintain one or more donor advised funds?** In general, a donor advised fund is a fund or account that is owned and controlled by the organization but that is separately identified by reference to contributions of a donor or donors and with respect to which a donor (or any person appointed or designated by the donor) has or expects to have advisory privileges concerning the distribution or investment of amounts held in the fund or account by reason of the donor's status as a donor. For additional information, see Pub. 557. Check "No" if you are a governmental unit referred to in section 170(c)(1) or a private foundation referred to in section 509(a).	☐ Yes	☐ No
27.	**Are you organized and operated exclusively for testing for public safety and requesting a foundation classification under section 509(a)(4)?** Generally, these organizations test consumer products to determine their acceptability for use by the general public.	☐ Yes	☐ No
28.	**Are you requesting classification as a private operating foundation?** Private foundations lack general public support. What distinguishes a private operating foundation from other private foundations is that it engages directly in the active conduct of charitable, religious, educational, and similar activities (as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations). Private operating foundations are subject to more favorable rules than other private foundations in terms of charitable contribution deductions and attracting grants from private foundations. However, to be classified as a private operating foundation, an organization must meet certain tests. Additional information about private operating foundations is available at *IRS.gov/Charities-&-Non-Profits/Private-Foundations/Private-Operating-Foundations*.	☐ Yes	☐ No
29.	**Are you a private foundation applying for reinstatement after automatic revocation and requesting to change to a public charity foundation classification?** If you were a private foundation when you were automatically revoked, you must be reinstated as a private foundation. Once an organization is classified as a private foundation, it can only terminate its private foundation classification under the provisions of IRC 507. An organization that was erroneously classified as a private foundation can request correction of the error using Form 8940, Request for Miscellaneous Determination.	☐ Yes	☐ No
30.	**Are you applying for retroactive reinstatement of exemption under section 5 or 6 of Rev. Proc. 2014-11, after being automatically revoked?** Only organizations applying for reinstatement under section 4 or 7 of Rev. Proc. 2014-11 may use Form 1023-EZ. If you are applying for retroactive reinstatement under section 5 or 6 of Rev. Proc. 2014-11, you must submit the full Form 1023 along with the appropriate reasonable cause statement and a statement confirming you have filed the required annual returns as described in the revenue procedure.	☐ Yes	☐ No

31.	Have you previously received a ruling or determination letter denying recognition of exemption?	☐ Yes	☐ No
32.	Have you previously been determined to be ineligible to file Form 1023-EZ?	☐ Yes	☐ No
33.	Are you conducting activities involving controlled substances (within the meaning of Schedule I and II of the Controlled Substances Act, 21 U.S.C.S. 801 et seq.) which are prohibited by federal law regardless of the legality under the law of the state in which such activity is conducted?	☐ Yes	☐ No
34.	Are you engaged in exchanging, creating, or distributing digital assets?	☐ Yes	☐ No

National Taxonomy of Exempt Entities (NTEE) Codes.

Arts, Culture & Humanities

Code	
A01	Alliances & Advocacy
A02	Management & Technical Assistance
A03	Professional Societies & Associations
A05	Research Institutes & Public Policy Analysis
A11	Single Organization Support
A12	Fundraising & Fund Distribution
A19	Support N.E.C.
A20	Arts & Culture
A23	Cultural & Ethnic Awareness
A24	Folk Arts
A25	Art Education
A26	Arts & Humanities Councils & Agencies
A27	Community Celebrations
A30	Media & Communications
A31	Film & Video
A32	Television
A33	Printing & Publishing
A34	Radio
A40	Visual Arts
A50	Museums
A51	Art Museums
A52	Children's Museums
A54	History Museums
A56	Natural History & Natural Science Museums
A57	Science & Technology Museums
A60	Performing Art
A61	Performing Arts Centers
A62	Dance
A63	Ballet
A65	Theater
A68	Music
A69	Symphony Orchestras
A6A	Opera
A6B	Singing & Choral Groups
A6C	Bands & Ensembles
A6E	Performing Arts Schools
A70	Humanities Organizations
A80	Historical Organizations
A82	Historical Societies & Historic Preservation
A84	Commemorative Events
A90	Arts Service
A99	Arts, Culture & Humanities N.E.C.

Education

Code	
B01	Alliances & Advocacy Organizations
B02	Management & Technical Assistance
B03	Professional Society & Associations
B05	Research Institutes & Public Policy Analysis
B11	Single Organization Support
B12	Fundraising & Fund Distribution
B19	Support N.E.C.
B20	Elementary & Secondary Schools
B21	Preschools
B24	Primary & Elementary Schools
B25	Secondary & High Schools
B28	Special Education
B29	Charter Schools
B30	Vocational & Technical Schools
B40	Higher Education Institutions
B41	Two-Year Colleges
B42	Two-Year Colleges
B43	Undergraduate Colleges
B50	Graduate & Professional Schools
B60	Adult Education
B70	Libraries
B80	Student Services
B82	Scholarships & Student Financial Aid
B83	Student Sororities & Fraternities
B84	Alumni Associations
B90	Educational Services
B92	Remedial Reading & Encouragement
B94	Parent & Teacher Groups
B99	Education N.E.C.

Environment

Code	
C01	Alliances & Advocacy
C02	Management & Technical Assistance
C03	Professional Societies & Associations
C05	Research Institutes & Public Policy Analysis
C11	Single Organization Support
C12	Fundraising & Fund Distribution
C19	Support N.E.C.
C20	Pollution Abatement & Control
C27	Recycling
C30	Natural Resources Conservation & Protection
C32	Water Resources, Wetland Conservation & Management
C34	Land Resources Conservation
C35	Energy Resources Conservation & Development
C36	Forest Conservation
C40	Botanical, Horticultural & Landscape Services
C41	Botanical Gardens & Arboreta
C42	Garden Clubs
C50	Environmental Beautification
C60	Environmental Education
C99	Environmental N.E.C.

Animal-Related

Code	
D01	Alliance & Advocacy
D02	Management & Technical Assistance
D03	Professional Societies & Associations
D05	Research Institutes & Public Policy Analysis
D11	Single Organization Support
D12	Fundraising & Fund Distribution
D19	Support N.E.C.
D20	Animal Protection & Welfare
D30	Wildlife Preservation & Protection
D31	Protection of Endangered Species
D32	Bird Sanctuaries
D33	Fisheries Resources
D34	Wildlife Sanctuaries
D40	Veterinary Services
D50	Zoos & Aquariums
D60	Animal Services N.E.C.
D61	Animal Training
D99	Animal Related N.E.C.

Health Care

Code	
E01	Alliances & Advocacy
E02	Management & Technical Assistance
E03	Professional Societies & Associations
E05	Research Institutes & Public Policy Analysis
E11	Single Organization Support
E12	Fundraising & Fund Distribution
E19	Support N.E.C.
E20	Hospitals
E21	Community Health Systems
E22	General Hospitals
E24	Specialty Hospitals
E30	Ambulatory & Primary Health Care
E31	Group Health Practices
E32	Community Clinics
E40	Reproductive Health Care
E42	Family Planning
E50	Rehabilitative Care
E60	Health Support
E61	Blood Banks
E62	Emergency Medical Services & Transport
E65	Organ & Tissue Banks
E6A	Pharmacies & Drugstores
E70	Public Health
E80	Health (General & Financing)
E86	Patient & Family Support
E90	Nursing
E91	Nursing Facilities
E92	Home Health Care
E99	Health Care N.E.C.

Mental Health & Crisis Intervention

Code	
F01	Alliances & Advocacy
F02	Management & Technical Assistance
F03	Professional Societies & Associations
F05	Research Institutes & Public Policy Analysis
F11	Single Organization Support
F12	Fundraising & Fund Distribution
F19	Support N.E.C.
F20	Substance Abuse Dependency, Prevention & Treatment
F21	Substance Abuse Prevention
F22	Substance Abuse Treatment
F30	Mental Health Treatment
F31	Psychiatric Hospitals
F32	Community Mental Health Centers
F33	Residential Mental Health Treatment
F40	Hot Line & Crisis Intervention
F42	Sexual Assault Services
F50	Addictive Disorders N.E.C.
F52	Smoking Addiction
F53	Eating Disorders & Addictions
F54	Gambling Addiction
F60	Counseling
F70	Mental Health Disorders
F80	Mental Health Associations
F99	Mental Health & Crisis Intervention N.E.C.

Voluntary Health Associations & Medical Disciplines

Code	
G01	Alliances & Advocacy
G02	Management & Technical Assistance
G03	Professional Societies & Associations
G05	Research Institute & Public Policy Analysis
G11	Single Organization Support
G12	Fundraising & Fund Distribution
G19	Support N.E.C.
G20	Birth Defects & Genetic Diseases
G25	Down Syndrome
G30	Cancer
G32	Breast Cancer
G40	Diseases of Specific Organs
G41	Eye Diseases, Blindness & Vision Impairments
G42	Ear & Throat Diseases
G43	Heart & Circulator System Diseases & Disorders
G44	Kidney Diseases
G45	Lung Diseases
G48	Brain Disorder
G50	Nerve, Muscle, & Bone Diseases
G51	Arthritis
G54	Epilepsy
G60	Allergy Related Diseases
G61	Asthma
G70	Digestive Diseases & Disorders
G80	Specific Named Disorders
G81	AIDS
G83	Alzheimer's Diseases
G84	Autism
G90	Medical Disciplines
G92	Biomedicine & Bioengineering
G94	Geriatrics
G96	Neurology & Neuroscience
G98	Pediatrics
G99	Voluntary Health Associations, Medical Disciplines N.E.C.
G9B	Surgical Specialties

Medical Research

Code	
H01	Alliances & Advocacy
H02	Management & Technical Assistance
H03	Professional Societies & Associations
H05	Research Institute & Public Policy Analysis
H11	Single Organization Support
H12	Fundraising & Fund Distribution
H19	Support N.E.C.
H20	Birth Defects & Genetic Diseases Research
H25	Down Syndrome Research
H30	Cancer Research
H32	Breast Cancer Research
H40	Diseases of Specific Organs Research
H41	Eye Diseases, Blindness & Vision Impairments Research
H42	Ear & Throat Diseases Research
H43	Heart & Circulatory System Diseases & Disorders Research
H44	Kidney Diseases Research
H45	Lung Diseases Research
H48	Brain Disorders Research
H50	Nerve, Muscle & Bone Diseases Research
H51	Arthritis Research
H54	Epilepsy Research
H60	Allergy-Related Diseases Research
H61	Asthma Research
H70	Digestive Diseases & Disorders Research
H80	Specifically Named Diseases Research
H81	AIDS Research
H83	Alzheimer's Disease Research
H84	Autism Research
H90	Medical Disciplines Research
H92	Biomedicine & Bioengineering Research
H94	Geriatrics Research
H96	Neurology & Neuroscience Research
H98	Pediatrics Research
H99	Medical Research N.E.C.
H9B	Surgical Specialties Research

Crime & Legal-Related

Code	
I01	Alliances & Advocacy
I02	Management & Technical Assistance
I03	Professional Societies & Associations
I05	Research Institutes & Public Policy Analysis
I11	Single Organization Support
I12	Fundraising & Fund Distribution
I19	Support N.E.C.
I20	Crime Prevention
I21	Youth Violence Prevention
I23	Drunk Driving-Related
I30	Correctional Facilities
I31	Half-Way Houses for Offenders & Ex-Offenders
I40	Rehabilitation Services for Offenders
I43	Inmate Support
I44	Prison Alternatives
I50	Administration of Justice
I51	Dispute Resolution & Mediation
I60	Law Enforcement
I70	Protection Against Abuse
I71	Spouse Abuse Prevention
I72	Child Abuse Prevention
I73	Sexual Abuse Prevention

National Taxonomy of Exempt Entities (NTEE) Codes. *(Continued)*

I80	Legal Services
I83	Public Interest Law
I99	Crime & Legal-Related N.E.C.

Employment

Code	
J01	Alliances & Advocacy
J02	Management & Technical Assistance
J03	Professional Societies & Associations
J05	Single Organization Support
J11	Consumer Lending
J12	Fundraising & Fund Distribution
J19	Support N.E.C.
J20	Employment Preparation & Procurement
J21	Vocational Counseling
J22	Job Training
J30	Vocational Rehabilitation
J32	Goodwill Industries
J33	Sheltered Employment
J40	Labor Unions
J99	Employment N.E.C.

Food, Agriculture & Nutrition

Code	
K01	Alliances & Advocacy
K02	Management & Technical Assistance
K03	Professional Societies & Associations
K05	Research Institutes & Public Policy Analysis
K11	Single Organization Support
K12	Fundraising & Fund Distribution
K19	Support N.E.C.
K20	Agricultural Programs
K25	Farmland Preservation
K26	Animal Husbandry
K28	Farm Bureaus & Granges
K2A	Other Vegetable (except Potato) & Melon Farming
K2B	Soil Preparation, Planting, & Cultivating
K2C	Wineries
K30	Food Programs
K31	Food Banks & Pantries
K34	Congregate Meals
K35	Soup Kitchens
K36	Meals on Wheels
K40	Nutrition
K50	Home Economics
K6A	Meat Markets
K6B	Confectionery & Nut Stores
K6C	Caterers
K6D	Mobile Food Services
K6E	Drinking Places
K6F	Snack Nonalcoholic Beverage Bars
K90	Limited-Service Restaurants
K91	Supermarkets & Other Grocery (except Convenience) Stores
K92	Convenience Stores
K93	Fruit & Vegetable Markets
K94	All Other Specialty Food Stores
K95	Food (Health) Supplement Stores
K96	Warehouse Clubs & Supercenters
K97	Food Service Contractors
K98	Full-Service Restaurants
K99	Food, Agriculture & Nutrition N.E.C.

Housing & Shelter

Code	
L01	Alliances & Advocacy
L02	Management & Technical Assistance
L03	Professional Societies & Associations
L05	Research Institutes & Public Policy Analysis
L11	Single Organization Support
L12	Fundraising & Fund Distribution
L19	Support N.E.C.
L20	Housing Development, Construction & Management
L21	Low-Income & Subsidized Rental Housing
L22	Senior Citizens' Housing & Retirement Communities
L24	Independent Housing for People with Disabilities
L25	Housing Rehabilitation
L30	Housing Search Assistance
L40	Temporary Housing
L41	Homeless Shelters
L4A	Hotels (except Casino Hotels) & Motels
L4B	Bed and Breakfast Inns
L50	Homeowners & Tenants Associations
L80	Housing Support
L81	Home Improvement & Repairs
L82	Housing Expense Reduction Support
L99	Housing & Shelter N.E.C.

Public Safety, Disaster Preparedness & Relief

Code	
M01	Alliances & Advocacy
M02	Management & Technical Assistance
M03	Professional Societies & Associations
M05	Research Institutes & Public Policy Analysis
M11	Single Organization Support
M12	Fundraising & Fund Distribution
M19	Support N.E.C.
M20	Disaster Preparedness & Relief Services
M23	Search & Rescue Squads
M24	Fire Prevention
M40	Safety Education
M41	First Aid
M42	Automotive Safety
M60	Public Safety Benevolent Associations
M99	Public Safety, Disaster Preparedness & Relief N.E.C.

Recreation & Sports

Code	
N01	Alliances & Advocacy
N02	Employment Services
N03	Professional Societies & Associations
N05	Research Institutes & Public Policy Analysis
N11	Single Organization Support
N12	Fundraising & Fund Distribution
N19	Support N.E.C.
N20	Camps
N2A	RV (Recreational Vehicle) Parks & Campgrounds
N2B	Recreational and Vacation Camps (Except Campgrounds)
N30	Physical Fitness & Community Recreational Facilities
N31	Community Recreational Centers
N32	Parks & Playgrounds
N40	Sports Training Facilities, Agencies
N50	Recreational Clubs
N52	Fairs
N60	Amateur Sports
N61	Fishing & Hunting
N62	Basketball
N63	Baseball & Softball
N64	Soccer
N65	Football
N66	Racquet Sports
N67	Swimming & Other Water Recreation
N68	Winter Sports
N69	Equestrian
N6A	Golf
N70	Amateur Sports Competitions
N71	Olympics
N72	Special Olympics
N80	Professional Athletic Leagues
N99	Recreation & Sports N.E.C.

Youth Development

Code	
O01	Alliances & Advocacy
O02	Management & Technical Assistance
O03	Professional Societies & Associations
O05	Research Institutes & Public Policy Analysis
O11	Single Organization Support
O12	Fundraising & Fund Distribution
O19	Support N.E.C.
O20	Youth Centers & Clubs
O21	Boys Clubs
O22	Girls Clubs
O23	Boys & Girls Clubs
O30	Adult & Child - Matching Programs
O31	Big Brothers & Big Sisters
O40	Scouting
O41	Boy Scouts of America
O42	Girl Scouts of the U.S.A.
O43	Camp Fire
O50	Youth Development Programs
O51	Youth Community Service Clubs
O52	Youth Development - Agricultural
O53	Youth Development - Business
O54	Youth Development - Citizenship
O55	Youth Development - Religious Leadership
O99	Youth Development N.E.C.

Human Services

Code	
P01	Alliances & Advocacy
P02	Management & Technical Assistance
P03	Professional Societies & Associations
P05	Research Institutes & Public Policy Analysis
P11	Single Organization Support
P12	Fundraising & Fund Distribution
P19	Support N.E.C.
P20	Human Service Organizations
P21	American Red Cross
P22	Urban League
P24	Salvation Army
P26	Volunteers of America
P27	Young Mens' or Womens' Associations
P28	Neighborhood Centers
P29	Thrift Shops
P30	Children & Youth Services
P31	Adoption
P32	Foster Care
P33	Child Day Care
P40	Family Services
P42	Single Parent Agencies
P43	Family Violence Shelters, Services
P44	In-Home Assistance
P45	Family Services for Adolescent Parents
P46	Family Counseling
P47	Pregnancy Centers
P50	Personal Social Services
P51	Financial Counseling
P52	Transportation Assistance
P58	Gift Distribution
P60	Emergency Assistance
P61	Travelers' Aid
P62	Victims' Services
P70	Residential Care & Adult Day Programs
P71	Adult Day Care
P73	Group Homes
P74	Hospices
P75	Supportive Housing for Older Adults
P76	Homes for Children & Adolescents
P7A	Residential Intellectual & Developmental Disability Facilities (Group Homes, Intermediate Care Facilities & Hospitals)
P80	Centers to Support the Independence of Specific Populations
P81	Senior Centers
P82	Developmentally Disabled Centers
P83	Womens' Centers
P84	Ethnic & Immigrant Centers
P85	Homeless Centers
P86	Blind & Visually Impaired Centers
P87	Deaf & Hearing Impaired Centers
P88	LGBT Centers
P99	Human Services N.E.C.

International, Foreign Affairs & National Security

Code	
Q01	Alliances & Advocacy
Q02	Management & Technical Assistance
Q03	Professional Societies & Associations
Q05	Research Institutes & Public Policy Analysis
Q11	Single Organization Support
Q12	Fundraising & Fund Distribution
Q19	Support N.E.C.
Q20	Promotion of International Understanding
Q21	International Cultural Exchange
Q22	International Academic Exchange
Q23	International Exchange N.E.C.
Q30	International Development
Q31	International Agricultural Development
Q32	International Economic Development
Q33	International Relief
Q35	International Democracy & Civil Society Development
Q40	International Peace & Security
Q41	Arms Control & Peace
Q42	United Nations Associations
Q43	National Security
Q50	International Affairs, Foreign Policy & Globalization
Q51	International Economic & Trade Policy
Q70	International Human Rights
Q71	International Migration & Refugee Issues
Q99	International, Foreign Affairs & National Security N.E.C.

Civil Rights, Social Action & Advocacy

Code	
R01	Alliances & Advocacy Organizations
R02	Management & Technical Assistance
R03	Professional Societies & Associations
R05	Research Institutes & Public Policy Analysis
R11	Single Organization Support
R12	Fundraising & Fund Distribution
R19	Support N.E.C.
R20	Civil Rights
R22	Minority Rights
R23	Disabled Persons' Rights
R24	Womens' Rights
R25	Seniors' Rights
R26	Lesbian & Gay Rights
R28	Childrens' Rights
R30	Intergroup & Race Relations
R40	Voter Education & Registration
R60	Civil Liberties
R61	Reproductive Rights
R62	Right to Life
R63	Censorship, Freedom of Speech & Press
R67	Right to Die & Euthanasia
R99	Civil Rights, Social Action & Advocacy N.E.C.

Community Improvement & Capacity Building

Code	
S01	Alliances & Advocacy
S02	Management & Technical Assistance
S03	Professional Societies & Associations
S05	Research Institutes & Public Policy Analysis
S11	Single Organization Support
S12	Fundraising & Fund Distribution

National Taxonomy of Exempt Entities (NTEE) Codes. *(Continued)*

S19	Support N.E.C.
S20	Community & Neighborhood Development
S21	Community Coalitions
S22	Neighborhood & Block Associations
S30	Economic Development
S31	Urban & Community Economic Development
S32	Rural Economic Development
S40	Business & Industry
S41	Chambers of Commerce & Business Leagues
S43	Small Business Development
S46	Boards of Trade
S47	Real Estate Associations
S50	Nonprofit Management
S80	Community Service Clubs
S81	Womens' Service Clubs
S82	Mens' Service Clubs
S99	Community Improvement & Capacity Building N.E.C.

Philanthropy, Volunteerism & Grantmaking Foundations

Code	
T01	Alliances & Advocacy
T02	Management & Technical Assistance
T03	Professional Societies & Associations
T05	Research Institutes & Public Policy Analysis
T11	Single Organization Support
T12	Fundraising & Fund Distribution
T19	Support N.E.C.
T20	Private Grantmaking Foundations
T21	Corporate Foundations
T22	Private Independent Foundations
T23	Private Operating Foundations
T30	Public Foundations
T31	Community Foundations
T40	Volunteerism Promotion
T50	Philanthropy, Charity & Volunteerism Promotion
T70	Federated Giving Programs
T90	Named Trusts N.E.C.
T99	Philanthropy, Volunteerism & Grantmaking Foundations N.E.C.

Science & Technology

Code	
U01	Alliances & Advocacy
U02	Management & Technical Assistance
U03	Professional Societies & Associations
U05	Research Institutes & Public Policy Analysis
U11	Single Organization Support
U12	Fundraising & Fund Distribution
U19	Support N.E.C.
U20	General Science
U21	Marine Science & Oceanography
U30	Physical & Earth Sciences
U31	Astronomy
U33	Chemistry & Chemical Engineering
U34	Mathematics
U36	Geology
U40	Engineering & Technology
U41	Computer Science
U42	Engineering
U50	Biological & Life Sciences Research
U99	Science & Technology N.E.C.

Social Science

Code	
V01	Alliances & Advocacy
V02	Management & Technical Assistance
V03	Professional Societies & Associations
V05	Research Institutes & Public Policy Analysis
V11	Single Organization Support
V12	Fundraising & Fund Distribution
V19	Support N.E.C.
V20	Social Science
V21	Anthropology & Sociology
V22	Economics
V23	Behavioral Science
V24	Political Science
V25	Population Studies
V26	Law & Jurisprudence
V30	Interdisciplinary Research
V31	Black Studies
V32	Womens' Study
V33	Ethnic Studies
V34	Urban Studies
V35	International Studies
V36	Gerontology
V37	Labor Studies
V99	Social Science N.E.C.

Public & Societal Benefit

Code	
W01	Alliances & Advocacy
W02	Management & Technical Assistance
W03	Professional Societies & Associations
W05	Research Institutes & Public Policy Analysis
W11	Single Organization Support
W12	Fundraising & Fund Distribution
W19	Support N.E.C.
W20	Government & Public Administration
W22	Public Finance, Taxation & Monetary Policy
W24	Citizen Participation
W30	Military & Veterans' Organizations
W40	Public Transportation Systems
W50	Telecommunications
W60	Financial Institutions
W61	Credit Unions
W70	Leadership Development
W80	Public Utilities
W90	Consumer Protection
W99	Public & Societal Benefit N.E.C.

Religion-Related

Code	
X01	Alliances & Advocacy
X02	Management & Technical Assistance
X03	Professional Societies & Associations
X05	Research Institutes & Public Policy Analysis
X11	Single Organization Support
X12	Fundraising & Fund Distribution
X19	Support N.E.C.
X20	Christianity
X21	Protestant
X22	Roman Catholic
X30	Judaism
X40	Islam
X50	Buddhism
X70	Hinduism
X80	Religious Media & Communications
X81	Religious Film & Video
X82	Religious Television
X83	Religious Printing & Publishing
X84	Religious Radio
X90	Interfaith Coalitions
X99	Religion Related, N.E.C.

Mutual & Membership Benefit

Code	
Y01	Alliances & Advocacy
Y02	Management & Technical Assistance
Y03	Professional Societies & Associations
Y05	Research Institutes & Public Policy Analysis
Y11	Single Organization Support
Y12	Fundraising & Fund Distribution
Y19	Support N.E.C.
Y20	Insurance Providers
Y22	Local Benevolent Life Insurance Associations
Y23	Mutual Insurance Companies & Associations
Y24	Supplemental Unemployment Compensation
Y25	State-Sponsored Workers' Compensation Reinsurance Organizations
Y30	Pension & Retirement Funds
Y33	Teachers' Retirement Fund Associations
Y34	Employee-Funded Pension Trusts
Y35	Multi-Employer Pension Plans
Y40	Fraternal Societies
Y41	Fraternal Beneficiary Societies
Y42	Domestic Fraternal Societies
Y43	Voluntary Employees Beneficiary Associations (Non-Government)
Y44	Voluntary Employees Beneficiary Associations (Government)
Y50	Cemeteries
Y99	Mutual & Membership Benefit N.E.C.

Form **1023-EZ**

(Rev. April 2021)

Department of the Treasury
Internal Revenue Service

Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

Do not enter Social Security numbers on this form as it will be made public.

Information about Form 1023-EZ and its separate instructions is at www.irs.gov/form1023ez

OMB No. 1545-0047

Note: *If exempt status is approved, this application will be open for public inspection.*

☐ **Check this box to attest that you have completed the Form 1023-EZ Eligibility Worksheet in the current instructions, are eligible to apply for exemption using Form 1023-EZ, and have read and understand the requirements to be exempt under section 501(c)(3).**

Have your annual gross receipts exceeded $50,000 in any of the past 3 years and/or do you project that your annual gross receipts will exceed $50,000 in any of the next 3 years? If yes, stop. Do not file Form 1023-EZ. See Instructions. ○ Yes ○ No

Do you have total assets the fair market value of which is in excess of $250,000? If yes, stop. Do not file Form 1023-EZ. See Instructions. ○ Yes ○ No

Part I Identification of Applicant

1a	Full Name of Organization			b Care Of Name (if applicable)	
c	Mailing Address (number, street, and room/suite). If a P.O. box, see instructions.		d City	e State	f Zip code + 4
2	Employer Identification Number	3 Month Tax Year Ends (MM)	4 Person to Contact if More Information is Needed		
5	Contact Telephone Number		6 Fax Number (optional)	7 User Fee Submitted	$275.00

8 List the names, titles, and mailing addresses of your officers, directors, and/or trustees. (If you have more than five, see instructions.)

First Name:	Last Name:	Title:	
Street Address:	City:	State:	Zip code + 4:
First Name:	Last Name:	Title:	
Street Address:	City:	State:	Zip code + 4:
First Name:	Last Name:	Title:	
Street Address:	City:	State:	Zip code + 4:
First Name:	Last Name:	Title:	
Street Address:	City:	State:	Zip code + 4:
First Name:	Last Name:	Title:	
Street Address:	City:	State:	Zip code + 4:

9a Organization's Website (if available):

b Organization's Email (optional):

Part II Organizational Structure

1 To file this form, you must be a corporation, an unincorporated association, or a trust. **Select the box** for the type of organization.

☐ Corporation ☐ Unincorporated association ☐ Trust

2 ☐ **Check this box** to attest that you have the organizing document necessary for the organizational structure indicated above. (See the instructions for an explanation of **necessary organizing documents**.)

3 Date incorporated if a corporation, or formed if other than a corporation (MMDDYYYY): _____

4 State of incorporation or other formation: _____

5 Section 501(c)(3) requires that your organizing document must limit your purposes to one or more exempt purposes within section 501(c)(3).

☐ **Check this box** to attest that your organizing document contains this limitation.

6 Section 501(c)(3) requires that your organizing document must not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

☐ Check this box to attest that your organizing document does not expressly empower you to engage, otherwise than as an insubstantial part of your activities, in activities that in themselves are not in furtherance of one or more exempt purposes.

7 Section 501(c)(3) requires that your organizing document must provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.

☐ Check this box to attest that your organizing document contains the dissolution provision required under section 501(c)(3) or that you do not need an express dissolution provision in your organizing document because you rely on the operation of state law in the state in which you are formed for your dissolution provision.

Part III Your Specific Activities

1 Briefly describe the organization's mission or most significant activities (limit 250 characters)

2 Enter the appropriate 3-character NTEE Code that best describes your activities (See the instructions):

3 To qualify for exemption as a section 501(c)(3) organization, you must be organized and operated exclusively to further one or more of the following purposes. By checking the box or boxes below, you attest that you are organized and operated exclusively to further the purposes indicated. **Check all that apply.**

- ☐ Charitable
- ☐ Religious
- ☐ Educational
- ☐ Scientific
- ☐ Literary
- ☐ Testing for public safety
- ☐ To foster national or international amateur sports competition
- ☐ Prevention of cruelty to children or animals

4 To qualify for exemption as a section 501(c)(3) organization, you must:

- Refrain from supporting or opposing candidates in political campaigns in any way.
- Ensure that your net earnings do not inure in whole or in part to the benefit of private shareholders or individuals (that is, board members, officers, key management employees, or other insiders).
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially.
- Not be organized or operated for the primary purpose of conducting a trade or business that is not related to your exempt purpose(s).
- Not devote more than an insubstantial part of your activities attempting to influence legislation or, if you made a section 501(h) election, not normally make expenditures in excess of expenditure limitations outlined in section 501(h).
- Not provide commercial-type insurance as a substantial part of your activities.

☐ **Check this box** to attest that you have not conducted and will not conduct activities that violate these prohibitions and restrictions.

5 Do you or will you attempt to influence legislation? (If yes, consider filing Form 5768. See the instructions for more details.) ○ Yes ○ No

6 Do you or will you pay compensation to any of your officers, directors, or trustees? (Refer to the instructions for a definition of **compensation.**) ○ Yes ○ No

7 Do you or will you donate funds to or pay expenses for individual(s)? ○ Yes ○ No

8 Do you or will you conduct activities or provide grants or other assistance to individual(s) or organization(s) outside the United States? ○ Yes ○ No

9 Do you or will you engage in financial transactions (for example, loans, payments, rents, etc.) with any of your officers, directors, or trustees, or any entities they own or control? ○ Yes ○ No

10 Do you or will you have unrelated business gross income of $1,000 or more during a tax year? ○ Yes ○ No

11 Do you or will you operate bingo or other gaming activities? ○ Yes ○ No

12 Do you or will you provide disaster relief? ○ Yes ○ No

Part IV Foundation Classification

Part IV is designed to classify you as an organization that is either a private foundation or a public charity. Public charity status is a more favorable tax status than private foundation status.

1 Are you applying for recognition as a church, school, or hospital (described in section 170(b)(1)(A)(i), (ii), or (iii) of the Internal Revenue Code)? If yes, stop. Do not file Form 1023-EZ. See Instructions ○ Yes ○ No

2 If you qualify for public charity status, check the appropriate box (**2a – 2c** below) and skip to **Part V** below.

a ○ **Select this box** to attest that you normally receive at least one-third of your support from public sources or you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization. **Sections 509(a)(1) and 170(b)(1)(A)(vi).**

b ○ **Select this box** to attest that you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts (from permitted sources) from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income. **Section 509(a)(2).**

c ○ **Select this box** to attest that you are operated for the benefit of a college or university that is owned or operated by a governmental unit. **Sections 509(a)(1) and 170(b)(1)(A)(iv).**

3 If you are not described in items **2a – 2c** above, you are a private foundation. As a private foundation, you are required by section 508(e) to have specific provisions in your organizing document, unless you rely on the operation of state law in the state in which you were formed to meet these requirements. These specific provisions require that you operate to avoid liability for private foundation excise taxes under sections 4941-4945.

○ **Select this box** to attest that your organizing document contains the provisions required by section 508(e) or that your organizing document does not need to include the provisions required by section 508(e) because you rely on the operation of state law in your particular state to meet the requirements of section 508(e). (See the instructions for explanation of the section 508(e) requirements.)

Part V Reinstatement After Automatic Revocation

Complete this section only if you are applying for reinstatement of exemption after being automatically revoked for failure to file required annual returns or notices for three consecutive years, and you are applying for reinstatement under section 4 or 7 of Revenue Procedure 2014-11. (Check only one box.)

1 ☐ **Check this box** if you are seeking retroactive reinstatement under section 4 of Revenue Procedure 2014-11. By checking this box, you attest that you meet the specified requirements of section 4, that your failure to file was not intentional, and that you have put in place procedures to file required returns or notices in the future. (See the instructions for requirements.)

2 ☐ **Check this box** if you are seeking reinstatement under section 7 of Revenue Procedure 2014-11, effective the date you are filing this application.

Part VI Signature

☐ **I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, and to the best of my knowledge it is true, correct, and complete.**

(Type name of signer)

(Type title or authority of signer)

08012024
(Date)

Instructions for Form 1023

(Rev. December 2024)

Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code

Section references are to the Internal Revenue Code unless otherwise noted.

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Note. Keep a copy of the completed Form 1023 for your permanent records.

Future Developments

For the latest information about developments related to Form 1023 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form1023*.

What's New

Organizations requesting recognition of tax-exempt status under section 501(c)(3) must complete and submit their Form 1023 (or Form 1023-EZ, if eligible) applications electronically (including paying the correct user fee) using *Pay.gov*.

Continuous-use form and instructions. Form 1023 and these instructions have been converted from an annual reversion to continuous use. Use these instructions for tax year 2024 and subsequent years until a superseding revision is issued.

Reminder

Don't include social security numbers on publicly disclosed forms. Because the IRS is required to disclose approved exemption applications and information returns, don't include social security numbers on this form. Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS about the filing.

Phone Help

If you have questions and/or need help completing Form 1023, please call 877-829-5500. This toll-free telephone service is available Monday through Friday.

Email Subscription

The IRS provides a subscription-based email service for tax professionals and representatives of tax-exempt organizations. We send subscribers periodic updates regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit *IRS.gov/Charities*.

How To Get Forms and Publications

Internet. You can access the IRS website 24 hours a day, 7 days a week, at *IRS.gov* to do the following.

- Download forms, instructions, and publications.
- Order IRS products online.
- Research your tax questions online.
- Search publications by topic or keyword.
- Use the online Internal Revenue Code, regulations, or other official guidance.
- View Internal Revenue Bulletins (IRBs) published since 1995.
- Sign up at *IRS.gov/Charities-Non-Profits* to receive local and national tax news by email.

Tax forms and publications. You can download or print all of the forms and publications you may need at *IRS.gov/FormsPubs*. Otherwise, you can go to *IRS.gov/OrderForms* to place an order and have forms mailed to you. You should receive your order within 10 business days.

Overview of Organizations Described in Section 501(c)(3)

How To Request Recognition of Tax-Exempt Status Under Section 501(c)(3)

Section 501(c)(3) describes organizations organized and operated exclusively for religious, charitable, scientific, testing for public safety, literary, or educational purposes, or to foster national or international amateur sports competition, or for the prevention of cruelty to children or animals. Unless an exception applies, an organization must file Form 1023 or Form 1023-EZ (if eligible) to obtain recognition of exemption from federal income tax under section 501(c)(3). You can find information about eligibility to file Form 1023-EZ at *IRS.gov/Charities*.

Organizations not required to obtain recognition of exemption. The following types of organizations may be considered tax exempt under section 501(c)(3) without filing Form 1023 (or Form 1023-EZ).

- Churches, including synagogues, temples, and mosques.
- Integrated auxiliaries of churches and conventions or associations of churches.
- Any organization that has **gross receipts** in each tax year of normally not more than $5,000. For more information on gross receipts exceptions, go to *IRS.gov/Charities*.

Even though these organizations aren't required to seek recognition of exemption, they may choose to file Form 1023 (or Form 1023-EZ, if eligible) to receive a determination letter stating they are recognized as exempt under section 501(c)(3) status. The determination letter will also state whether an organization must file annual information returns or notices and will specify whether contributions to that organization are tax deductible.

Requirements for Tax-Exempt Status Under Section 501(c)(3)

To qualify for exemption under section 501(c)(3), an organization must be organized and operated exclusively for one or more exempt purposes.

Organized. An organization must be organized as a **corporation**, a **limited liability company (LLC)**, an **unincorporated association**, or a **trust**. Its **organizing document** (corporate articles of incorporation, LLC articles of organization, articles of association or constitution of an unincorporated association, or trust agreement or declaration of trust) must limit the organization's purpose(s) and permanently dedicate its assets to exempt purposes.

Operated. An organization described in section 501(c)(3) must be operated to further one or more of the exempt purposes stated in its organizing document. Certain other activities are prohibited or restricted, including, but not limited to, the following activities. A section 501(c)(3) organization must:
- Absolutely refrain from participating in the political campaigns of candidates for local, state, or federal office;
- Ensure its assets and earnings don't unjustly enrich board members, officers, key management employees, or other insiders;
- Not further non-exempt purposes (such as purposes that benefit private interests) more than insubstantially;
- Not operate for the primary purpose of conducting a trade or business that isn't related to its exempt purpose(s);
- Not engage in activities that are illegal or violate fundamental public policy; and
- Limit its legislative activities.

Legislative and political campaign intervention. Section 501(c)(3) denies exemption to an organization if a substantial part of its activities is attempting to influence legislation or if it directly or indirectly participates or intervenes in any political campaign on behalf of (or in opposition to) any candidate for elective public office. These issues are described in more detail in the instructions for Part IV, lines 5 and 6.

Public Charities and Private Foundations

Every organization described in section 501(c)(3) is classified as a **private foundation** unless it qualifies for one of the **public charity** exceptions. For some organizations, the primary distinction between a public charity and a private foundation is its sources of financial support.

Public charities. The following section 501(c)(3) organizations are classified as public charities.
- Organizations that are public charities based upon their activities (without regard to their sources of support), such as churches, schools, hospitals, medical research organizations, and cooperative hospital service organizations and agricultural research organizations (sections 509(a)(1) and 170(b)(1)(A)(i), (ii), (iii), and (ix)).
- Organizations that normally receive substantial support from grants, governmental units, and/or contributions from the general public (sections 509(a)(1) and 170(b)(1)(A)(iv) and (vi)).
- Organizations that normally receive more than one-third of their support from contributions, membership fees, and gross receipts from activities related to their exempt functions, and not more than one-third of their support from gross investment income and net unrelated business income (section 509(a)(2)).
- Organizations that support other public charities (supporting organizations) (section 509(a)(3)).
- Organizations that test for public safety (section 509(a)(4)).

Private foundations. Section 501(c)(3) organizations that don't fit into any of the foundation classifications above are private foundations. Private foundations are further classified as nonoperating private foundations or private operating foundations (section 4942(j)(3)).

Nonoperating private foundations. Nonoperating private foundations generally accomplish their exempt purpose by making grants and don't otherwise engage directly in charitable activities.

Private operating foundations. A private operating foundation actively conducts exempt programs. Private operating foundations are subject to more favorable rules than other private foundations in terms of charitable contribution deductions and attracting grants from private foundations. In order to be classified as a private operating foundation, an organization must meet certain support tests. Search for "private operating foundations" at IRS.gov for more information.

Key distinctions between public charities and private foundations. Foundation classification is important because different tax rules apply to the operations of each entity. For more information on the different rules, see *IRS.gov/Charities-Non-Profits/EO-Operational-Requirements-Private-Foundations-and-Public-Charities*.

TIP *Foundation classification has nothing to do with the name of the organization. Many organizations that aren't private foundations include the word "foundation" in their names.*

State Registration Requirements

Tax exemption under section 501(c)(3) is a matter of federal law. After receiving federal tax exemption, an organization may also be required to register with one or more states where it holds assets or where it will solicit contributions. The organization may also need to seek exemption from state taxes. The National Association of State Charity Officials (NASCO) maintains a website that provides informational links to the various states for these purposes. It can be accessed at *nasconet.org*.

General Instructions

Social Security number. Don't enter social security numbers on this form or any attachments because the IRS is required to disclose approved exemption applications and information returns. Documents subject to disclosure include supporting information filed with the form and correspondence with the IRS related to the application.

"You" and "us." Throughout these instructions and Form 1023, the terms "you" and "your" refer to the organization that is applying for tax-exempt status. The terms "us" and "we" refer to the IRS.

Definitions. Terms in bold type in Form 1023 are defined throughout these instructions and in *Appendix C*.

Answers

Form 1023 asks you to answer a series of questions and provide information to assist us in determining if you meet the requirements for tax exemption under section 501(c)(3). Answer questions completely. If you believe you previously answered the question, you may refer to your previous answer.

Your answers must provide sufficient detail about your past, present, and planned activities to demonstrate that you're described in section 501(c)(3). We won't be able to recognize you as tax exempt based on a mission statement (such as providing assistance to the poor) unless you also describe the activities that further accomplish your mission. We need to understand the specific activities you will undertake to accomplish your section 501(c)(3) exempt purpose(s).

Financial data. Financial data, whether budgeted or actual, should be consistent with other information presented in your application.

For example, if you're requesting public charity classification under one of the public support tests, your financial data should show contributions from the public or receipts from providing exempt services. Budgeted financial data should be prepared based upon your current plans. We recognize that your actual financial results may vary from the budgeted amounts.

Past, present, and planned activities. Many items on Form 1023 are written in the present tense; however, base your answers on your past, present, and planned activities.

Language and currency requirements. Prepare Form 1023 and attachments in English. Provide an English translation if the articles of organization, bylaws, or any other attachments are in any other language.

Report financial information in U.S. dollars (specify the conversion rate used). Combine amounts from within and outside the United States and report the total for each on the financial statements.

Purpose of Form

Completed Form 1023 required to apply for recognition of section 501(c)(3) exemption. Use Form 1023, including the appropriate user fee, to apply for recognition of exemption from federal income tax under section 501(c)(3). If approved, we will issue a determination letter that describes your tax-exempt status and your qualification to receive tax-deductible charitable contributions. The determination letter will also show your specific foundation classification (described earlier) and annual filing requirements.

Form 1023-EZ. *You may be eligible to file Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code, which is a streamlined version of Form 1023. Complete the Form 1023-EZ Eligibility Worksheet in the Instructions for Form 1023-EZ to determine if you're eligible to file Form 1023-EZ. You can visit IRS.gov/Charities for more information on application requirements.*

Leaving a group exemption. A subordinate organization under a group exemption can use Form 1023 to leave the group and obtain individual exemption. If you're a subordinate organization and wish to leave a group, you should notify your parent organization of your intention to leave the group ruling before filing Form 1023.

Application for Reinstatement of Exempt Status and Retroactive Reinstatement

If your tax-exempt status was automatically revoked for failure to file a return or notice 3 consecutive years, you must apply to have your tax-exempt status reinstated. You must complete and submit Form 1023, including Schedule E (or, if eligible, Form 1023-EZ), and pay the appropriate user fee.

If your application is approved, your date of reinstatement will generally be the filing date of the application, unless you qualify for reinstatement of exemption retroactive to your date of automatic revocation. See *Rev. Proc. 2014-11, 2014-03 I.R.B. 411* for details, including additional requirements for retroactive reinstatement.

Requesting Expedited Review

We generally review applications for exemption in the order we receive them. We only expedite processing of an application where a written request presents a compelling reason for processing the application ahead of others. This does not mean your application will be immediately approved or denied. Circumstances generally warranting expedited processing include the following.

- A grant to the applicant is pending and the failure to secure the grant may have an adverse impact on the organization's ability to continue operations.
- The purpose of the newly created organization is to provide disaster relief to victims of emergencies such as floods and hurricanes.
- An IRS error has caused delays in review of the application.

User Fee

The law requires payment of a user fee with each application. You must pay this fee through *Pay.gov* when you file Form 1023.

Payments can be made directly from your bank account or by credit or debit card. You won't be able to submit Form 1023 without paying the correct fee.

User fee amounts are listed in Rev. Proc. 2020-5, updated annually. For the current Form 1023 user fee, go to Rev. Proc. 2020-5, 2020-1 I.R.B. 241, at *IRS.gov/Charities-Non-Profits/User-Fees-for-Tax-Exempt-and-Government-Entities-Division*. You can also call 877-829-5500.

Group Exemption

Don't use Form 1023 to apply for a group exemption. We may issue to a central organization, a group exemption that recognizes, on a group basis, the exemption of subordinate organizations on whose behalf the central organization has applied. See Pub. 557 for information on how to apply for a group exemption.

What To File

All applicants, unless otherwise noted, must complete Parts I through X of Form 1023, plus any required schedules and attachments.

The following organizations must complete additional schedules to Form 1023.

IF you're	THEN you must complete Schedule
A church	A
A school, college, or university	B
A hospital or medical research organization	C
A section 509(a)(3) supporting organization	D
Filing this application more than 27 months from your date of formation and/or applying for reinstatement of tax-exempt status after being automatically revoked	E
A low-income housing organization	F
A successor to other organizations	G
An organization providing scholarships, fellowships, educational loans, or other educational grants to individuals and/or a private foundation requesting approval of individual grant procedures	H

Attachments To Form 1023

A complete application will include one or more documents in addition to Form 1023. Pay.gov can accommodate only one uploaded file. Before submitting Form 1023, consolidate your attachments into a single PDF file. Combine your attachments in the following order.

- **Organizing document** (required).
- Amendments to your organizing document in chronological order (required if applicable).
- **Bylaws** or other rules of operation and amendments (if adopted).
- Form 2848, Power of Attorney and Declaration of Representative (if applicable).
- Form 8821, Tax Information Authorization (if applicable).
- Supplemental responses (if your response won't fit in the provided text field) and any additional information you want to provide to support your request (optional).
- Expedite request (optional).

Put your name and EIN on each page of your supplemental response and identify the part and line number to which the information relates.

When To File

Generally, if you file Form 1023 within 27 months after the end of the month in which you were legally formed, and we approve your application, the effective date of your exempt status will be your legal date of formation.

If you don't file Form 1023 within 27 months, the effective date of your exempt status will be the date you filed Form 1023. For exceptions and special rules, see Part VIII. Effective Date and Schedule E.

How to File

As of January 31, 2020, the IRS requires that Form 1023 applications for recognition of exemption be submitted electronically online at Pay.gov. The IRS will provide a 90-day grace period during which it will continue to accept paper versions of Form 1023. To submit Form 1023, you must:

1. Register for an account on Pay.gov.
2. Enter "1023" in the search box and select Form 1023.
3. Complete the form.

Filing Assistance

For help in completing this form or general questions relating to an exempt organization, you may access information on our website at IRS.gov/EO.

You may find the following publications available on IRS.gov helpful.

- Pub. 517, Social Security and Other Information for Members of the Clergy and Religious Workers.
- Pub. 526, Charitable Contributions.
- Pub. 557, Tax-Exempt Status for Your Organization.
- Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.
- Pub. 1771, Charitable Contributions Substantiation and Disclosure Requirements.
- Pub. 1828, Tax Guide for Churches and Religious Organizations.
- Pub. 3079, Tax-Exempt Organizations and Gaming.
- Pub. 3833, Disaster Relief: Providing Assistance Through Charitable Organizations.
- Pub. 4220, Applying for 501(c)(3) Tax-Exempt Status.
- Pub. 4221-PC, Compliance Guide for 501(c)(3) Public Charities.
- Pub. 4221-PF, Compliance Guide for 501(c)(3) Private Foundations.

Signature Requirements

An officer, director, trustee, or other official who is authorized to sign for the organization must digitally sign Form 1023 at the end of Part X. The signature must be accompanied by the title or authority of the signer and the date.

Authorized Representative

Form 2848. Upload a completed Form 2848 if you want to authorize a representative to represent you regarding your application. An individual authorized by Form 2848 may not sign the application unless that person is also an officer, director, trustee, or other official who is authorized to sign the application.

CAUTION *A Centralized Authorization File (CAF) number isn't required to be listed on Form 2848.*

Form 8821. Upload a completed Form 8821 if you want to authorize us to discuss your application with the person you have appointed on that form.

Form 8821 doesn't authorize your appointee to advocate your position with respect to the federal tax laws; to execute waivers, consents, or closing agreements; or to otherwise represent you before the IRS. If you want to authorize an individual to represent you, use Form 2848.

After You Submit Form 1023

Unless we approve a request for expedited processing, we will assign and work your application in the order we received it.

No additional information needed. If our review shows that you meet the requirements for tax-exempt status under section 501(c)(3), we will send you a determination letter stating that you're exempt under section 501(c)(3) and identifying your foundation classification.

Additional information needed. If we can't make a determination without more information, we will write or call you. Examples of the types of questions we may ask you are available at IRS.gov/Charities-Non-Profits/Charitable-Organizations/Exempt-Organization-Sample-Questions. If the additional information you provide shows that you meet the requirements for exemption, we will send you a determination letter stating that you're exempt under section 501(c)(3). If we determine that you don't qualify for exemption, we will send you a letter that explains our position and your appeal rights.

Annual Return or Notice While Your Application Is Pending

Unless you qualify for an exception from the requirement to file an annual return or notice, your filing obligations begin as soon as you were formed. If you have an information return or tax return due while your Form 1023 is pending, complete the return, mark the "Application Pending" box in the heading, Item B, and submit the return as indicated in those instructions.

If you're eligible to file a Form 990-N, e-Postcard, call 877-829-5500 and

request to be set up to allow filing of Form 990-N .

Note. It takes the IRS up to 6 weeks to update its records before you can file your Form 990-N.

You can find information on return filing requirements and exceptions in Pubs. 557 and 598 and in the instructions to the annual returns listed in Figure 1.

TIP *You may also be required to file other returns, such as employment tax returns or benefit plan returns, which aren't discussed here.*

CAUTION *If a Form 990-series return is due while your application is pending, complete and submit the return according to Form 990-series form's instructions.*

Public Inspection

Information available for public inspection. If we approve exempt status under section 501(c)(3), the following information that will be open for public inspection includes the following.

- Your complete Form 1023 and any supporting documents.
- All correspondence between you and the IRS concerning Form 1023, including Form 2848.
- Your determination letter.
- Annual information returns (Forms 990, 990-EZ, or 990-PF).
- Schedule A, included with Forms 990 or 990-EZ.
- Schedule B, included with Forms 990 or 990-EZ, excluding the names and addresses of contributors and other identifying information about contributors.
- Schedule B, included with Form 990-PF, including names, addresses, and other identifying information about contributors.
- Exempt Organization Business Income Tax Return (Form 990-T).

Information not available for public inspection. The following items won't be open for public inspection.

- Any information relating to a trade secret, patent, style of work, or apparatus that, if released, would adversely affect you (we must approve withholding this information).
- Any other information that would adversely affect national defense (we must approve withholding this information).
- User fee payment information.
- Contributors' names and addresses and identifying information about contributors included with Forms 990 or 990-EZ and the Schedule B filed with these forms.

When applying for tax-exempt status, you must clearly identify any information that isn't open for public inspection by marking it as "NOT SUBJECT TO PUBLIC INSPECTION" and include an explanation of why you're asking for the information to be withheld. We will decide whether to withhold the identified information from public inspection.

Figure 1. 990 Series Forms Filed by Exempt Organizations

Type of Annual Return	Who Should File
Form 990, Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities
Form 990-EZ, Short Form Return of Organization Exempt from Income Tax	Section 501(c)(3) public charities whose gross receipts during the year were less than $200,000 and total assets at the end of the year were less than $500,000
Form 990-PF, Return of Private Foundation	Private foundations, including private operating foundations, regardless of financial status
Form 990-T, Exempt Organization Business Income Tax Return	Public charities and private foundations that have gross unrelated business income of $1,000 or more
Form 990-N Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ	Most small public charities with gross receipts of $50,000 or less can file a Form 990-N, if they choose not to file a Form 990 or Form 990–EZ instead.

Making documents available for public inspection. Both you and the IRS must make the information that is subject to disclosure available for public inspection. The public may request a copy of the information available for public inspection from us by submitting Form 4506-A. The public may also request inspection of the information or a copy of the information directly from you.

You may post the documents required to be available for public inspection on your own website. Information returns and your exemption application materials must be posted exactly as filed with the IRS. You may only delete the information that isn't open for public inspection.

If you post the documents on your website, you can give any person requesting copies the website where the documents may be found, but you don't need to provide copies of the information. However, even if these documents are posted on your website, you must still allow public inspection without charge at your main office during regular business hours.

Documents aren't considered available for public inspection on a website if the otherwise disclosable information is edited or subject to editing by a third party when posted. To date, the IRS hasn't approved any third-party websites for posting.

See Pub. 557 for additional information on public inspection requirements.

Foreign Organizations

Foreign organizations are those that were created in countries other than the United States, its territories, or its possessions. Foreign organizations may apply for tax-exempt status on income earned in the United States in the same way that domestic organizations apply for exempt status. See *Language and currency requirements*, earlier.

If you're a foreign organization applying for exempt status, you must complete all required parts of Form 1023. However, see the special rules below for certain Canadian organizations.

TIP *Contributions by U.S. residents to foreign organizations generally aren't deductible. Tax treaties between the U.S. and certain foreign countries provide specific limited exceptions.*

Annual returns for foreign organizations. A foreign organization that obtains exemption as a public charity must file an information return annually (Form 990 or Form 990-EZ). A foreign organization that is a private foundation must file Form 990-PF annually. However, a foreign organization, other than a private foundation or a section 509(a)(3) supporting organization, may file Form 990-N (e-Postcard) instead of Form 990 or Form 990-EZ when its gross receipts from U.S. sources are normally $50,000 or less and it hasn't conducted significant activity

in the United States. See the Instructions for Form 990 and Form 990-EZ, and the Instructions for Form 990-PF for further information. A foreign organization that is subject to unrelated business income tax must file Form 990-T.

Canadian Organizations

Canadian organizations that have received a Notification of Registration from the Canada Revenue Agency (formerly Canada Customs and Revenue Agency), and whose registrations haven't been revoked ("Canadian registered charities"), are automatically recognized in the U.S. as section 501(c)(3) organizations and aren't required to file Form 1023. Canadian registered charities are also presumed to be private foundations. If you're a Canadian registered charity and want to be listed as a section 501(c)(3) organization on IRS.gov or request classification as a public charity rather than a private foundation, mail or fax the information below to:

Internal Revenue Service
Exempt Organization Determinations
Room 6403
P.O. Box 2508
Cincinnati, OH 45201
(855) 204-6184

No user fee is required.

- A letter stating the organization's request (listing as a section 501(c)(3) organization on IRS.gov or classification as a public charity).
- The legal name and complete mailing address of the organization.
- The organization's EIN.
- The month its tax year ends.
- The organization's date of formation.
- A contact name and telephone number.
- The public charity status it is requesting (if applicable) and information demonstrating how it meets the requirements of that status (see Part VII, line 1, and related questions and schedules).
- This penalty of perjury statement: I declare under the penalties of perjury that I have examined this request, including the accompanying documents, and to the best of my knowledge and belief, the request contains all the relevant facts relating to the request, and such facts are true, correct, and complete.
- The signature of an officer, director, trustee, or other authorized person.
- A copy of the organization's Notification of Registration.
- Form 8833, Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b).

Organizations Created in U.S. Territories and Possessions

Organizations created in possessions and territories of the U.S. are generally treated as domestic organizations. If you were created in a U.S. possession or territory, you must complete all required parts of Form 1023 to apply for exempt status under section 501(c)(3).

Charitable contributions to you are deductible by donors if you qualify for exempt status under section 501(c)(3).

Annual filing requirements for an organization created in a U.S. territory or possession are similar to those outlined above for foreign organizations (see Rev. Proc. 2011-15 at *IRS.gov/pub/irs-irbs/irb11-03.pdf*).

Specific Instructions

Part I. Identification of Applicant

Line 1a. Enter your complete name exactly as it appears in your **organizing document**, including amendments.

Line 1b. If you have an "in care of" name, enter it here; otherwise, leave this space blank.

Line 1c-i. Enter your complete address where all correspondence will be sent. If mail isn't delivered to your street address and you have a P.O. box, list your P.O. box information instead of your street address.

For a foreign address, enter your province or state and foreign postal code where indicated.

Line 2. Employer Identification Number (EIN). You must have your own EIN. Enter the 9-digit EIN the IRS assigned to you. If you don't have an EIN, you must apply for one before submitting your application. You can find out how to apply for an EIN by visiting IRS.gov and search for "apply for an EIN." You may apply for an EIN online or by fax or mail. International applicants may call 267-941-1099 (toll call).

TIP *Don't apply for an EIN more than once. If you're unsure of your EIN or whether you have one, call 877-829-5500 for assistance.*

CAUTION *Don't use the EIN of a related or other organization.*

Line 3. Month tax year ends. Select the month your tax year (annual accounting period) ends. Your tax year (annual accounting period) is the 12-month period on which your annual financial records are based.

TIP *Check your **bylaws** or other rules of operation for consistency with the tax year (annual accounting period) you enter here.*

Line 4. Person to contact. Enter the name and title of the person you want us to contact if we need more information. The person to contact may be an officer, director, trustee, or other individual who is permitted to speak with us according to your bylaws or other rules of operation. Your person to contact may also be an **authorized representative**, such as an attorney, certified public accountant, or enrolled agent, for whom you're submitting a completed Form 2848 with the Form 1023.

Line 5. Provide a daytime telephone number for the contact listed on line 4.

Line 6. You may provide a fax number for the contact listed on line 4.

Line 7. Pay.gov will populate this field with the current user fee for filing Form 1023.

Line 8. Enter your complete website address if you have one. Also, list any websites maintained on your behalf. The information on your website should be consistent with the information in your Form 1023.

Line 9. Officers, directors, and trustees. Enter the full names, titles, and mailing addresses of your officers, directors, and/or trustees. You may use the organization's address for mailing. If you have more than five officers, directors, or trustees, check the box provided to add more officer, director, and/or trustee information.

The person who is signing Form 1023 must be listed within the first five entries of line 9.

Part II. Organizational Structure

You must be a corporation, limited liability company, unincorporated association, or trust to be tax exempt under section 501(c)(3). Sole proprietorships, partnerships, or loosely affiliated groups of individuals aren't eligible.

Line 1. Type of organization and copy of organizing document. Select your type of organization, and before submitting the form, upload a copy of your **organizing document** (including any amendments) as part of the required attachment.

Corporation. A **corporation** is an entity organized under a federal or state statute, or a statue of federally recognized Indian tribal or Alaskan native government.

Copy of organizing document (articles of incorporation and any amendments). A corporation's **organizing document** is its "articles of incorporation." If you formed under state statute, your articles of incorporation (and any amendments) must show **certification of filing.** This means your articles show evidence that on a specific date they were filed with and approved by an appropriate state authority. The document must be an exact copy of what is on file with your state.

If you don't have a copy of your articles of incorporation showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of incorporation. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of incorporation and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.

Limited liability company. A **limited liability company** (LLC) that files its own exemption application is treated as a corporation rather than a partnership.

Copy of organizing document (articles of organization and operating agreement (if adopted) and any amendments). Instead of articles of organization, an LLC's **organizing document** is its state-approved "articles of organization." If it has adopted an "operating agreement," then this document is also part of its organizing document. If you formed under state statute, your articles of organization (and any amendments) must show **certificate of filing.** This means your articles show evidence that on a specific date they were filed with and approved by an appropriate state authority. The document must be an exact copy of what is on file with your state. If you don't have a copy of your articles of organization showing evidence of having been filed and approved by an appropriate state official, you may submit a substitute copy of your articles of organization. This substitute copy may be handwritten, typed, printed, or otherwise reproduced. It must be accompanied by a declaration, signed by an officer authorized to sign for you, that it is a complete and correct copy of the articles of organization and that it contains all the powers, principles, purposes, functions, and other provisions by which you currently govern yourself.

TIP *If you are an LLC and want to be treated as a disregarded entity by a tax-exempt member, don't file an exemption application.*

Unincorporated association. An **unincorporated association** formed under state law must have at least two members who have signed a written document that creates an entity with a specifically defined purpose.

Copy of organizing document (articles of association or constitution and any amendments). Your organizing document must include the name of the organization, its purpose, the date the document was adopted, and the signatures of at least two individuals. If your copy doesn't contain the proper signatures and date of adoption, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date of adoption.

TIP ***Bylaws*** *may be considered an organizing document only if they include the required elements listed above.*

Trust. A **trust** may be formed by a trust agreement or declaration of trust. A trust may also be formed through a will. Generally, a trust must be funded with property, such as money, real estate, or personal property.

Copy of organizing document (trust agreement/declaration of trust or will and any amendments). Your trust agreement (and any amendments) must be signed by at least one trustee. If your trust agreement copy isn't signed, you may submit a written declaration that states your copy is a complete and accurate copy of the signed and dated original. Your declaration should clearly indicate the original date that it was signed. For trusts created by a will, include a copy of the death certificate or a statement indicating the date of death, and a copy of the relevant portions of the will.

CAUTION *If your trust agreement continues to provide for distributions for non-charitable interests, you won't qualify for tax-exempt status.*

Line 2. Formation date. The date you enter should be consistent with your organizing document.

- If you're a corporation, enter the date that your articles of incorporation were filed and approved by the appropriate authority.
- If you're an LLC, enter the date that the appropriate authority filed your articles of organization or other organizing document.
- If you're an unincorporated association, enter the date that your organizing document was adopted by the signatures of at least two individuals.
- If you're a trust (other than a trust formed by a will), enter the date your trust was funded. If your trust agreement provided for any non-charitable interests, enter the date that non-charitable interests expired. If you were formed by a will, enter the date of death or the date any non-charitable interests expired.

Line 3. State of formation. Enter the jurisdiction (for instance, the state or the federally recognized tribal government) under the laws of which you were incorporated or otherwise formed. This may not be the place in which you're physically located. For example, if you're physically located in New York, but incorporated under Massachusetts law, enter Massachusetts.

For purposes of completing this application, you're formed under the laws of a **foreign country** if you're not formed under the laws of the United States, its territories and possessions, federally recognized Indian tribal or Alaska native governments, or the District of Columbia.

Line 4. "**Bylaws**" are generally the internal rules and regulations of an organization. If you have bylaws, upload a current copy (including any amendments). Bylaws don't need to be signed unless they are your **organizing document** as described in the instructions for line 1 above.

Line 5. Successor organization. You are a "successor" if you:

- Took over activities previously conducted by another organization,
- Took over 25% or more of the fair market value of the net assets of another organization, or
- Were established upon the conversion of an organization from for-profit to non-profit status.

If you're a successor organization, complete Schedule G, Successors to Other Organizations.

TIP *Your* ***predecessor*** *organization may have been either a tax-exempt or non-exempt organization.*

Part III. Required Provisions in Your Organizing Document

Line 1. Purpose clause. Your **organizing document** must limit your purposes to those described in section 501(c)(3). Those purposes are charitable, religious, educational, scientific, literary, testing for public safety, fostering national or international amateur sports

competition, and preventing cruelty to children or animals.

The generally accepted legal definition of "charitable" includes relief of the poor, the distressed, or the underprivileged; advancement of religion; advancement of education or science; erecting or maintaining public buildings, monuments, or works; lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency. Therefore, the phrase "relief of the poor" in your organizing document properly limits your purposes.

Limiting your purposes by reference to section 501(c)(3) generally will be sufficient to meet the organizational test under section 501(c)(3). Your organizing document may also sufficiently limit your purpose by reference to a specific charitable purpose such as "relief of the elderly within the meaning of section 501(c)(3)."

However, purposes listed in your organizing document broader than those listed in section 501(c)(3) may cause you to fail the organizational test. In that case, you will need to amend your organizing document before applying. A reference to section 501(c)(3) won't ensure that your purposes are limited to those described in section 501(c)(3) if other provisions describing your purposes include one or more non-exempt purposes. The following is an example of an acceptable purpose clause.

> *The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding sections of any future federal tax code.*

See Pub. 557 for further information and examples of how to limit your purposes.

Line 2. Dissolution clause. Your **organizing document** must provide for the permanent dedication of your assets to a section 501(c)(3) purpose. This means that if you dissolve your organization in the future, your assets must be distributed for an exempt purpose described in section 501(c)(3), or to the federal government, or to a state or local government, for a public purpose. In certain states, you may rely on state law to establish the permanent dedication of assets for exempt purposes. This is based on Rev. Proc. 82-2, 1982-1 C.B. 367. For additional information, search "Operation of state law" at IRS.gov.

Foreign organizations may be able to rely upon the applicable laws of their jurisdiction in a similar manner. If relying on a foreign law, you must provide a copy of the applicable law with an English translation.

Naming a specific organization to receive your assets upon dissolution will be acceptable only if your organizing document requires that the specific organization to be exempt under section 501(c)(3) at the time your dissolution takes place and provides for a qualified alternative recipient if the named organization isn't exempt under section 501(c)(3) at that time.

If your organizing document states that your assets would be distributed to members or private individuals or for any purpose other than those provided in section 501(c)(3), you must amend your organizing document to remove such statements.

The following is an example of an acceptable dissolution clause.

> *Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.*

See Pub. 557 for further information and examples of acceptable language for dedication of assets in your organizing document.

Part IV. Your Activities

Reminder

Answer all questions in this part as they pertain to your past, present, and future activities.

Line 1. Describe completely and in detail your past, present, and planned activities. Don't refer to or repeat the purposes in your organizing document or speculate about potential future programs. Your narrative description of activities should be thorough and accurate because we determine whether you qualify for section 501(c)(3) exempt status based on the information in your application. You should describe either actual or planned activities. For example, if you plan to further educational purposes by operating an afterschool homework club, you would describe that activity rather than cite that you will further educational purposes. If you were also contemplating offering scholarships in the future, but currently have no plans to do so, then the scholarship activity would be speculative, and you should not describe it.

Some organizations (such as credit counseling organizations (see Part IV, line 8), childcare organizations (see Part IV, line 12), agricultural research organizations (see Part VII, line 1), or cooperative hospital service organizations (see Schedule C)) must meet specific operational requirements to qualify for exemption under section 501(c)(3). If you're such an organization, be certain to include an explanation in your activity description of how activities you conduct (or don't conduct, if the specific operational requirement limits permissible activities) satisfy those specific operational requirements.

For each past, present, or planned activity, include information that answers the following questions.

- What is the activity?
- Who conducts the activity?
- Where is the activity conducted?
- What percentage of your total time is allocated to the activity? (Combined time percentages should add up to 100%.)
- How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocable to this activity?
- How does the activity further your exempt purposes?

Line 2. National Taxonomy of Exempt Entities (NTEE) code. An NTEE code is a three-character series of letters and numbers that generally describes a type of organization. Enter the code that best describes your organization from the list of NTEE codes, located in Appendix D. For more information and more detailed definitions of these codes developed by the National Center for Charitable Statistics (NCCS), visit the Urban Institute NCCS website at nccs.urban.org.

TIP *NTEE codes are also used for purposes other than identification of organizations described in section 501(c)(3). Therefore, all codes in the list don't necessarily correspond to a section 501(c)(3) purpose.*

Line 3. If programs are limited to specific individuals, describe how you select or identify those individuals. If programs are available only for members, describe membership criteria, any membership dues, any different membership levels, and the benefit each membership level receives.

Line 4. Describe any business or **family** relationship between individuals who receive goods, services, or funds through your programs and any officers, directors,

trustees, or highest compensated employees or **independent contractors.**

For purposes of this form, "highest compensated" employees or independent contractors are persons to whom you pay over $100,000 of **compensation,** including compensation from related organizations.

Line 5. You participate in a **political campaign** if you promote or oppose the candidacy of an individual for public office. Candidate debates and nonpartisan voter education and registration may be permitted. See Rev. Rul. 2007-41, 2007-25 I.R.B. 1421 at IRS.gov/irb/2007-25_I.R.B. 1421 and Pub. 1828 for more information and examples.

Organizations described in section 501(c)(3) are prohibited from supporting or opposing candidates for public office in any political campaign. If you answer "Yes," you aren't qualified for tax exemption under section 501(c)(3) and should reconsider whether the filing of application Form 1023 is appropriate for you. See Pub. 557 for a description of other code sections under which you may qualify.

Line 6. You are attempting to **influence legislation** if you directly contact or urge the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. You are also attempting to influence legislation if you advocate the adoption or rejection of legislation. If you answer "Yes," your explanation should include the percentage of your total time and total funds spent on such legislative activities.

Organizations described in section 501(c)(3) are prohibited from engaging in a substantial amount of legislative activities. Whether you're engaged in substantial legislative activities depends on all of the facts and circumstances.

For this purpose, "legislation" includes action by Congress, a state legislature, a local council, or a similar governing body, with respect to acts, bills, resolutions or similar items (such as legislative confirmation of appointive offices). Legislation also includes action by the public in a referendum, ballot initiative, constitutional amendment, or similar procedure. Legislation generally doesn't include actions by executive, judicial, or administrative bodies.

Organizations may involve themselves in issues of public policy without being engaged in legislative activity. For example, organizations may conduct educational meetings, prepare and distribute educational materials, or otherwise consider public policy issues. Similarly, an organization may appear before a governmental body at its request to offer testimony about a decision that may affect the organization's existence.

A private foundation isn't allowed to engage in any activities to influence legislation.

Line 6a. Form 5768. Most public charities are eligible to elect to make expenditures to influence legislation by filing Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation. By filing Form 5768, your legislative activities will be measured solely by an expenditure limit under section 501(h) rather than by whether the legislative activity is considered substantial. Form 5768 describes the types of organizations that are eligible to make an election. You must file Form 5768 by mailing it to the address on the form. For a discussion of influencing legislation and the requirements of section 501(h), see Pub. 557.

Churches and private foundations aren't eligible to make this section 501(h) election.

Line 7. Intellectual property includes the following:

- Patents (for inventions);
- Copyrights (for literary and artistic works such as novels, poems, plays, films, musical works, drawings, paintings, photographs, sculptures, architectural designs, performances, recordings, film, and radio or television programs);
- Trade names, trademarks, and service marks (for symbols, names, images, and designs); and
- Formulas, know-how, and trade secrets.

Line 8. These activities involve the education of the consumer on budgeting, personal finance, financial literacy, mortgage foreclosure assistance, or other consumer credit areas. These activities may also involve assisting the consumer in consolidating debt and negotiating between debtors and creditors to lower interest rates and waive late and over-limit fees. If you answer "Yes," you may be subject to the requirements of section 501(q). Search "501(q)" on IRS.gov for information on these requirements and whether they apply to you.

Line 9. A **"relationship"** between you and the recipient organization includes the following situations.

- You control the recipient organization, or it controls you through common officers, directors, or trustees, or through authority to approve budgets or expenditures.
- You and the recipient organization were created at approximately the same time and by the same persons.
- You and the recipient organization operated in a coordinated manner with respect to facilities, programs, employees, or other activities.
- Persons who exercise substantial influence over you also exercise substantial influence over the recipient organization.

Line 9b. Answer "Yes," if you make grants, loans, or other distributions (such as goods) to a foreign organization.

Line 9g–i. The Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against certain governments, entities, and individuals, as directed in Executive Orders. As part of the comprehensive and sustained campaign against terrorist financing, all U.S. persons, including U.S.–based charities, are prohibited from dealing with persons (individuals and entities) identified as being associated with terrorism on OFAC's Specially Designed Nationals and Blocked Persons List (OFAC SDN List). Information about OFAC sanction programs and the OFAC SDN List are available at www.treasury.gov/ofac.

Line 10. A **"foreign country"** is a country other than the U.S., its territories and possessions, and the District of Columbia.

Line 10a–c. See instructions for lines 9g–i.

Line 11. You are a sponsoring organization of a donor-advised fund if you establish separate accounts that you own or control for a donor whereby the donor or donor-advisor may make recommendations about the investments of or distributions from the account. See Pub. 557 for more information on the definitions of sponsoring organizations and donor-advised funds.

You can't sponsor a donor-advised fund if you're a private foundation.

Line 12. A **"school"** is an educational organization whose primary function is the presentation of formal instruction and which normally maintains a regular faculty and curriculum and that normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A school may include the following.

- Primary, secondary, preparatory, or high school.
- College or university.
- Trade or technical school.
- Nursery or pre-school.
- School that you operate as an activity, such as a school that is operated as an

activity of a museum, historical society, or church.

If you're a nursery or pre-school that doesn't meet the description of a school, answer "No," to line 12.

If you're a nursery, pre-school, or child care organization that doesn't meet the description of a school, you may still further an educational purpose if substantially all the care you provide is for the purpose of enabling individuals to be gainfully employed and your services are available to the general public (section 501(k)).

If you're a school, or if you operate a school as an activity (even if it is a secondary activity), complete Schedule B. See Pub. 557 for additional information.

Line 13. "**Hospital**" or "**medical care**" includes the treatment of any physical or mental disability or condition, whether as an inpatient or outpatient. A **hospital** includes the following.

- Hospitals and rehabilitation institutions, outpatient clinics, or community mental health or drug treatment centers if the principal purpose or function is the providing of medical or hospital care or medical education or research.
- **Medical research organizations** if the principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.

If you provide "hospital or medical care," or you're a medical research organization, complete Schedule C.

See Pub. 557 for additional information.

Line 14. "**Low-income housing**" refers to rental or ownership housing provided to persons based on financial need. If you provide low-income housing, complete Schedule F.

Line 15. Answer "Yes," if you pay money to an individual as a scholarship, fellowship, or education loan; for travel, study, or other similar purposes. Also, answer "Yes," if you pay such amounts on behalf of an individual to a school or a tuition or educational savings program. Complete Schedule H—Section I.

Travel, study, or other similar purposes include payments made to enhance a literary, artistic, musical, scientific, teaching or other similar capacity, skill, or talent of the individual recipient. These payments include, for example, amounts paid to:

- Vocational high school students to be used to purchase basic tools;
- Teachers to induce them to teach in a public school system in an economically depressed area; and
- A scientific researcher to underwrite that individual's research project.

Educational grants don't include amounts you pay to an individual as compensation, such as payments made to a consultant for personal services or to produce a report for you.

Educational grants don't include amounts paid to another organization that distributes your funds as a scholarship to an individual if you have no role in the selection process.

*If you're a **"private foundation"** as described in Part VII, you must obtain advance approval of your grant-making procedures. You can use Schedule H—Section II, to request advance approval as part of this application process. You can complete Section II when you complete* Part VII. Foundation Classification.

Line 16. "**Fundraising**" includes efforts to raise funds through appeals for financial support. Fundraising may be conducted by your employees or volunteers, through an agent, or through an independent contractor. Check all the boxes that apply.

For purposes of this application, "**bingo**" is a game of chance played with cards that generally are printed with five rows of five squares each on which participants place markers to form a pre-selected pattern to win the game. "Other (non-bingo) **gaming** activities" include pull-tabs, raffles, keno, split-the-pot, and other games of chance.

***Gaming** doesn't further an exempt purpose under section 501(c)(3). Except to the extent that an exception may apply, your revenue from gaming activities will be subject to **unrelated business income** tax. See Pub. 3079 for further information about gaming.*

Part V. Compensation and Other Financial Arrangements

Reminder. Answer all questions in this part as they pertain to your past, present, and future activities.

For purposes of Part V, **compensation** includes:

- Salary or wages;
- Deferred compensation;
- Retirement benefits, whether in the form of a qualified or non-qualified employee plan (pensions or annuities);
- Fringe benefits (personal vehicle, meals, lodging, personal and family educational benefits, low-interest loans, payment of personal travel, entertainment, or other expense, athletic or country club membership, and personal use of your property); and
- Bonuses.

Example. An organization could compensate a director as follows:

Wages	
Director Compensation . . .	$2,500
Salary as Chief Executive Officer	40,000
Deferred retirement	2,000
Health insurance policy . . .	5,000
Use of a vehicle	5,000
Total Compensation	$54,500

Make sure the information you provide in Part V is consistent with the information you enter in Part VI. Financial Data.

Line 1. Compensation. Check "Yes," if you do or you will compensate your officers, directors, or trustees. Also, check "Yes," if you will or you do have highest compensated employees or highest compensated independent contractors.

For purposes of this form, "highest compensated" employees or independent contractors are persons to whom you pay over $100,000 of **compensation**, including compensation from related organizations.

For information on determining if an individual is an employee or an independent contractor, see Pub. 15-A, Employer's Supplemental Tax Guide.

Line 1e. "**Similarly situated** organizations" means tax-exempt or taxable organizations of comparable size, purpose, and resources. Adjustments due to geographic area and other specified conditions are appropriate, but you should document the adjustments. You should document the sources(s) of comparable compensation data, both taxable and non-taxable, and retain copies in your permanent records.

Line 1g. "**Reasonable compensation**" is the amount that would ordinarily be paid for like services by like organizations under like circumstance as of the date the compensation arrangement is made. Establishing and documenting your decisions about compensation is important because excess compensation (including cash and other benefits that aren't accounted for as reasonable compensation for services) may result in excise taxes on both the individual and you, and may jeopardize your tax exemption.

Line 2. A conflict of interest arises when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision they could make. A sample **Conflict of Interest Policy** is included as Appendix A. This sample conflict of

interest policy doesn't prescribe any specific requirements. Therefore, organizations should use a conflict of interest policy that best fits their organizations.

Adoption of a conflict of interest policy isn't required to obtain tax-exempt status. However, by adopting the sample policy or a similar policy, you will be choosing to put in place procedures that will help your officers, directors, and trustees recognize situations that could present potential or actual conflicts of interest so that you can take steps to reduce the risk that those in positions of authority over you may receive an inappropriate benefit.

TIP *The sample conflict of interest policy in Appendix A includes items marked "Hospital insert–for hospitals that complete Schedule C" that are intended to be adopted by hospitals.*

Line 3. A fixed payment means a payment that is either a set dollar amount or fixed through a specific formula where the amount doesn't depend on discretion. For example, a salary of $200,000 that is adjusted annually based on the increase in the Consumer Price Index is a fixed payment.

A "**non-fixed payment**" means a payment that depends on discretion. For example, a bonus of up to $100,000 that is based on an evaluation of performance by the governing board is a non-fixed payment because the governing body has discretion over whether the bonus is paid and on the amount of the bonus.

Line 4. Don't include purchases or sales of goods and services in your normal course of operations that are available to the general public under similar terms and conditions.

Answer "Yes," if any of your officers, directors, or trustees:

- Is an officer, director, or trustee of another organization (other than a section 501(c)(3) organization) that you will purchase or sell goods, services, or assets from or to; or
- Possesses more than 35% ownership interest in any organization that you will purchase or sell goods, services, or assets from or to.

Arm's length. An arm's length standard exists where the parties have an adverse (or opposing) interest. For example, a seller wants to sell their goods at the highest possible price, while a buyer wants to buy at the lowest possible price. These are adverse interests.

In negotiating with a person, an adverse interest is assumed if that person is otherwise unrelated to you in the sense of not being in a position to exercise substantial influence over you or your affairs. If the person is in a position to exercise substantial influence over your affairs, then an arm's length standard requires additional precautions to eliminate the effect of the relationship.

Using a **conflict of interest policy**, information about comparable transactions between unrelated parties, and reliable methods for evaluating the transaction, are examples of precautions that would help make the negotiation process equivalent to one between unrelated persons.

Fair market value. This is the price at which property or the right to use property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

Line 5. Answer "Yes," if any of your officers, directors, or trustees:

- Is an officer, director, or trustee in another organization (other than a section 501(c)(3) organization) that has a lease, contract, loan, or other agreement with you; or
- Possesses more than a 35% ownership interest in any organization that has a lease, contract, loan, or other agreement with you. For example, answer "Yes," if one of your directors is an officer for a section 501(c)(4) organization with whom you have a lease for office space, or if one of your directors owns more than 35% of the voting stock of a corporation to which you made a loan.

Line 6. "**Develop**" means the planning, financing, construction, or provision of similar services involved in the acquisition of real property, such as land or a building. For example, you should provide information regarding the services of a consultant who arranges your acquisition of a facility through the issuance of tax-exempt bonds.

Line 7. "**Manage**" means to direct or administer. For example, you would provide information about an organization hired to administer a museum gift shop.

Line 8. A "**joint venture**" is a legal agreement in which the persons jointly undertake a transaction for mutual profit. Generally, each person contributes assets and shares risks. Like a partnership, joint ventures can involve any type of business transaction and the persons involved can be individuals, groups of individuals, companies, or corporations.

Part VI. Financial Data

Line 1. Select the option that best describes you to determine the years of revenues and expenses you need to provide.

Completed less than 1 year. If you've existed for less than 1 year, provide projections of your likely income and **expenses** for your current year and projections of your likely income and expenses for the next 2 years based on a reasonable and good faith estimate of your future finances for a total of 3 years of financial information. Place financial information for the year you're filing this application in the column marked *Current tax year*.

Completed more than 1 year, fewer than 5 years. If you've existed for more than 1 year but fewer than 5 years, provide your actual income and expenses for each completed year you've existed and projections of your likely income and expenses based on a reasonable and good faith estimate of your future finances for your current year and each year you haven't existed, for a total of 4 years of financial information. Place financial information for the year you're filing this application in the column marked *Current tax year*.

Completed 5 years or more. If you've existed for 5 years or more, provide your actual income and expenses for your 5 most recently completed tax years. Place financial information for your most recently completed tax year in the column marked *Current tax year*.

CAUTION *We may request financial information for more than 5 years.*

A. Statement of Revenue and Expenses

Preparing the statement. Prepare the statement using the method of accounting you use in keeping your books and records.

Prepare the statement using the accounting period entered on Part I, line 3. Enter "0" if a particular **revenue** or **expense** doesn't apply to you.

Your financial information should reflect your activities described in this application.

Line 1. Enter the total gifts, grants, and contributions you receive (other than membership dues reported on line 2 and described below). Include items of value that you receive as gifts, grants, or contributions. For example, if one of your activities is a food drive, include the value of the donated food on this line. Also include on this line payments a governmental unit makes to enable you to both accomplish your exempt purpose(s) and to provide a service or facility directly to the general public.

See the instructions for line 9 if you're uncertain whether **revenue** should be included as a grant on line 1 or as **gross**

Figure 2. Net Gain or Loss On Sales of Capital Assets

	Categories		
	(A) Real Estate	(B) Securities	(C) Other
1. Gross sales price of assets (other than inventory) by category.			
2. **Less:** Cost or other basis and sales expenses.			
3. Gain or (loss). Subtract line 2 from line 1.			
4. Net gain or (loss) — Add line 3 of columns (A), (B), and (C). Enter here and on Form 1023, Part VI - A, Statement of Revenues and Expenses, line 11.			

receipts on line 9. Include **unusual grants** on line 12 and not on line 1.

Examples.

1. A city pays the symphony orchestra to provide free music programs in the public schools. The programs are open to the public. This income received from a governmental unit accomplishes the orchestra's exempt purpose and directly provides a service to the general public. This income is a grant to the symphony orchestra that should be listed on line 1.

2. The symphony orchestra sells tickets to the public for its fall season. Such income is gross receipts received from the general public in performance of the symphony orchestra's exempt function and should be listed on line 9.

3. The public school system pays the orchestra to create several musical pieces suitable for the school system's elementary music curriculum. This payment by a governmental unit for the music compositions is primarily for the school system's own use, not for the direct benefit of the public. Therefore, this income is gross receipts received from a governmental unit in performance of the orchestra's exempt function that should be listed on line 9.

Line 2. Enter the amount you receive from members to provide support to the organization. Don't include payments from members or on behalf of members to purchase admissions, merchandise, services, or use of facilities.

Line 3. Enter your gross income from dividends, interest, payments received on securities, loans, rents, and royalties you hold for investment purposes.

See Pub. 598 for additional information regarding royalties treated as unrelated business income.

Line 4. Enter your net income from unrelated business activities. "**Unrelated business income**" generally is income from any trade or business activity that is regularly carried on, and not related to your exempt purpose. Certain exceptions and exclusions may apply.

Report on line 9 income from activities that aren't related to the accomplishment of your exempt purposes, but aren't considered unrelated business activities. For example, report income from the sale of merchandise by volunteers that isn't treated as an unrelated trade or business on line 9.

See Pub. 598 for additional information regarding unrelated business income.

Line 5. Enter amounts any local tax authority collects from the public on your behalf.

Line 6. Enter the value of services or facilities a governmental unit furnishes to you. Use the **fair market value** of the services or facilities. Don't include the value of services or facilities generally provided by the governmental unit to the public without charge.

Line 7. Enter your total income from all sources not reported on lines 1 through 6, or lines 9, 11, and 12. Provide an itemized list in line 25, showing each type and amount of income included, and a brief description of each type of income.

Line 8. Lines 1 through 7 will be added for you.

Line 9. Enter income from activities that you conduct to further your exempt purposes (excluding amounts listed on other lines). Also, include as **gross receipts** the income from activities conducted:

- Intermittently (not regularly carried on), such as an occasional auction;
- With substantially all (at least 85%) volunteer labor, such as a car wash;
- For the convenience of members, students, patients, officers, or employees, such as a parking lot for a school's students and employees; or
- With substantially all contributed merchandise, such as a thrift store.

See Pub. 598 for additional information regarding income that isn't from an unrelated trade or business.

"**Gross receipts**" also includes payment by a governmental unit that may be called a "grant" but is actually payment for a service or facility for the use of the government payer, rather than for the direct benefit of the public.

Example. The state government gives a conservation group a grant to study the effects of a new sewage treatment plant on an ecologically significant woodland area. Although the payment is called a grant, it is actually gross receipts that should be included on line 9. The payment is by a governmental unit (state) for a study for its own use, not for the direct benefit of the general public. A for-profit consulting company could've done the study rather than by the tax-exempt conservation group.

Provide an itemized list of your gross receipts in line 25, describing the sources and amounts of income. For payments by a governmental unit, list the payer, the purpose of the payment, and the payment amount.

Line 10. Lines 8 and 9 will be added for you.

Line 11. Enter any net gain or loss on the sale of capital assets. Provide an itemized list by asset category (for example, real estate or securities) showing gross sales, cost or other basis/sales expenses, and gain or loss by asset category in line 25. You may use the format in Figure 2.

Line 12. Enter any "**unusual grants**," which generally are any substantial contributions and bequests you received from disinterested persons that, by their size, adversely affect your classification as a **public charity**. "**Unusual grants**" are unusual, unexpected, and received from an unrelated party. Provide an itemized list of any unusual grants, including the amount in line 25, and explain how it was unusual, unexpected, and from an unrelated party.

For additional information about unusual grants and a description of **public charity** classifications, see Pub. 557.

Line 13. Lines 10 through 12 will be added for you.

Lines 14. Enter the total **expenses** you incur for soliciting gifts, grants, and contributions included on line 1. Include fees paid to professional fundraisers for soliciting gifts, grants, and contributions.

Line 15. Enter the total amount you pay out to both individuals and organizations. Provide an itemized list in line 25, identifying recipients (using letter designations such as A, B, C, etc.), a brief

description of the purposes or conditions of payments, and the amounts paid.

Colleges, universities, and other educational institutions and agencies subject to the Family Educational Rights and Privacy Act (20 U.S.C. 1232g) don't need to list the names of individuals to whom they provided scholarships or other financial assistance where such disclosure would violate the privacy provisions of the law. Instead, group each type of financial aid provided, indicate the number of individuals who received the aid, and specify the aggregate dollar amount.

Maintain (but don't submit) a list showing the names of recipients associated with each letter designation.

Line 16. Enter total payments you make to or for the benefit of your members (not including any amounts listed on line 15). Provide an itemized list in line 25, identifying recipients (using letter designations), a brief description of the purposes or condition of payments, and the amounts paid.

Maintain (but don't submit) a list showing the names of recipients associated with each letter designation.

Line 17. Enter the total amount of **compensation** you pay to your officers, directors, and trustees.

Line 18. Enter the total amount of salaries and wages you pay to employees (not reported on line 17).

Line 19. Enter your total interest expenses for the year. Don't include mortgage interest treated as an occupancy expense on line 20.

Line 20. Enter the amount you pay for the use of office space or other facilities, heat, light, power and other utilities, outside janitorial services, mortgage interest, real estate taxes, and similar expenses.

Line 21. Enter the total depreciation, depletion, and similar expenses you incur.

Line 22. Enter the total professional fees you pay. Professional fees are amounts charged by individuals and entities that aren't your employees. They include fees for professional fundraisers (other than fees listed on line 14, earlier), accounting services, legal counsel, consulting services, contract management, or any **independent contractors**.

Line 23. Enter any **expenses** you didn't include in the lines above, such as for program services. Provide an itemized list in line 25, showing the type and amount of each significant expense.

Line 24. Lines 14 through 23 will be added for you.

B. Balance Sheet

Complete the balance sheet for your most recently completed tax year. If you haven't completed a full tax year, use the most current information available. Be sure to enter the year-end date for the information provided and not the date you prepare this application. Enter "0" if a particular asset or liability doesn't apply to you.

Line 1. Enter your total cash in checking and savings accounts, temporary cash investments (money market funds, CDs, treasury bills, or other obligations that mature in less than 1 year), and petty cash funds.

Line 2. Enter your total accounts receivable that arose from the sale of goods and/or performance of services, less any reserve for bad debt.

Line 3. Enter the amount of materials, goods, and supplies you purchased or manufactured and held to be sold or used in some future period.

Line 4. Enter the total amount of bonds or notes you issued that will be repaid to you. Provide an itemized list in line 19, that shows the name of each borrower (using a letter designation), the borrower's relationship to you, a brief description of the obligation, the rate of return, the due date, and the amount due.

Maintain (but don't submit) a list showing the names of borrowers associated with each letter designation.

Line 5. Enter the total **fair market value** of corporate stocks you hold. Provide an itemized list of your corporate stock holdings in line 19.

For stock of closely held corporations, list the name or the corporation, a brief summary of the corporation's capital structure, the number of shares held, and their value as carried on your books. If valuation doesn't reflect current fair market value, also include fair market value.

For stock traded on an organized exchange or in substantial quantities over the counter, list the name of the corporation, a description of the stock, and the principal exchange on which it is traded, the number of shares held, their value as carried on your books, and their fair market value.

Line 6. Enter your total amount of loans (personal and mortgage loans) receivable. Provide an itemized list in line 19 that identifies each borrower (using a letter designation), the borrower's relationship to you, purpose of loan, repayment terms, interest rate, and original amount of loan. Report each loan separately, even if more than one loan was made to the same person.

Maintain (but don't submit) a list showing the names of borrowers associated with each letter designation.

Line 7. Enter the total book value of your other investments. Include the total book value of government securities (federal, state, and municipal), and buildings and equipment held for investment purposes. Provide an itemized list in line 19 identifying and reporting the book value of each building/item of equipment held for investment purposes.

Line 8. Enter the total book value of buildings and equipment not held for investment purposes. This includes facilities you own and equipment you use in conducting your exempt activities. Provide an itemized list in line 19 of these assets held at the end of the current tax year/period, including the cost or other basis.

Line 9. Enter the total book value of land not held for investment purposes.

Line 10. Enter the total book value of any other category of your assets not reported on lines 1 through 9, for example, patents, copyrights, or other intangible assets. Provide an itemized list of each asset in line 19.

Line 11. Lines 1 through 10 will be added for you.

Line 12. Enter the total amount of your accounts payable to suppliers and others, such as salaries payable, accrued payroll taxes, and interest payable.

Line 13. Enter the total unpaid portion of grants and contributions you committed to pay to other organizations or individuals.

Line 14. Enter the total of your mortgages and other notes payable outstanding at the end of the current tax year/period. Provide an itemized list in line 19 showing each note separately, including the lender's name, purpose of loan, repayment terms, interest rate, and original amount.

Line 15. Enter the total amount of any other liabilities not reported on lines 12 through 14. Provide an itemized list in line 19 of these liabilities, including the amounts you owe.

Line 16. Lines 12 through 15 will be added for you.

Line 17. Under fund accounting, an organization segregates its assets, liabilities, and net assets into separate funds according to restrictions on the use of certain assets. Each fund is like a separate entity in that it has a self-balancing set of accounts showing assets, liabilities, equity (fund balance), income, and expenses. If you don't use fund accounting, report only the "net assets" account balances, which include capital stock, paid-in capital, retained

earnings or accumulated income, and endowment funds.

Line 18. Lines 16 and 17 will be added for you.

Part VII. Foundation Classification

Organizations that are exempt under section 501(c)(3) are **private foundations** unless they are:

- Churches, schools, hospitals, governmental units, entities that undertake testing for public safety, organizations that have broad financial support from the general public; or
- Organizations that support one or more organization(s) that are themselves classified as public charities.

Section 501(c)(3) organizations excepted from private foundation classification are **public charities**. Unless you meet one of the exceptions above, you're a private foundation.

You can only select one foundation classification.

Line 1. Select the foundation classification you're requesting from the list below. The form will then take you to additional lines or parts of the application that you must complete based on your response.

509(a)(1) and 170(b)(1)(A)(vi). Select this classification if you normally receive a substantial part of your support from grants from governmental units or from contributions from the general public, or a combination of these sources. Typically, you would show a substantial part of your income on Part VI-A. Statement of Revenue and Expenses, lines 1 and 2.

Under this **public charity** classification, you must meet the one-third public support test or 10% facts and circumstances test. See Pub. 557 for more information.

Public support test. An organization must receive either:

1. At least one-third of its total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or
2. At least 10% of its total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; and also satisfy a facts and circumstances test.

Facts and circumstances test. Facts and circumstances include:

1. The amount of support you received from the general public, governmental units, or public charities;
2. Whether you have a continuous and bona fide program for solicitation of funds from the general public, governmental units, or public charities, or carry on activities designed to attract support from organizations or other governmental units, and
3. All other facts and circumstances, including the public nature of your governing board, the extent to which your facilities or programs are publicly available, the extent to which nature your dues encourage membership, and whether your activities are likely to appeal to persons having a broad common interest or purpose. For additional information about the 10% facts and circumstances test, see Pub. 557 and Reg. 1.170A-9(f)(3).

509(a)(2). Select this classification if you normally receive more than one-third of your support from contributions, membership fees, and **gross receipts** from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from **gross investment income** and net **unrelated business income**. Typically, you would show a substantial part of your income on Part VI-A. Statement of Revenues and Expenses, lines 1, 2, and 9.

Under this **public charity** classification, you must meet both the "one-third public support test " and the "not-more-than-one-third investment income and net unrelated business income test," lines 1 through 13. See Pub. 557 for additional information about these tests.

509(a)(1) and 170(b)(1)(A)(i). Select this classification if your primary purpose is operating a church or convention or association of churches. The term "church" includes mosques, temples, synagogues, etc. If you select this box, complete Schedule A.

509(a)(1) and 170(b)(1)(A)(ii). Select this classification if your primary purpose is operating a **school**. If you select this box, complete Schedule B.

If you operate a school but it isn't your primary purpose, don't select this classification. However, you must still complete Schedule B. See Part IV, line 12.

509(a)(1) and 170(b)(1)(A)(iii). Select this classification if your primary purpose is providing medical or **hospital** care or medical eduction or research (performed in association with a hospital). If you select this box, complete Schedule C.

A hospital includes a rehabilitation institute, outpatient clinic, community mental health clinic, drug treatment center, or skilled nursing facility. A hospital doesn't include convalescent homes, homes for children or the aged, or institutions whose principal purpose or function is to train handicapped individuals to pursue some vocation.

Cooperative hospital service organizations described in section 501(e) should also check this box and complete Schedule C.

509(a)(1) and 170(b)(1)(A)(iv). Select this classification if you're organized and operated exclusively to benefit a college or university owned or operated by a governmental unit. You must also normally receive a substantial part of your support from a governmental unit or from contributions from the general public.

509(a)(1) and 170(b)(1)(A)(ix). Select this classification if you're an agricultural research organization described in section 170(b)(1)(A)(ix) operated in conjunction with a land grant college or university or a non-land grant college of agriculture.

In Part IV, line 1, include information detailing your agricultural research program and how you will spend contributions to your program, including a description of how you're engaged in the continuous active conduct of agricultural research (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977), information showing that you're operated in conjunction with a land grant college or university or a non-land grant college of agriculture (as defined in Section 1404 of the Agricultural Research, Extension, and Teaching Policy Act of 1977), and information discussing the timing of when you will spend contributions for research.

509(a)(3). Select this classification if you're organized and operated to support one or more public charities described in section 509(a)(1) or 509(a)(2) or an organization that is tax exempt under section 501(c)(4), (5), or (6) and meets the public support test of section 509(a)(2). See the instructions for Schedule D for more information about the requirements for this classification, including the required relationship you must have with your supported organization(s). Complete Schedule D.

509(a)(4). Select this classification if your primary purpose is to test products to determine their acceptability for use by the general public.

Contributions to organizations of this type aren't deductible under section 170(c). Also, organizations that primarily test for specific manufacturers don't qualify for exemption under section 501(c)(3).

Select my classification for me. Select this option if you believe you're a **public charity** but would like the IRS to select the correct public charity classification (509(a)

(1) and 170(b)(1)(A)(vi) or 509(a)(2)) for you.

Private foundation. Select this classification if you don't meet one of the exceptions listed above.

Line 1a. Section 508(e) provides that a private foundation isn't tax exempt unless its **organizing document** contains specific provisions. These specific provisions require that you operate to avoid liability for excise taxes under sections 4941(d), 4942, 4943(c), 4944, and 4945(d). You can also meet these provisions by reliance on state law.

See Pub. 557 for samples of provisions that will meet section 508(e). Also, see Appendix B for a list of states that have enacted statutory provisions that satisfy the requirement of section 508(e), subject to notations. Appendix B is based on Rev. Rul. 75-38, 1975-1 C.B. 161.

Line 1c. Some private foundations are **private operating foundations.** Private operating foundations make qualifying distributions directly for the active conduct of their educational, charitable, and religious purposes. "Directly for the active conduct" means that you use the distributions yourself to carry out the programs for which you're organized and operated. Grants made to assist other organizations or individuals are normally considered indirect.

Line 1d. If you have existed for 1 year or more, you must provide information that demonstrates you meet the requirements to be classified as a private operating foundation, including the income test and either the endowment test, the assets test, or the support test. If you have existed for less than 1 year, you must sufficiently describe how you're likely to meet these requirements and tests. You may also submit an affidavit or opinion of counsel giving enough facts about your operations and support to enable us to determine that you're likely to meet these requirements.

See Pub. 557 for additional information about private operating foundations.

Line 2. Confirmation of public support status. If you have been in existence for more than 5 years, and you requested classification as a public charity described in sections 509(a)(1) and 170(b)(1)(A)(vi), you must confirm that you meet the public support test.

To show that you meet the required public charity support test, complete lines 2(i) and 2(ii). Calculate your public support based on the accounting method you used to complete Part VI-A, Statement of Revenues and Expenses.

Line 2(i). 509(a)(1) and 170(b)(1)(A)(vi). Check "Yes," if you received contributions from any person, company, or organization (other than a governmental unit described in section 170(c)(1) or a publicly supported organization under section 170(b)(1)(A)(vi)), whose gifts totaled more than 2% of the amount on the total of amounts entered on line 8 of Part VI-A, Statement of Revenue and Expenses, and identify those contributors by letter (A, B, C, etc.) and list the amount(s) contributed by each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.

Line 2(ii). Use Schedule A (Form 990 or 990-EZ) Public Charity Status and Public Support, Part II, Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi), and its instructions to determine if you met the public support test for your most recent 5-year period.

Line 2a(i). 509(a)(2). Check "Yes," if you received amounts listed on lines 1, 2, and 9 of Part VI-A, Statement of Revenue and Expenses, from any **disqualified persons** and identify those disqualified persons by letter (A, B, C, etc.) and list the amounts contributed by each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.

Line 2a(ii). Check "Yes," if you received amounts paid by an individual or organization greater than the larger of 1% of line 10, of Part VI-A, Statement of Revenues and Expenses, or $5,000 for any completed tax year, and identify those individuals or organizations by letter and list the amount(s) received from each. Keep, but don't submit, a list of the names of your donors with the associated letter designations.

CAUTION *Don't include disqualified persons in this list. Disqualified persons should be listed in line 2(a)(i). For purposes of this application, a* ***"disqualified person"*** *is any individual or organization that is any of the following.*

1. *A* ***"substantial contributor"*** *to you (defined below).*
2. *An officer, director, trustee, or any other individual who has similar powers or responsibilities.*
3. *An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor.*
4. *An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor.*
5. *An individual who owns more than 20% of the beneficiary interest of a trust or estate that is a substantial contributor.*
6. *A member of the* ***family*** *of any individual described in 1, 2, 3, 4, or 5 above.*
7. *A corporation in which any individuals described 1, 2, 3, 4, 5, or 6 above hold more than 35% of the total combined voting power.*
8. *A trust or estate in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the beneficial interests.*
9. *A partnership in which any individuals described in 1, 2, 3, 4, 5, or 6 above hold more than 35% of the profits interest.*

Substantial contributor. A **substantial contributor** is any individual or organization that gave more than $5,000 to you from the date you were formed or other date that your exemption would be effective, to the end of the year in which the contributions were received. This total amount contributed must also be more than 2% of all the contributions you received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed. For more information regarding substantial contributors, go to *IRS.gov/Charities-Non-Profits/Private-Foundations/Substantial-Contributor-Private-Foundation*.

Family members. A "member of the family" includes the spouse, ancestors, children, grandchildren, great-grandchildren, and their spouses.

For additional information concerning members of the family, go to *IRS.gov/Charities-Non-Profits/Charitable-Organizations/Member-of-the-Family*.

Further information about disqualified persons, can be obtained at *IRS.gov/Charities-Non-Profits/IRC-Setion-4946-Definition-of-Disqualified-Person*.

Line 2a(iii). Use Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support, Part III, Support Schedule for Organizations Described in Section 509(a)(2), and its instructions to determine if you meet the public support test for your most recent 5-year period.

Part VIII. Effective Date

Line 1. Use the formation date you listed in Part II, line 2, and the date you will submit this electronic form and required user fee payment to determine whether you're submitting this application within 27 months from the month in which you were formed. If you're not submitting this application within 27 months from your formation, complete Schedule E.

Part IX. Annual Filing Requirement

Most organizations must file an annual return (Form 990, 990-EZ, or Form 990-PF) or notice (Form 990-N, Electronic

Notice (e-Postcard)). Exceptions to this rule include churches, certain church affiliated organizations, and certain affiliates of a governmental unit. You can find more detailed information about filing requirements and exceptions from the requirement to file in the Instructions for Form 990.

The following are some general rules.

- A private foundation must file Form 990-PF annually, regardless of its gross receipts.
- Unless specifically required to file Form 990 or Form 990-EZ (see the Instructions for Form 990), most public charities that normally have gross receipts of $50,000 or less may satisfy their filing obligation with Form 990-N, Electronic Notice (e-Postcard).

CAUTION *If you fail to file a required information return or notice for 3 consecutive years, your exempt status will be automatically revoked.*

Line 1. Check "Yes," if you're claiming you are excepted from filing a Form 990-series return or notice and indicate the reason you believe you're excepted from filing. See Pub. 557 and the Instructions for Form 8940, Request for Miscellaneous Determination, for more information on the requirements for the various filing exceptions. Provide information regarding how you meet your requested exception in your narrative description of activities or as part of an uploaded supplemental response.

Part X. Signature

Signature requirements. An officer, director, trustee, or other official who is authorized to sign for the organization must sign Form 1023. The signature must be accompanied by the title or authority of the signer and the date.

TIP *The person signing Form 1023 must be listed as an officer, director, or trustee within the first five entries of Part I, line 9.*

Upload Checklist

Documents to upload. Check the boxes to indicate which documents are included in the file you upload with your application.

You **must** upload a copy of your organizing document and any amendments to it along with a copy of your bylaws, if adopted. The other listed documents are not required.

Put your name and EIN on each page of your supplemental response and identify the part and line number to which the information relates.

Pay.gov can accommodate only one uploaded file. Consolidate your attachments into a single PDF file, which cannot exceed 15MB.

If your PDF file exceeds the 15MB limit, remove any items over the limit and contact IRS Customer Accounts Services at 877-829-5500 for assistance on how to submit the removed items.

Schedule A. Churches

There is no single definition of the word "church" for tax purposes. When determining whether a section 501(c)(3) religious organization is described as a church (described in section 509(a)(1) and 170(b)(1)(A)(i)), we will consider characteristics generally attributed to churches and the facts and circumstances of each organization applying for public charity classification as a "church."

The characteristics generally attributed to churches are:

- A distinct legal existence,
- A recognized creed and form of worship,
- A definite and distinct ecclesiastical government,
- A formal code of doctrine and discipline,
- A distinct religious history,
- A membership not associated with any other church or denomination,
- Ordained ministers ministering to the congregation,
- Ordained ministers selected after completing prescribed courses of study,
- A literature of its own,
- Established places of worship,
- Regular congregations,
- Regular religious services,
- Sunday schools for the religious instruction of the young, and
- Schools for the preparation of ministers.

Although you don't need to meet each of the above criteria to be classified as a church, you're generally required to have a congregation or other religious membership group. For purposes of foundation classification under section 509(a)(1) and 170(b)(1)(A)(i), the term "church" includes, without limitation, mosques, temples, and synagogues, and certain other forms of religious organizations. For more information, see Pub. 1828.

The practices and rituals associated with your religious beliefs or creed must not be illegal or contrary to public policy.

Specific Line Items

Line 1. Describe your written creed, statement of faith, or summary of beliefs.

Line 2. Your literature includes any writings about your beliefs, rules, or history.

Line 3. A "code of doctrine and discipline" refers to a body of laws or rules that govern behavior.

Line 4. A "religious hierarchy or ecclesiastical government" refers to people or institutions that exercise significant influence or authority over your church.

Line 5. Answer "Yes," if you're part of a group of churches with similar beliefs and structures, such as a convention, association, or union of churches.

Line 6. A "form of worship" refers to religious practices that express your devotion to your creed, faith, or beliefs.

Line 7. Indicate the regular days and times of your religious services. Describe the order of events during your regular worship service and explain how the activities conducted as part of your services further your religious purposes.

Line 7a. Enter the average number of members and non-members who attend your regularly scheduled religious services.

Line 8. An "established place of worship" is a place where you hold regularly scheduled religious services. It may be a place that you own, rent, or that is provided free for your use.

Line 9. An "established congregation" or "other religious membership group" includes individuals who regularly attend and take part in the religious services of your organization at an established location. An established congregation generally doesn't include members of only one family. If you answer "No," because you don't have an established congregation or other religious membership, you may be a religious organization that doesn't qualify as a church. If you don't qualify as a church, you will need to go back to Part VII, line 1, to reconsider your public charity classification.

TIP *You may request classification as a church at a later date after you establish a congregation or other religious membership group. For information about this option, see Form 8940, Request for Miscellaneous Determination Under Section 507, 509(a), 4940, 4942, 4945, and 6033 of the Internal Revenue Code, or contact our customer account service representatives at 877-829-5500 (toll-free).*

Line 9a. Enter the total number of your current members. If you have no members, enter zero (0).

Line 9b. Answer "Yes," if you have a prescribed way to become a member. Answer "Yes," even if you just keep records of who is currently a member. Describe

any actions required for individuals to become members.

Line 9c. Describe any rights and benefits of members. You should include details of any levels of membership and the rights and/or benefits associated with each level.

Line 9d. If your members may be associated with another denomination or church, describe the circumstances in which your members would be members of your church and another church.

Line 9e. See Appendix C for a description of the word "**family**."

Line 10. Answer "Yes," if you conduct baptisms, weddings, funerals, or other religious rites.

Line 11. A school for the religious instruction of the young refers to any regularly scheduled religious, educational activities for youth.

Line 12. A "prescribed course of study" refers to formal or informal training. It doesn't include self-ordination or paying a fee for an ordination certificate without completing a course of study. Describe the course of study completed by your religious leaders.

Line 15. Provide any additional information you would like us to consider that would help us classify you as a church.

Schedule B. Schools, Colleges, and Universities

An organization qualifies as a school (for purposes of classification under sections 509(a)(1) and 170(b)(1)(A)(ii)) if all the following applies. It:

- Presents formal instruction as its primary function,
- Has a regularly scheduled curriculum,
- Has a regular faculty of qualified teachers,
- Has a regularly enrolled student body, and
- Has a place where educational activities are regularly carried on.

The term "**school**" includes primary, secondary, preparatory, high schools, colleges, and universities. An organization won't be described as a school under sections 509(a)(1) and 170(b)(1)(A)(ii) if it engages in both educational and non-educational activities, unless the latter are merely incidental to the educational activities. Non-traditional schools such as an outdoor survival school or a yoga school may qualify. However, an organization may further an educational purpose without satisfying all the conditions listed above that describe a school. Such organizations may qualify as public charities based upon their sources of support as organizations described in sections 509(a)(1) and 170(B)(1)(A)(vi) or section 509(a)(2).

Specific Line Items

Line 1. Answer "Yes," if you have a regularly scheduled curriculum, a regular faculty of qualified teachers, a regularly enrolled student body, and facilities where your educational activities are regularly carried on.

TIP *If you answer "Yes," you should maintain in your records evidence that you meet these factors, such as:*

- *A list of required courses of study, dates and times courses are offered, and other information about how to complete required courses;*
- *Certification by the appropriate state authority or successful completion of required training for qualified teachers;*
- *Records of regular attendance by students at your facility; and*
- *A lease agreement or deed for your facility.*

If you answer "No," you may not meet the requirements of a school and you may need to go back to Part VII, line 1, to reconsider your foundation classification if you requested classification as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

Line 2. Answer "Yes," if your primary function of the school is the presentation of formal instruction. If you answer "No," you may not meet the requirements for classification as a school and may want to go back to Part VII, line 1, to reconsider your foundation classification if you requested classification as a school under sections 509(a)(1) and 170(b)(1)(A)(ii).

Line 3. Answer "Yes," if you're a public school and explain how you're operated by the state or a subdivision of a state, including if you have a signed contract or agreement with a state or local government under which you operate and receive funding. If you answer "Yes," don't complete the remainder of Schedule B.

Line 4. Answer "Yes," if you were formed or substantially expanded when public schools in your district or county were desegregated by court order.

CAUTION *If you're unsure whether to answer "Yes," contact an appropriate school official.*

Line 5. Answer "Yes," if a state or federal administrative agency or judicial body ever determined your organization to be racially discriminatory. Identify the parties involved and the forum in which the case was presented. Explain the reason for the action, the decision reached, and provide legal citations (if any) for the decision. Also, explain in detail any changes made in response to the action against your organization or the decision reached.

Establishment of Racially Nondiscriminatory Policy

Every private school is subject to the provisions of Revenue Procedure 75-50, 1975-2 C.B. 587, modified by Rev. Proc. 2019-22, 2019-22 I.R.B. 1260. See Pub. 557, which sets forth the requirements of Rev. Proc. 75-50 under the section for *Private Schools*.

Publication of racially nondiscriminatory policy. A section 501(c)(3) organization that is a private school must publish a notice of its racially nondiscriminatory policy as to students as follows.

> *The M school admits students of any race, color, national origin, and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It doesn't discriminate on the basis of race, color, national origin, and ethnic origin in administration of its educational policies, admission policies, scholarship and loan programs, and athletic and other school-administered programs.*

Annual certification. A private school must certify annually that it meets the requirements of Rev. Proc. 75-50, as modified by Rev. Proc. 2019-22, by filing Schedule A (Form 990, or Form 990-EZ) Organization Exempt Under Section 501(c)(3).

Schools that don't file Form 990 or 990-EZ must make the certification by filing Form 5578, Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax.

Line 7. Answer "Yes," if your **organizing document** or bylaws contain a nondiscriminatory statement as to students similar to the one shown above or if you adopted such a policy by resolution of your governing body. State where your policy is located in your organizing document, bylaws, or if it is in an adopted resolution. If you answered "No," you must adopt a nondiscriminatory policy before submitting this application.

Line 8. Answer "Yes," if your brochures, application forms, advertisements, and catalogues dealing with student

admissions, programs, and scholarships contain a statement similar to the following:

> *The M school admits students of any race, color, and national or ethnic origin.*

Line 8a. If you answered "No" to Line 8, check the box on line 8a if you agree that all future printed materials, including website content, will contain a statement of nondiscriminatory policy as to students similar to the one provided above.

Line 9. You must make your nondiscriminatory policy known to all segments of the general **community** served by the school. One way to meet this requirement is to publish your nondiscriminatory policy annually in a newspaper or over broadcast media. Rev. Proc. 2019-22 now allows this publication requirement to be satisfied by continuously displaying your nondiscrimination statement on your Internet site, as described below.

Check "Yes," if you make your racially nondiscriminatory policy known to all segments of the general community you serve by:

- Publishing a notice of your policy in a newspaper of general circulation that serves all racial segments of the community;
- publicizing your policy over broadcast media in a way that is reasonably expected to be effective; or
- display a notice of your policy at all times on your primary, publicly accessible Internet home page in a manner reasonably expected to be noticed by visitors to the home page.

See Rev. Proc. 75-50, as modified by Rev. Proc. 2019-22, for guidance on the format and content of the required notice and whether any exceptions may apply to you.

TIP *A notice published in the legal notices section or classified advertisements of your local newspaper generally is not acceptable.*

Line 9a. If you answered "No," to line 9, check the box on line 9a if you agree that you will publicize your nondiscriminatory policy in a way that meets the requirements of Revenue Procedure 75–50, as modified by Revenue Procedure 2019-22.

Line 11. Enter the racial composition of your student body, faculty, and administrative staff in the spaces provided. Enter actual numbers, rather than percentages, for the current year and projected numbers for the next academic year. If the number is zero, then enter "0."

If you're not operational, submit an estimate based on the best information available (such as the racial composition of the **community** you serve).

CAUTION *Don't identify students, faculty, and staff by name.*

Line 12. Enter the racial composition of students to whom you award loans and scholarships in the spaces provided. Enter actual numbers, rather than percentages, for the current year and projected numbers for the next academic year. If the number is zero, then enter "0." If you won't provide any loans or scholarships, check the box provided.

CAUTION *Don't identify students by name.*

TIP *If you complete line 12 indicating you do or will provide loans or scholarships, be sure your response to Part IV, line 15 is consistent with your response here.*

Line 13. Identify each of your incorporators, founders, board members, donors of land, and donors of buildings by name (whether individuals or organizations).

Line 14. Answer "Yes," if any individuals or organizations on your list have an objective to keep public or private school education segregated by race and explain how these individuals or organizations promote segregation in public or private schools.

Line 15. Answer "Yes," if on a continuing basis, you will maintain for a minimum period of 3 years the following records.

- Your racial composition (similar to the information requested on Schedule B, line 11).
- Evidence that your scholarships and loans are awarded on a racially nondiscriminatory basis (similar to the information requested on Schedule B, line 12).
- Copies of all materials used by you or on your behalf to solicit contributions.
- Copies of brochures, application forms, advertisements, and catalogues dealing with student admissions, programs, and financial aid.

Answer "No," if you don't maintain records and explain how you meet the recordkeeping requirements under Rev. Proc. 75-50.

CAUTION *Failure to maintain these records or produce them upon the proper request will create a presumption that you haven't complied with the requirements of Rev. Proc. 75-50.*

Schedule C. Hospitals and Medical Research Organizations

An organization qualifies as a hospital for purposes of classification under sections 509(a)(1) and 170(b)(1)(iii) if it is a:

- **Hospital,**
- **Medical research organization** operated in conjunction with a hospital, or
- Cooperative hospital service organization.

Hospital. An organization is a **"hospital"** if its principal purpose or function is providing medical or hospital care or medical education or research. **Medical care** includes treatment of any physical or mental disability or condition, on an inpatient or outpatient basis. Thus, if an organization is a rehabilitation institution, outpatient clinic, or community mental health or drug treatment center, it is a hospital if its principal function is providing treatment services, as described above.

A hospital doesn't include convalescent homes, homes for children or the aged, or institutions whose principal purposes or function is to train handicapped individuals to pursue a vocation.

Medical research organization. An organization is a **"medical research organization"** if its principal purpose or function is the direct, continuous, and active conduct of medical research in conjunction with a hospital. The hospital with which the organization is affiliated must be described in section 501(c)(3), a federal hospital, or an instrumentality of a governmental unit, such as a municipal hospital.

"Medical research" means investigations, experiments, and studies to discover, develop, or verify knowledge relating to the causes, diagnosis, treatment, prevention, or control of human physical or mental diseases and impairments. For more information, see Regulations section 1.170A-9(c)(2).

Cooperative hospital service organization. A cooperative hospital service organization performs one or more of the specific services listed below for one or more exempt hospitals on a cooperative basis. The services listed below are exclusive. A cooperative service organization that provides services other than those listed below, or that provides services to an organization other than an exempt hospital, doesn't qualify for exemption under section 501(c)(3). The list of services includes:

1. Data processing;
2. Purchasing (including the purchasing of insurance on a group basis);

3. Warehousing;

4. Billing and collection (including the purchasing of patron accounts receivable on a recourse basis);

5. Food;

6. Clinical;

7. Industrial engineering;

8. Laboratory;

9. Printing;

10. Communications;

11. Record center; and

12. Personnel services (including selection testing, training, and education of personnel).

Specific Line Items

Line 1. Answer "Yes," if your organization is a medical research organization, as described above.

Line 1a. As a medical research organization, you must be associated with a hospital described in section 501(c)(3), a federal hospital, or an instrumentality of a government. Provide the name of the hospital(s) you're associated with and describe the relationship(s).

Line 1b. List your assets and their **fair market value** and the portion of your assets directly devoted to medical research. Don't complete the remainder of Schedule C.

Line 2. Answer "Yes," if you're a cooperative hospital service organization and describe the services you provide to your member hospitals and the exempt status of your membership. Don't complete the remainder of Schedule C.

Line 3. Answer "Yes," if all the doctors in your **community** are eligible for staff privileges at your facility. You must answer "Yes," even if staff privileges at your facilities are limited by capacity, provided that all qualified medical professionals in your community may seek and would be considered for eligibility.

Answer "No," if all doctors in your community aren't eligible for staff privileges at your facility.

If you answer "No," describe in detail how you limit eligibility for staff privileges at your facility. Include details of your eligibility criteria and selection procedures for your courtesy staff of doctors.

Line 4. Answer "Yes," if you admit all patients in your community who can pay for themselves or through some form of third-party reimbursement (for example, private health insurance, Medicare, or Medicaid).

Answer "No," if you limit admission for these individuals in any way and describe your admission policy in detail, including how and why you restrict patient admission.

Line 5. Answer "Yes," if you offer emergency medical or hospital care at your facility on a 24-hour basis, seven days a week.

Line 5a. Answer "Yes," if the reason you don't maintain a full-time emergency room is either because you're a specialty hospital where emergency care would be inappropriate for the services you provide or another emergency medical care facility that provides such services is located so near to you as to make such services as you might provide duplicative.

Line 6. Answer "Yes," if you provide free or low-cost medical or hospital care services. If you answer "Yes," describe your policy and to whom you provide these services. Include details on how these services promote benefits to the **community**. For example, you may want to indicate how you determine who is eligible for the services, how you inform the general public about your policy, any requirements you require of patients to receive reduced cost or free care, and any agreements you might have with municipalities or government agencies to subsidize the cost of admitting or treating patients through this policy.

Line 7. Answer "Yes," if you have a formal program of medical training and research. If you answer "Yes," describe your program, including the programs you offer, the scope of such programs, and affiliation with other hospitals or medical care providers with which you carry on the medical training or research programs.

Line 8. Answer "Yes," if you have a formal program of community educational programs and describe your programs, including the types of programs offered, the scope of the programs, and affiliation with other hospitals or medical care providers with whom you offer community educational programs.

Line 9. Answer "Yes," if you have a board of directors that is representative of the **community** you serve or if an organization described under section 501(c)(3) with a community board exercises rights or powers over you.

Answer "Yes," if you're subject to a state corporate practice of medicine law that requires your governing board to be composed solely of physicians licensed to practice medicine in the state.

Line 9a. List each board member by name and describe that person's relationship to you. Also, for each board member, describe if and how that individual represents the community. Generally, hospital employees and staff physicians aren't individuals considered to be community representatives. If you operate under a parent organization whose board of directors isn't comprised of a majority of individuals who are representative of the community you serve, provide the requested information for your parent organization's board of directors as well.

Line 10. Section 501(r). Answer "Yes," if you operate a facility that is required by a state to be licensed, registered, or similarly recognized as a hospital. Organizations that respond "Yes," to this question are required to meet additional requirements described in section 501(r) to be considered a hospital exempt from taxation by section 501(c).

Line 10a. A community health needs assessment (CHNA) is an assessment of the significant health needs of the community. To meet the requirements of section 501(r)(3), a CHNA must take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health, and must be made widely available to the public. Each hospital facility must conduct a CHNA at least once every 3 years and adopt an implementation strategy to meet the community health need identified through such CHNA.

Answer "Yes," if the hospital facility conducted a complying CHNA in the current tax year or in either of the 2 immediately preceding tax years or if the hospital facility intends to conduct a CHNA before the end of its first 3-year period.

Line 10b. A financial assistance policy (FAP), sometimes referred to as a charity care policy, is a policy describing how an organization will provide financial assistance at its hospital(s) and other facilities, if any. Financial assistance includes free or discounted health services provided to persons who meet the organization's criteria for financial assistance and are unable to pay for all or a portion of the services. Financial assistance doesn't include:

- Bad debt or uncollectible charges that the organization recorded as revenue but wrote off due to a patient's failure to pay or the cost of providing such care to such patients;
- The difference between the cost of care provided under Medicaid or other means-tested government programs or under Medicare and the revenue derived therefrom;
- Self-pay or prompt pay discounts; or
- Contractual adjustments with any third-party payors.

Answer "Yes," if the hospital facility has adopted a written financial assistance policy and a written policy relating to emergency medical care as required by section 501(r)(4).

Line 10c. Under section 501(r)(5), the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care are the amounts generally billed to individuals who have insurance covering such care.

Answer "Yes," if the hospital facility:

1. Limits or will limit any charges to FAP-eligible individuals to whom the hospital facility provided emergency or other medically necessary services to not more than the amounts generally billed to individuals who had insurance covering such care; and

2. Prohibits, or upon beginning operations will prohibit, the use of gross charges as described in section 501(r)(5).

The hospital facility may check "Yes," if it charged more than the amounts generally billed to individuals who had insurance covering such care to an individual if:

- The charge in excess of the amounts generally billed (AGB) wasn't made or requested as a pre-condition of providing medically necessary care to the FAP-eligible individual;
- As of the time of the charge, the FAP-eligible individual hadn't submitted a complete FAP application and hadn't otherwise been determined by the hospital facility to be FAP eligible for the care; and,
- If the individual subsequently submits a complete FAP application and is determined to be FAP-eligible for care, the hospital facility refunds any amount that exceeds the amount they are determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than $5.

Line 10d. Answer "Yes," if the hospital facility has, or will have at the beginning of operation, either a separate written billing and collections policy, or include in a written FAP:

- A description of any actions that the hospital facility (or other authorized party) may take related to obtaining payment of a bill for medical care, including, but not limited to, any extraordinary collection actions (ECAs);
- The process and time frames the hospital facility (or other authorized party) uses in taking those actions (including, but not limited to, the reasonable efforts it will make to determine whether an individual is FAP-eligible before engaging in ECAs); and
- The office, department, committee, or other body with the final authority or responsibility for determining that the hospital facility has made reasonable efforts to determine whether an individual is FAP-eligible and may therefore engage in ECAs against the individual.

Schedule D. Section 509(a)(3) Supporting Organizations

Supporting organizations are described in section 509(a)(3). The term "supported organization" refers to an organization that a supporting organization benefits. A supporting organization may support more than one supported organization.

An organization qualifies as a supporting organization (for purposes of classification under section 509(a)(3)) if:

- It is organized and at all times thereafter is operated exclusively for the benefit of, to perform the function of, or to carry out the purposes of one or more public charities described in section 509(a)(1) or 509(a)(2);
- It meets one of three required relationship tests (Type I, Type II, or Type III) with the supported organization(s); and
- It isn't **controlled by "disqualified persons,"** directly or indirectly. See Appendix C for a definition of a **"disqualified person."**

A supporting organization can also support the charitable purposes of organizations that are exempt under sections 501(c)(4), (5), or (6).

Specific Line Items

Line 1. List the name, address, and EIN of each organization you support.

Line 2. Answer "Yes," if each supported organization has a letter from the IRS recognizing it as a public charity under section 509(a)(1) or 509(a)(2).

TIP *Before you file your application, use Tax Exempt Organization Search on IRS.gov to confirm whether each of your supported organizations is currently recognized as exempt and is classified as a public charity.*

Line 2a. Answer "Yes," if any supported organization you listed on line 1 received a letter from the IRS stating that it's exempt under sections 501(c)(4), (5), or (6) and meets the public support test under section 509(a)(2). See Pub. 557 for information on the public support test for section 509(a)(2).

If you answer "No," describe how each organization you support is a public charity under section 509(a)(1) or 509(a)(2). For example, if you support a church or foreign organization that hasn't received a determination letter recognizing it as a public charity, you should describe how this organization qualifies as a public charity under section 509(a)(1) or 509(a)(2). See Pub. 557 for information on public charities under sections 509(a)(1) and 509(a)(2).

Line 3. Relationship test. To qualify under section 509(a)(3), you must show that you meet one of three relationship tests with your supported organization(s). Select the option that best describes your relationship with your supported organization(s).

- **Type I ("operated, supervised, or controlled by" relationship;** comparable to a parent–subsidiary relationship): A majority of your governing board or officers are elected or appointed by the governing body, members of the governing body, officers acting in their official capacity, or the membership of your supported organization(s).
- **Type II ("supervised or controlled in connection with" relationship;** comparable to a brother–sister relationship): Your control or management is vested in the same persons who control or manage your supported _____ organization(s).
- **Type III ("operated in connection with" relationship;** responsive to the needs or demands of, and having significant involvement in the affairs of, the supported organization(s)):

(a) One or more of your officers, directors, or trustees are elected or appointed by the officers, directors, trustees, or membership of your supported organization(s);
(b) One or more of your officers, directors, trustees, or other important office holders are also members of the governing body of your supported organization(s); or
(c) Your officers, directors, or trustees maintain a close and continuous working relationship with the officers, directors, or trustees of your supported organization(s).

TIP *If you don't meet one of these three relationship tests, you aren't described in section 509(a)(3) and should review the other foundation classification options in Part VII, line 1.*

Line 4. Describe how your governing board and officers are selected, including where (if applicable) this information is in your governing document, bylaws, or other internal rules and regulations.

If applicable, for Type III organizations describe how your officers, directors, or trustees maintain a close and continuing relationship with the officers, directors, or trustees of your supported organization(s).

Line 5. Prohibited control by disqualified person. You can't be described in section 509(a)(3) if you're directly or indirectly **controlled by disqualified persons.** You are controlled if disqualified persons:

- Can exercise 50% or more of the total voting power of your governing body;
- Have authority to affect significant decisions, such as power over your

investment decisions, or power over your charitable disbursement decisions; or
- Can exercise veto power over your actions.

Although control is generally demonstrated where disqualified persons have the authority over your governing body to require you to take an action or refrain from taking an action, indirect control by disqualified persons will also disqualify you as a supporting organization.

See Appendix C for a description of the terms "**disqualified person**," "**family**," "**foundation manager**," and "**business relationship**."

TIP *Public charities and foundation managers who otherwise are disqualified persons only because they are foundation managers aren't disqualified persons for this purpose.*

Line 7. Organizational test. If you answered "No," and you are a Type III supporting organization, you must amend your **organizing document** to specify your supported organization(s) by name; or you won't meet the organizational test under section 509(a)(3) and need to reconsider your requested public charity classification in Part VII, line 1.

Line 7a. If you answered "No," you won't meet the organizational test under section 509(a)(3) unless you amend your organizing document to specify your supported organization(s) by name, class, or purpose and need to reconsider your requested public charity classification in Part VII, line 1.

Line 8. When responding to this question, don't include donors that are section 509(a)(1), (2), or (4) organizations.

TIP *This prohibition on contributions from controlling donors only applies to Type I and Type III supporting organizations.*

Line 9. Type III responsiveness test. Answer "Yes," if, because of your relationship described in line 3, each of your supported organizations has a significant voice in your investment policies, making and timing of grants, and directing the use of your income and assets, and explain how each of your supported organizations is involved in these matters.

Line 10. Type III notification requirement. A Type III supporting organization must provide the notice described in this question. If you're a Type III supporting organization, you'll be required to answer this question annually on your annual information return (Schedule A of Form 990 or 990-EZ).

A Type III supporting organization must annually provide the following to each of its supported organizations:
(a) a written notice addressed to a principal officer of the supported organization describing the type and amount of all of the support, including any amounts counting toward the distribution requirement you provided to the supported organization during the immediately preceding tax year and including a brief narrative description of the support provided and sufficient financial detail to identify the types and amounts of support being reported,
(b) a copy of your most recently filed Form 990-series return or notice, and
(c) a copy of your governing documents and any amendments, if not previously provided.

Lines 11–13. Type III integral part test. An organization seeking classification as a Type III supporting organization must meet an integral part test, which is satisfied by maintaining significant involvement in the operations of one or more supported organizations and providing support on which the supported organization(s) are dependent. A Type III supporting organization may be functionally integrated (lines 11–12) or non-functionally integrated (lines 13 and 13a-c) depending on the manner in which it meets the integral part test. Functionally integrated Type III supporting organizations are subject to fewer restrictions and requirements than nonfunctionally integrated Type III supporting organizations.

Lines 11–12. Integral part test – Functionally integrated. To be a functionally integrated supporting organization you must meet one of the following:
- You are the parent of each of your supported organization(s) (Line 11);
- You support only governmental supported organizations (Line 11); or
- Substantially all your activies directly further the exempt purposes of your supported organization(s) (Line 12).

Line 11. Answer "Yes" and explain if you're the parent of each of your supported organizations because:

1. You and your supported organizations are part of an integrated system (for example, a hospital system);

2. You direct the overall policies, programs, and activities of each of your supported organizations (for example, coordinating the activities of the supported organizations and engaging in overall planning, policy development, budgeting, and resource allocation); and

3. Your governing body, members of your governing body or your officers (acting in their official capacities) appoint or elect directly or indirectly, a majority of the officers, directors, or trustees of each of your supported organizations and have the power to remove and replace such directors, officers, or trustees, or otherwise have an ongoing power to appoint or elect such director, officers or trustees with reasonable frequency.

For example, N, an organization described in section 501(c)(3), is the parent organization of a healthcare system consisting of two hospitals (Q and R) and an outpatient clinic (S), each of which is described in section 509(a)(1), and a taxable subsidiary (T). N is the sole member of each of Q, R, and S. Under the charter and bylaws of each of Q, R, and S, N appoints all members of the board of directors of each corporation. N engages in the overall coordination and supervision of the healthcare system's exempt subsidiary corporations Q, R, and S in approval of their budgets, strategic planning, marketing, resource allocation, securing tax-exempt bond financing, and community education. N also manages and invests assets that serve as endowments of Q, R, and S.

Also answer "Yes" and explain if you qualify as a functionally integrated supporting organization because you support a governmental supported and;

1. You only support one or more governmental supported organizations;

2. A substantial part of your activities directly further the exempt purposes of at least one governmental supported organization; and

3. If you support more than one governmental supported organization, all of the governmental supported organizations either operate in the same city, country, or metropolitan area, or they work in close coordination or collaboration together to conduct a service, program, or activity you support.

Line 12. Answer "Yes," if substantially all of your activities directly further the exempt purpose of one or more supported organizations by performing the functions of, or carrying out the purposes of, such supported organization(s), and but for your involvement, your supported organization(s) would normally engage in such activities. Describe the activities that you conduct.

Holding title to and managing assets that are used (or held for use) directly in carrying out the exempt purposes of your supported organization (exempt-use assets) are activities that directly further the exempt purposes of your supported organization. Conversely, with certain exceptions, fundraising, making grants (whether to the supported organization or to third parties), and investing and managing non-exempt-use assets aren't activities that directly further the exempt

purposes of the supported organization. See Regulations section 1.509(a)-4(i)(4)(ii) for more information.

Line 13. Integral part test non-functionally integrated. To satisfy the integral part test as a nonfunctionally integrated supporting organization, you must distribute at least 85% of your annual **net income** or 3.5% of the aggregate **fair market value** of all of your non-exempt-use assets (whichever is greater) to your supported organization(s). You can use Part V of Schedule A (Form 990 or 990-EZ) to help determine your answer to this question.

TIP *The distributable amount for the first tax year an organization is treated as a nonfunctionally integrated Type III supporting organization is zero.*

For purposes of this line, "net income" has the same meaning as the term "**adjusted net income**." In general, "adjusted net income" is the excess of gross income, including gross income from any unrelated trade or business, determined with certain modifications, reduced by total deductions. Gross income doesn't include gifts, grants, or contributions. See Appendix C.

For purposes of this line, "non-exempt-use assets" are all assets of the supporting organization other than:

1. Assets described in Regulations section 53.4942(a)(2)(c)(2)(i) through (iv), and
2. Exempt-use assets, which are assets that are used (or held for use) directly in carrying out the exempt purposes of your supported organization. See Regulations section 1.509(a)-4(i)(8) for more information.

Line 13a. List the total amount you distribute(d) annually to each supported organization. Also, indicate how each amount will vary from year to year.

Line 13b. List the total annual income for each supported organization. If you distribute your income to, or for the use of, a particular department or program of an organization, list the annual revenue of the supported department or program.

Line 13c. Answer "Yes," if your funds are "**earmarked**" for a particular program or activity conducted by your supported organization.

Schedule E. Effective Date

The questions in this schedule will help us determine the effective date of exemption if you're either seeking reinstatement after automatic revocation or you're filing this application more than 27 months after the end of the month in which you were legally formed.

Specific Line Items

Line 1. Answer "Yes," if your exempt status was automatically revoked under section 6033(j)(1) for failure to file required annual returns or notices for 3 consecutive years and you're applying for reinstatement.

Rev. Proc. 2014-11, 2014-3 I.R.B. 411, at *IRS.gov/irb/2014-03_IRB* establishes several different procedures for reinstating an organization's exempt status depending upon its size, the number of times it's been automatically revoked, and the timeliness of filing for reinstatement. Review the revenue procedure to determine which section applies to you.

Line 1a. Select the section of Rev. Proc. 2014-11 under which you're applying for reinstatement.

Section 4. Select this section if:

- You were eligible to file either Form 990-EZ or Form 990-N for each of the 3 consecutive years that you failed to file;
- This is the first time you've been automatically revoked pursuant to section 6033(j)(1); and
- You're submitting this application no later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at *apps.irs.gov/app/eos/*.

By selecting this item, you're also attesting that your failure to file wasn't intentional and you've put in place procedures to file required returns or notices in the future.

TIP *If you were classified as a **private foundation** prior to your automatic revocation, you weren't eligible to file either Form 990-EZ or Form 990-N and, therefore, aren't eligible to request reinstatement under Section 4.*

CAUTION *If your exempt status was automatically revoked more than once, you're not eligible for reinstatement under Section 4; however, you may apply for reinstatement under Section 5, Section 6, or Section 7.*

Section 5. Select this section if:

- You're ineligible to file for reinstatement under Section 4, and
- You're submitting this application not later than 15 months after the later of the date of your Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at *apps.irs.gov/app/eos/*.

By selecting this item, you're also attesting that you filed the required annual returns, your failure to file was not intentional, and you have put in place procedures to file required returns or notices in the future.

Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in at least 1 of the 3 years of revocation. Include a detailed explanation of all the facts and circumstances that led to the failure, the discovery of the failure, and the steps you have taken or will take to avoid or to mitigate future failures to file timely returns or notices.

Section 6. Select this section if you are applying for reinstatement of your tax-exempt status more than 15 months from the later of the date of the Revocation Letter or the date on which the IRS posted your name on the Auto-Revocation List at *apps.irs.gov/app/eos/*.

By selecting this item, you're also attesting that you filed the required annual returns, your failure to file wasn't intentional, and you have put in place procedures to file required returns or notices in the future.

Describe how you exercised ordinary business care and prudence in determining and attempting to comply with your filing requirements in each of the 3 years of revocation. Include a detailed explanation of all the facts and circumstances that led to the failure, the discovery of the failure, and the steps you have taken or will take to avoid or mitigate future failures to file timely returns or notices.

Section 7. Select this section if you're seeking reinstatement with an effective date of reinstatement of the date of submission of this application.

Line 2. Generally, if you didn't file Form 1023 within 27 months of formation, the effective date of your exempt status will be the date you filed Form 1023 (submission date). We may grant requests for an earlier effective date when there's evidence to establish you acted reasonably and in good faith, and the grant of relief won't prejudice the interests of the government.

Select the appropriate box to indicate whether you accept the submission date as the effective date of your exempt status or whether you are requesting an earlier effective date.

Line 2a. You may be eligible for consideration for relief from the requirement that you file Form 1023 within 27 months of formation if you can establish that you acted reasonably and in good faith, and that granting an extension won't prejudice the interests of the government.

Describe in detail your reasons for filing late, how you discovered your failure to file, any reliance on professional advice or

advice from the IRS, and any other information you believe will support your request for relief. Also, you may want to provide a comparison of (1) what your aggregate tax liability would be if you had filed this application within the 27-month period with (2) what your aggregate liability would be if you were exempt as of your formation date.

We may consider the following factors.

- You filed Form 1023 before we discovered your failure to file.
- You failed to file because of intervening events beyond your control.
- You exercised reasonable diligence, but you weren't aware of the filing requirements. (The complexity of your filing and experience in these matters may be taken into consideration.)
- You reasonably relied on written advice from us.
- You reasonably relied on the advice of a qualified tax professional who failed to file or advise you to file Form 1023.

Schedule F. Low-Income Housing

To qualify for tax exemption, **low-income housing** must provide affordable housing for a significant segment of individuals in your **community** with low incomes. Your low-income housing may serve a combination of purposes, such as for poor, frail, and elderly persons.

Specific Line Items

Line 1. The "type" of facility may be an apartment complex, condominium, cooperative, or private residence, etc.

Line 6. Answer "Yes," if you charge daily, weekly, monthly, or annual fees or maintenance charges.

Line 8. Government programs include federal, state, or local government programs.

Schedule G. Successors to Other Organizations

You should consider this schedule as a **successor** organization if any of the following situations pertain to you.

- You took or will take over activities previously conducted by another organization.
- You took or will take over 25% or more of the **fair market value** of the net assets of another organization.
- You were established upon the conversion of an organization from **for-profit** to non-profit status.

The other organization is the **predecessor** organization. You should complete this schedule regardless of whether the predecessor (other organization) was exempt or not exempt from federal income tax.

For purposes of this schedule, a '**for-profit**' organization is one in which persons are permitted to have an ownership or partnership interest, such as corporate stock. It includes sole proprietorships, corporations, and other entities that provide for ownership interests.

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

Complete this schedule if you provide scholarships, fellowships, grants, loans, or other distributions to individuals for educational purposes. When answering the questions on this schedule, you should demonstrate how these distributions further your exempt purposes.

CAUTION *If you're a private foundation, you're subject to the rules under section 4945 and may incur an excise tax if you make grants for the purpose described above without seeking advance approval of your grant-making procedures (see Schedule H–Section II).*

Generally, distributions made to individuals may advance educational purposes if selection is made:

- In a non-discriminatory fashion in terms of racial preference;
- Based on need and/or merit; and
- To a charitable class in terms of being available to an open-ended group, rather than to pre-selected individuals.

A scholarship or fellowship is tax free to the recipient only if they are candidate for a degree at an eligible educational institution and uses the scholarship or fellowship to pay qualified education expenses.

Qualified education expenses include tuition and fees; and course-related expenses such as books, supplies, and equipment. Room and board, travel, research, clerical help, and non-required equipment aren't qualified education expenses. See Pub. 970, Tax Benefits for Education, for additional information.

Selection of individuals using a lottery system generally hasn't been approved by the IRS.

Specific Line Items

Section I

Line 1. If you conduct more than one grant program, describe each program separately.

If you make educational loans, describe the terms of the loan (for example, the factors you consider in selecting or approving loan recipients, interest rate, duration, forgiveness provision, etc.). Also, describe whether any financial institutions or other lenders are involved in your program.

Explain how you will publicize your program and whether you publicize to the general public or to another group of possible recipients. Include specific information about the geographic area in which your program will be publicized and the means you will use, such as through newspaper advertisements, school district announcements, or community groups.

Line 2. Organizations that make grants to individuals must maintain adequate records and case histories showing the name and address of each recipient, pursuant Rev. Rul. 56-304, 1956-2 C.B. 306 but don't provide this information as part of your application.

Section II

If you requested public charity classification in Part VII, line 1, don't complete Schedule H – Section II.

Line 1. Answer "Yes," if you're a **private foundation** and you're requesting advance approval of your grant-making procedures under section 4945(g). Answer "No," if you're a private foundation but don't wish to request advance approval of your grant-making procedures under section 4945(g). If you answer "No," the amounts you distribute as educational grants provided to individuals may be considered taxable expenditures under section 4945.

For more information about advance approval of grant-making procedures of a private foundation, go to *IRS.gov/charities-non-profit/private-foundations/advance-approval-of-grant-making-procedures*.

Line 1a. Check the box for section "4945(g)(1)" if your award qualifies as a scholarship or fellowship grant that's awarded on an objective and nondiscriminatory basis and is used for study at a school (see Schedule B for what is considered a school).

Check the box for "4945(g)(3)" if the purpose of your award is to achieve a specific objective, produce a report or other similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the recipient.

Include your educational loan program under this section.

You may check more than one box.

If your award qualifies as a prize or award that is subject to the provisions of section 74(b) and your recipient is selected from the general public, you don't have to request advance approval of your grant-making procedures since a prize or award isn't subject to the advance approval procedure requirements because it isn't a grant for travel, study, or other similar purposes. See Rev. Ruls. 77-380, 1977-2 C.B. 419; 76-460, 1976-2 C.B. 371; and 75-393, 1975-2 C.B. 451.

Line 4. Answer "Yes," if you award scholarships on a preferential basis because you require, as an initial qualification, that the individual be an employee or be **related** to an employee of a particular employer.

Line 7. For purposes of this schedule, a program for children of employees of a particular employer includes children and **family** members of employees.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for tax exempt organizations filing this form is approved under OMB control number 1545-0047 and is included in the estimates shown in the instructions for their information return.

Comments and suggestions. If you have comments concerning the accuracy of this time estimate or suggestions for making this form simpler, we would be happy to hear from you. You can send us comments from IRS.gov/FormComments. Or you can write to:

Internal Revenue Service
Tax Forms and Publications Division
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Appendix A: Sample Conflict of Interest Policy

Note. This Sample Conflict of Interest Policy is intended to provide an example of a conflict of interest policy for organizations. The sample conflict of interest policy does not prescribe any specific requirements. Therefore, organizations should use a conflict of interest policy that best fits their organization.

Note. Items marked ***Hospital insert — for hospitals that complete Schedule C*** are intended to be adopted by hospitals.

Article I

Purpose

The purpose of the conflict of interest policy is to protect this tax-exempt organization's (Organization) interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of the Organization or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable organizations.

Article II

Definitions

1. Interested Person Any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.

[Hospital insert – for hospitals that complete Schedule C. If a person is an interested person with respect to any entity in the health care system of which the organization is a part, they are interested persons with respect to all entities in the health care system.]

2. Financial Interest A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which the Organization has a transaction or arrangement,
b. A compensation arrangement with the Organization or with any entity or individual with which the Organization has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Organization is negotiating a transaction or arrangement.
d. Compensation includes direct and indirect remuneration as well as gifts or favors that aren't insubstantial. A financial interest isn't necessarily a conflict of interest. Under Article III, Section 2, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Article III

Procedures

1. Duty to Disclose In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with governing board delegated powers considering the proposed transaction or arrangement.

2. Determining Whether a Conflict of Interest Exists After disclosure of the financial interest and all material facts, and after any discussion with them, the interested persons shall leave the governing board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

3. Procedures for Addressing the Conflict of Interest

a. An interested person may make a presentation at the governing board or committee meeting, but after the presentation, they shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
b. The chairperson of the governing board or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
c. After exercising due diligence, the governing board or committee shall determine whether the Organization can obtain, with reasonable efforts, a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
d. If a more advantageous transaction or arrangement isn't reasonably possible under circumstances not producing a conflict of interest, the governing board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Organizations best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination, it shall make its decision as to whether to enter into the transaction or arrangement.

4. Violations of the Conflict of Interest Policy

a. If the governing board or committee has reasonable cause to believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.
b. If, after hearing the member's response and after making further investigation as warranted by the circumstances, the governing board or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Article IV

Records of Proceedings

The minutes of the governing board and all committees with board delegated powers shall contain:

a. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the governing board's or committee's decision as to whether a conflict of interest in fact existed.

b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

Article V

Compensation

a. A voting member of the governing board who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on

matters pertaining to that member's compensation.

b. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization for services is precluded from voting on matters pertaining to that member's compensation.

c. No voting member of the governing board or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Organization, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

[Hospital insert-for hospitals that complete Schedule C Physicians who receive compensation from the Organization, whether directly or indirectly or as employees or independent contractors, are precluded from membership on any committee whose jurisdiction includes compensation matters. No physician, either individually or collectively, is prohibited from providing information to any committee regarding physician compensation.]

Article VI

Annual Statements

Each director, principal officer, and member of a committee with governing board delegated powers shall annually sign a statement which affirms such person:

a. Has received a copy of the conflict of interest policy,
b. Has read and understands the policy,
c. Has agreed to comply with the policy, and
d. Understands the Organization is charitable and in order to maintain its federal tax exemption it must engage primarily in activities that accomplish one or more of its tax-exempt purposes.

Periodic Reviews

To ensure the Organization operates in a manner consistent with charitable purposes, and doesn't engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

a. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.

b. Whether partnerships, joint ventures, and arrangements with management organizations conform to the Organization's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and don't result in inurement, impermissible private benefit, or in an excess benefit transaction.

Article VIII

Use of Outside Experts

When conducting the periodic reviews, as provided for in Article VII, the Organization may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the governing board of its responsibility for ensuring periodic reviews are conducted.

Appendix B: States With Statutory Provisions Satisfying the Requirements of Internal Revenue Code Section 508(e)

The following states have adopted legislation satisfying the requirements of Section 508(e) relating to private foundation governing instruments. Information derived from Revenue Ruling 75-38, 1975-1 C.B. 161.

ALABAMA — except where otherwise provided by a decree of a court of competent jurisdiction or by a provision in the private foundation's governing instrument, which in either case has been entered or made after October 1, 1971, and expressly limits the applicability of state law.

ALASKA — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Alaska law don't apply to them.

ARKANSAS — except for such private foundations which expressly provide in their governing instruments that the applicable sections of Arkansas law don't apply to them and except in the case of trusts where otherwise provided by decree of a court of competent jurisdiction.

CALIFORNIA — except where otherwise provided by a court of competent jurisdiction.

COLORADO — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

CONNECTICUT — except where otherwise provided by a court of competent jurisdiction.

DELAWARE — except for such private foundations, which expressly provide in their governing instruments that the applicable sections of Delaware law don't apply to them.

DISTRICT OF COLUMBIA — except for such corporations, which expressly provide in their governing instruments that the applicable sections of District of Columbia law don't apply to them and except in the case of trusts where otherwise provided by a court of competent jurisdiction. (For purposes of this statute, corporations include corporations organized under any Act of Congress applicable to the District of Columbia as well as corporations organized under the laws of the District of Columbia.)

FLORIDA — except for such trusts that file a proper election not to be subject to the applicable provisions of Florida law and for such corporations as to which a court of competent jurisdiction has otherwise determined.

GEORGIA — except for such private foundations that file a proper election not to be subject to such law.

HAWAII — no exceptions.

IDAHO — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Idaho law don't apply to them.

ILLINOIS — except for such corporations that have express provisions to the contrary in their articles of incorporation and except for trusts where it is otherwise provided by a court of competent jurisdiction.

INDIANA — except where otherwise determined by a court of competent jurisdiction with respect to private foundations organized before January 1, 1970.

IOWA — except for such private foundations which expressly provide in their governing instruments that the applicable sections of Iowa law don't apply to them.

KANSAS — except where otherwise provided by a court of competent jurisdiction.

KENTUCKY — except, with respect to corporations in existence on July 1, 1972, to the extent that such a corporation provides to the contrary by amendment to its articles of incorporation adopted after July 1, 1972, and, with respect to trusts in existence on July 1, 1972, where action is properly commenced on or before December 31, 1972, in a court of competent jurisdiction to excuse the trust from compliance with the requirements of section 508(e) of the Code.

LOUISIANA — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Louisiana law don't apply to them.

MAINE — except where otherwise provided by a court of competent jurisdiction.

MARYLAND — except where otherwise provided by a court of competent jurisdiction.

MASSACHUSETTS — except where otherwise provided by a court of competent jurisdiction.

MICHIGAN — with respect to trusts that are private foundations except for such private foundations which file a notice of inconsistency under Michigan law.

MINNESOTA — except for private foundations that have been held by a court of competent jurisdiction not to be affected by such state statute.

MISSISSIPPI — except where otherwise provided by a court of competent jurisdiction.

MISSOURI — except for private foundations that have been held by a court of competent jurisdiction not to be affected by such state statute.

MONTANA — except in the case of trusts where otherwise provided by court decree entered after March 28, 1974, and except in the case of a corporation that has an express provision to the contrary in its articles of incorporation.

NEBRASKA — except for such trusts that effectively elect to be excluded from the applicable sections of Nebraska law, for such corporations which have governing instruments expressly providing to the contrary, and except as a court of competent jurisdiction has otherwise determined in any given case.

NEVADA — no exceptions.

NEW HAMPSHIRE — except where it is otherwise provided by a court of competent jurisdiction.

NEW JERSEY — except for such private foundations that expressly provide in their governing instruments that the applicable sections of New Jersey law don't apply to them.

NEW YORK — except where such law conflicts with any mandatory direction of an instrument by which assets were transferred prior to June 1, 1971, and such conflicting direction hasn't been removed legally.

NORTH CAROLINA — except for such private foundations which expressly provide in their governing instruments that the applicable sections of North Carolina law don't apply to them and except for trusts that have their governing instruments reformed by a decree of the Superior Court of North Carolina.

NORTH DAKOTA — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

OHIO — except in the case of trusts where it is provided otherwise by a court of competent jurisdiction and except in the case of corporations in existence on September 17, 1971, which expressly adopt contrary provisions in their governing instruments after September 17, 1971.

OKLAHOMA — except for such private foundations that file a proper election not to be subject to such law.

OREGON — no exceptions.

PENNSYLVANIA — except where otherwise provided by a court of competent jurisdiction.

RHODE ISLAND — except where otherwise provided by a court of competent jurisdiction.

SOUTH CAROLINA — except for private foundations that expressly provide in their governing instruments that the applicable sections of South Carolina law don't apply to them.

SOUTH DAKOTA — except where otherwise provided by a court of competent jurisdiction.

TENNESSEE — except where otherwise provided by a court of competent jurisdiction.

TEXAS — except for such private foundations that a proper election not to be subject to such law.

UTAH — with respect to trusts that are private foundations except where otherwise provided by a court of competent jurisdiction.

VERMONT — except where otherwise provided by a court of competent jurisdiction.

VIRGINIA — except for private foundations whose governing instruments contain express provisions to the contrary or that have filed a proper election not to be subject to such law.

WASHINGTON — except for such private foundations that expressly provide in their governing instruments that the applicable sections of Washington law don't apply to them.

WEST VIRGINIA — with respect to trusts that are private foundations except for such trusts which provide in their governing instruments that the applicable sections of West Virginia law don't apply to them.

WISCONSIN — except as may otherwise be provided by decree of a court of competent jurisdiction.

WYOMING — except where otherwise provided by a court of competent jurisdiction.

Appendix C: Glossary of Terms

Adjusted net income (for Schedule D)	Adjusted net income includes: gross income from any unrelated trade or business; gross income from functionally related businesses; interest payments received on loans; amounts received or accrued as repayments of amounts taken as qualifying distributions for any tax year; amounts received or accrued from the sale or other disposition of property to the extent acquisition of the property was treated as a qualifying distribution for any tax year; any amounts set aside for a specific project to the extent the full set-aside was not necessary for the project; interest on government obligations normally excluded under section 103; net short-term capital gains on sale or other disposition of property; and income received from an estate if the estate is considered terminated for income tax purposes because of a prolonged administration period. It doesn't include: gifts, grants, and contributions received; long-term capital gains or losses; net section 1231 gains; capital gain dividends; the excess of fair market value over adjusted basis of property distributed to the U.S. or a possession or political subdivision, a state or its political subdivision, a charitable trust, or corporation for public purposes; or income received from an estate during the administration period. In computing adjusted net income, deduct the following: ordinary and necessary expenses paid or incurred for the production or collection of gross income, or for the management, conservation, or collection of gross income (includes operating expenses such as compensation of officers, employee wages and salaries, interest, rent, and taxes); straight-line depreciation and depletion (not percentage depletion); and expenses and interest paid or incurred to carry tax-exempt obligations. Don't deduct net short-term capital losses for the year in which they occur (these losses cannot be carried back or carried over to earlier or later tax years); the excess of expenses for property used for exempt purposes over the income received from the property; charitable contributions made by you; net operating losses; and special deductions for corporations.
Arm's length	A transaction between parties having adverse (or opposing) interests where none of the participants are in a position to exercise substantial influence over the transaction because of business or family relationship(s) with more than one of the parties.
Authorized representative	An individual eligible to practice before the IRS who holds a power of attorney (Form 2848 or other similar documents) that authorizes him or her to represent the organizations in tax matters, including the application for tax-exempt status.
Bingo	A game of chance played with cards that are generally printed with 5 rows of 5 squares each, on which participants place markers to form a pre-selected pattern to win the game. Bingo is gambling.
Business relationship	Employment and contractual relationships, and common ownership of a business where any officers, directors, or trustees, individually or together, possess more than a 35% ownership interest in common. Ownership means voting power in a corporation, profits interest in a partnership, or beneficial interest in a trust.
Bylaws	The internal rules and regulations of an organization.

Certification of filing	Evidence that, on a specific date, articles of incorporation (for a corporation) or articles of organization (for a limited liability company) were accepted for filing by appropriate state authority resulting in the creation of a state-law entity.
Community	The local or regional geographic area to be served by an organization.
Compensation	All forms of income from working, including salary or wages; deferred compensation; retirement benefits, whether in the form of a qualified or non-qualified employee plan (for example, pensions or annuities); fringe benefits (for example, personal vehicle, meals, lodging, personal and family educational benefits, low interest-loans, payment of personal travel, entertainment, or other expenses, athletic or country club membership, and personal use of your property); and bonuses.
Conflict of interest policy	A set of procedures to identify potential conflicts of interest and to reduce the likelihood that persons in a position of authority over an organization may use that authority to receive an inappropriate benefit. A conflict of interest may arise when a person in a position of authority over an organization, such as a director, officer, or manager, may benefit personally from a decision they could make.
Controlled by disqualified persons	See the definition of a **disqualified person** below. A section 509(a)(3) supporting organization, may not be controlled directly or indirectly by disqualified persons (other than the organization's officers, directors or trustees). An organization is controlled by disqualified persons if disqualified persons can exercise 50% or more of the total voting power held by the organization's governing body. For this purpose, controlled includes the authority to affect significant decisions, such as power over investment decisions, or charitable disbursement decisions, as well as the power to veto such decision. Control may be direct or indirect.
Corporation	An entity organized under a federal or state corporation law (including the statutes of a federally recognized Indian tribal or Alaskan native government).
Develop	The planning, financing, construction, or provision of similar services involved in the acquisition of real property, such as land or a building.

Disqualified person	Any individual or organization that is any of the following relationships. **a.** A substantial contributor to you (see *Substantial contributor*). **b.** An officer, director, trustee, or any other individual who has similar powers or responsibilities. **c.** An individual who owns more than 20% of the total combined voting power of a corporation that is a substantial contributor to you. **d.** An individual who owns more than 20% of the profits interest of a partnership that is a substantial contributor to you. **e.** An individual who owns more than 20% of the beneficial interest of a trust or estate that is a substantial contributor to you. **f.** A member of the family of any individual described in a, b, c, d, or e above. **g.** A corporation in which any individuals described in a, b, c, d, e, or f above hold more than 35% of the total combined voting power. **h.** A trust or estate in which any individuals described in a, b, c, d, e, or f above hold more than 35% of the beneficial interests. **i.** A partnership in which any individuals described a, b, c, d, e, or f above hold more than 35% of the profits interest.
Earmark	Donations or other contributions given to an organization on the condition or understanding that they will be used to assist particular individuals or specific identified groups.
Expenses	Financial burdens or outlays, costs (of doing business), and business outlays chargeable against revenues. For purposes of this form, expenses mean direct and indirect expenses.
Fair market value	The price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.
Family	Includes an individual's spouse, ancestors, children, grandchildren, great-grandchildren, siblings (whether by whole or half-blood), and the spouses of children, grandchildren, great-grandchildren, and siblings.
Foreign country	A country other than the United States, its territories and possessions, and the District of Columbia.
For-profit	A business entity whose activities are conducted or maintained to make a profit (for example, revenues greater than expenses) for its private shareholders or owners.
Foundation manager	Officers, directors, or trustees, or an individual having powers or responsibilities similar to those of a foundation's officers, directors, or trustees.

Fundraising

The organized activity of raising funds, whether by volunteers, employees, or paid independent contractors.

Gaming

The term gaming includes activities such as Bingo, Beano, lotteries, pull-tabs, pari-mutuel betting, Calcutta wagering, pickle jars, punch boards, tip boards, tip jars, certain video games, 21, raffles, keno, split-the-pot, and other games of chance.

Gross investment income

As defined in section 509, gross investment income means the gross amount of income from interest, dividends, payments with respect to securities loans, rents, and royalties; but not including any such income to the extent included in computing the tax imposed by section 511.

Gross receipts

For purposes of *Part VI-A. Statement of Revenues and Expenses*, gross receipts include monies earned from activities related to an organization's charitable or other section 501(c)(3) activities, such as selling admissions or merchandise, performing services, or furnishing facilities.

Hospital

Hospital or medical care includes the treatment of any physical or mental disability or condition, whether on an inpatient or outpatient basis. A hospital includes the following.

a. Hospitals and rehabilitation institutions, outpatient clinics, or community mental health or drug treatment centers if the principal purpose or function is the providing of medical or hospital care or medical education or research.

b. Medical research organizations, if the principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.

Influence legislation

The act of directly contacting or urging the public to contact members of a legislative body for the purpose of proposing, supporting, or opposing legislation. Attempting to influence legislation includes advocating the adoption or rejection of legislation.

Intellectual property

A type of property (distinct from real or personal property) including the following.

a. Patents (for inventions).

b. Copyrights (for literary and artistic works such as novels, poems, plays, films, musical works, drawings, paintings, photographs, sculptures, architectural designs, performances, recordings, film, and radio or television programs).

c. Trade names, trademarks, and service marks (for symbols, names, images, and designs).

d. Formulas, know-how, and trade secrets.

Joint venture

A legal agreement in which the parties jointly undertake a transaction for mutual profit. Generally, each person contributes assets and shares risks. Like a partnership, joint ventures can involve any type of business transaction and the "persons" involved can be individuals, groups of individuals, companies, or corporations.

Limited liability company	A limited liability company (LLC) is a business entity organized in the United States under state law. Generally, an LLC may be classified for federal income tax purposes as a partnership, corporation, or an entity disregarded as separate from its owner by applying the rules in Regulation section 301.7701-3. However, an LLC that has been determined to be, or claims to be, exempt from taxation under section 501(a) is treated as having made an election to be classified as a corporation under Regulation section 301.7701-3(c)(1)(v).
Low-income housing	Rental or ownership housing provided to persons based on financial need.
Mailing address	Address where correspondence is received.
Manage	Manage means to direct or administer.
Medical care	The treatment of any physical or mental disability or condition, whether on an inpatient or outpatient basis.
Medical research organization	An organization whose principal purpose or function is the continuous active conduct of medical research in conjunction with a hospital.
Net income (for Schedule D)	See *Adjusted net income*.
Non-fixed payment	A non-fixed payment means a payment that depends on discretion. For example, a bonus of up to $100,000 that is based on an evaluation of performance by the governing board is a non-fixed payment because the governing body has discretion over whether the bonus is paid and the amount of the bonus.
Organizing document	The organizing document depends on the form of the organization. For a corporation, the document is the articles of incorporation. For an LLC, the document is the articles of organization. For an unincorporated association, the document is the articles of association or constitution. The organizing document of a trust is the trust agreement.
Political campaign intervention	An organization participates in a political campaign, if it promotes or opposes, through political literature, brochures, pamphlets, hosting or participating in events, etc., the candidacy of an individual for public office. Debates and nonpartisan voter education aren't considered political.
Predecessor	An organization whose activities or assets were taken over by another organization.
Private foundation	An organization that is exempt under section 501(c)(3) is a private foundation unless it is a church, school, hospital, governmental unit, entity that undertakes testing for public safety, organization that has broad financial support from the general public, or organization that supports one or more other organizations that are themselves classified as public charities.
Private operating foundation	A type of private foundation that makes qualifying distributions directly for the active conduct of its educational, charitable, and religious purposes. "Directly for the active conduct" means that the distributions are used by the foundation itself to carry out the programs for which it is organized and operated. Grants made to assist other organizations or individuals are normally considered indirect.

Public charity	An organization that is exempt under section 501(c)(3) is excepted from private foundation status because it is described in section 509(a)(1) (which cross references sections 170(b)(1)(i) through (vi), and (ix)), 509(a)(2), 509(a)(3), or 509(a)(4).
Reasonable compensation	Reasonable compensation is the amount that would ordinarily be paid for like services by like organizations under like circumstances as of the date the compensation arrangement is made. Reasonable compensation is important because excessive benefits in the form of compensation to disqualified persons may result in the imposition of excise taxes and jeopardize the organization's tax-exempt status.
Related	The family or business relationships between persons.
Relationship	A relationship may exist between one organization and another in the following situations. **a.** One organization controls the other through common officers, directors, or trustees, or through authority to approve budgets or expenditures. **b.** Both organizations were created at approximately the same time and by the same persons. **c.** The organizations operate in a coordinated manner with respect to facilities, programs, employees, or other activities. **d.** The same persons exercise substantial influence over both organizations.
Revenue	Revenue means gross revenue amounts.
Revenue Procedure	An official statement of a procedure published in the IRS Internal Revenue Bulletin (previously the Cumulative Bulletin) that either affects the rights or duties of taxpayers or other members of the public under the Internal Revenue Code and related statutes, treaties, and regulations or, although not necessarily affecting the rights and duties of the public, should be a matter of public knowledge.
Revenue Ruling	An official interpretation by the IRS of the Internal Revenue laws and related statutes, treaties, and regulations, that has been published in the IRS Internal Revenue Bulletin (previously the Cumulative Bulletin). Revenue Rulings are issued only by the Office of Associate Chief Counsel and are published for the information and guidance of taxpayers, IRS officials, and others concerned.

School

A school is an educational organization whose primary function is the presentation of formal instruction and that normally maintains a regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on. A school may include the following.

a. Primary, secondary, preparatory, or high school.

b. College or university.

c. Trade or technical school.

d. Nursery or preschool.

e. School that you operate as an activity, such as school that is operated as an activity of a museum, historical society, or church.

Similarly situated

Similarly situated organizations means tax-exempt or taxable organizations of a comparable size, purpose, and resources.

Substantial contributor

An individual or organization that contributed more than $5,000 to an organization from the date it was formed or other date that its exemption would be effective, to the end of the year in which the contributions were received. This total amount contributed must also be more than 2% of all the contributions the organization received. A creator of a trust is treated as a substantial contributor regardless of the amount contributed.

Successor

An organization that took over:

a. More than a negligible amount of the activities that were previously conducted by another organization,

b. 25% or more of the fair market value of the net assets of another organization, or

c. Was established upon the conversion of an organization from for-profit to non-profit status.

Trust

A trust is an entity that may be formed by a trust agreement or declaration of trust. A trust may also be formed through a will.

Unincorporated association

An unincorporated association formed under state law must have at least two members who have signed a written document for a specifically defined purpose.

Unrelated business income	Income from a trade or business regularly conducted by an exempt organization and not substantially related to the performance by the organization of its exempt purpose or function. See Pub. 598.
Unusual grant	Substantial contribution or bequest from a disinterested person that, by its size, adversely affects classification as a public charity. It is: **a.** Unusual, **b.** Unexpected, and **c.** Received from an unrelated party.

Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes

Arts, Culture & Humanities

Code	
A01	Alliances & Advocacy
A02	Management & Technical Assistance
A03	Professional Societies & Associations
A05	Research Institutes & Public Policy Analysis
A11	Single Organization Support
A12	Fund Raising & Fund Distribution
A19	Support N.E.C.
A20	Arts & Culture
A23	Cultural & Ethnic Awareness
A24	Folk Arts
A25	Art Education
A26	Arts & Humanities Councils & Agencies
A27	Community Celebrations
A30	Media & Communications
A31	Film & Video
A32	Television
A33	Printing & Publishing
A34	Radio
A40	Visual Arts
A50	Museums
A51	Art Museums
A52	Children's Museums
A54	History Museums
A56	Natural History & Natural Science Museums
A57	Science & Technology Museums
A60	Performing Art
A61	Performing Arts Centers
A62	Dance
A63	Ballet
A65	Theater
A68	Music
A69	Symphony Orchestras
A6A	Opera
A6B	Singing & Choral Groups
A6C	Bands & Ensembles
A6E	Performing Arts Schools
A70	Humanities Organizations
A80	Historical Organizations
A82	Historical Societies & Historic Preservation
A84	Commemorative Events
A90	Arts Service
A99	Arts, Culture & Humanities N.E.C.

Education

Code	
B01	Alliances & Advocacy Organizations
B02	Management & Technical Assistance
B03	Professional Society & Associations
B05	Research Institutes & Public Policy Analysis
B11	Single Organization Support
B12	Fundraising & Fund Distribution
B19	Support N.E.C.
B20	Elementary & Secondary Schools
B21	Preschools
B24	Primary & Elementary Schools
B25	Secondary & High Schools
B28	Special Education
B29	Charter Schools
B30	Vocational & Technical Schools
B40	Higher Education Institutions
B41	Two-Year Colleges
B42	Two-Year Colleges
B43	Undergraduate Colleges
B50	Graduate & Professional Schools
B60	Adult Education
B70	Libraries
B80	Student Services
B82	Scholarships & Student Financial Aid
B83	Student Sororities & Fraternities
B84	Alumni Associations
B90	Educational Services
B92	Remedial Reading & Encouragement
B94	Parent & Teacher Groups
B99	Education N.E.C.

Environment

Code	
C01	Alliances & Advocacy
C02	Management & Technical Assistance
C03	Professional Societies & Associations
C05	Research Institutes & Public Policy Analysis
C11	Single Organization Support
C12	Fundraising & Fund Distribution
C19	Support N.E.C.
C20	Pollution Abatement & Control
C27	Recycling
C30	Natural Resources Conservation & Protection
C32	Water Resources, Wetland Conservation & Management
C34	Land Resources Conservation
C35	Energy Resources Conservation & Development
C36	Forest Conservation
C40	Botanical, Horticultural & Landscape Services
C41	Botanical Gardens & Arboreta
C42	Garden Clubs
C50	Environmental Beautification
C60	Environmental Education
C99	Environmental N.E.C.

Animal-Related

Code	
D01	Alliance & Advocacy
D02	Management & Technical Assistance
D03	Professional Societies & Associations
D05	Research Institutes & Public Policy Analysis
D11	Single Organization Support
D12	Fundraising & Fund Distribution
D19	Support N.E.C.
D20	Animal Protection & Welfare
D30	Wildlife Preservation & Protection
D31	Protection of Endangered Species
D32	Bird Sanctuaries
D33	Fisheries Resources
D34	Wildlife Sanctuaries
D40	Veterinary Services
D50	Zoos & Aquariums
D60	Animal Services N.E.C.
D61	Animal Training
D99	Animal Related N.E.C.

Health Care

Code	
E01	Alliances & Advocacy
E02	Management & Technical Assistance
E03	Professional Societies & Associations
E05	Research Institutes & Public Policy Analysis
E11	Single Organization Support
E12	Fundraising & Fund Distribution
E19	Support N.E.C.
E20	Hospitals
E21	Community Health Systems
E22	General Hospitals
E24	Specialty Hospitals
E30	Ambulatory & Primary Health Care
E31	Group Health Practices
E32	Community Clinics
E40	Reproductive Health Care
E42	Family Planning
E50	Rehabilitative Care
E60	Health Support
E61	Blood Banks
E62	Emergency Medical Services & Transport
E65	Organ & Tissue Banks
E6A	Pharmacies & Drugstores
E70	Public Health
E80	Health (General & Financing)
E86	Patient & Family Support
E90	Nursing
E91	Nursing Facilities
E92	Home Health Care
E99	Health Care N.E.C.

Mental Health & Crisis Intervention

Code	
F01	Alliances & Advocacy
F02	Management & Technical Assistance
F03	Professional Societies & Associations
F05	Research Institutes & Public Policy Analysis
F11	Single Organization Support
F12	Fundraising & Fund Distribution
F19	Support N.E.C.
F20	Substance Abuse Dependency, Prevention & Treatment
F21	Substance Abuse Prevention
F22	Substance Abuse Treatment
F30	Mental Health Treatment
F31	Psychiatric Hospitals
F32	Community Mental Health Centers
F33	Residential Mental Health Treatment
F40	Hot Line & Crisis Intervention
F42	Sexual Assault Services
F50	Addictive Disorders N.E.C.
F52	Smoking Addiction
F53	Eating Disorders & Addictions
F54	Gambling Addiction
F60	Counseling
F70	Mental Health Disorders
F80	Mental Health Associations
F99	Mental Health & Crisis Intervention N.E.C.

Voluntary Health Associations & Medical Disciplines

Code	
G01	Alliances & Advocacy
G02	Management & Technical Assistance
G03	Professional Societies & Associations
G05	Research Institute & Public Policy Analysis
G11	Single Organization Support
G12	Fundraising & Fund Distribution
G19	Support N.E.C.
G20	Birth Defects & Genetic Diseases
G25	Down Syndrome
G30	Cancer
G32	Breast Cancer
G40	Diseases of Specific Organs
G41	Eye Diseases, Blindness & Vision Impairments
G42	Ear & Throat Diseases
G43	Heart & Circulator System Diseases & Disorders
G44	Kidney Diseases
G45	Lung Diseases
G48	Brain Disorder
G50	Nerve, Muscle, & Bone Diseases
G51	Arthritis
G54	Epilepsy
G60	Allergy Related Diseases
G61	Asthma
G70	Digestive Diseases & Disorders
G80	Specific Named Disorders
G81	AIDS
G83	Alzheimer's Diseases
G84	Autism
G90	Medical Disciplines
G92	Biomedicine & Bioengineering
G94	Geriatrics
G96	Neurology & Neuroscience
G98	Pediatrics
G99	Voluntary Health Associations, Medical Disciplines N.E.C.
G9B	Surgical Specialties

Medical Research

Code	
H01	Alliances & Advocacy
H02	Management & Technical Assistance
H03	Professional Societies & Associations
H05	Research Institute & Public Policy Analysis
H11	Single Organization Support
H12	Fundraising & Fund Distribution
H19	Support N.E.C.
H20	Birth Defects & Genetic Diseases Research
H25	Down Syndrome Research
H30	Cancer Research
H32	Breast Cancer Research
H40	Diseases of Specific Organs Research
H41	Eye Diseases, Blindness & Vision Impairments Research
H42	Ear & Throat Diseases Research
H43	Heart & Circulatory System Diseases & Disorders Research
H44	Kidney Diseases Research
H45	Lung Diseases Research
H48	Brain Disorders Research
H50	Nerve, Muscle & Bone Diseases Research
H51	Arthritis Research
H54	Epilepsy Research
H60	Allergy-Related Diseases Research
H61	Asthma Research
H70	Digestive Diseases & Disorders Research
H80	Specifically Named Diseases Research
H81	AIDS Research
H83	Alzheimer's Disease Research
H84	Autism Research
H90	Medical Disciplines Research
H92	Biomedicine & Bioengineering Research
H94	Geriatrics Research
H95	Neurology & Neuroscience Research
H98	Pediatrics Research
H99	Medical Research N.E.C.
H9B	Surgical Specialties Research

Crime & Legal-Related

Code	
I01	Alliances & Advocacy
I02	Management & Technical Assistance
I03	Professional Societies & Associations
I05	Research Institutes & Public Policy Analysis
I11	Single Organization Support
I12	Fundraising & Fund Distribution
I19	Support N.E.C.
I20	Crime Prevention
I21	Youth Violence Prevention
I23	Drunk Driving-Related
I30	Correctional Facilities
I31	Half-Way Houses for Offenders & Ex-Offenders
I40	Rehabilitation Services for Offenders
I43	Inmate Support
I44	Prison Alternatives
I50	Administration of Justice
I51	Dispute Resolution & Mediation
I60	Law Enforcement
I70	Protection Against Abuse
I71	Spouse Abuse Prevention
I72	Child Abuse Prevention
I73	Sexual Abuse Prevention
I80	Legal Services
I83	Public Interest Law
I99	Crime & Legal-Related N.E.C.

Employment

Code	
J01	Alliances & Advocacy
J02	Management & Technical Assistance
J03	Professional Societies & Associations
J05	Single Organization Support
J11	Consumer Lending
J12	Fundraising & Fund Distribution
J19	Support N.E.C.
J20	Employment Preparation & Procurement
J21	Vocational Counseling
J22	Job Training
J30	Vocational Rehabilitation
J32	Goodwill Industries
J33	Sheltered Employment
J40	Labor Unions
J99	Employment N.E.C.

Food, Agriculture & Nutrition

Code	
K01	Alliances & Advocacy
K02	Management & Technical Assistance
K03	Professional Societies & Associations
K05	Research Institutes & Public Policy Analysis
K11	Single Organization Support
K12	Fundraising & Fund Distribution
K19	Support N.E.C.
K20	Agricultural Programs
K25	Farmland Preservation
K26	Animal Husbandry
K28	Farm Bureaus & Granges
K2A	Other Vegetable (except Potato) & Melon Farming
K2B	Soil Preparation, Planting, & Cultivating
K2C	Wineries
K30	Food Programs
K31	Food Banks & Pantries
K34	Congregate Meals
K35	Soup Kitchens
K36	Meals on Wheels
K40	Nutrition
K50	Home Economics
K6A	Meat Markets
K6B	Confectionery & Nut Stores
K6C	Caterers
K6D	Mobile Food Services
K6E	Drinking Places
K6F	Snack Nonalcoholic Beverage Bars
K90	Limited-Service Restaurants
K91	Supermarkets & Other Grocery (except Convenience) Stores
K92	Convenience Stores
K93	Fruit & Vegetable Markets
K94	All Other Specialty Food Stores
K95	Food (Health) Supplement Stores
K96	Warehouse Clubs & Supercenters
K97	Food Service Contractors
K98	Full-Service Restaurants
K99	Food, Agriculture & Nutrition N.E.C.

Housing & Shelter

Code	
L01	Alliances & Advocacy
L02	Management & Technical Assistance
L03	Professional Societies & Associations
L05	Research Institutes & Public Policy Analysis
L11	Single Organization Support
L12	Fundraising & Fund Distribution
L19	Support N.E.C.
L20	Housing Development, Construction & Management
L21	Low-Income & Subsidized Rental Housing
L22	Senior Citizens' Housing & Retirement Communities
L24	Independent Housing for People with Disabilities
L25	Housing Rehabilitation
L30	Housing Search Assistance
L40	Temporary Housing
L41	Homeless Shelters
L4A	Hotels (except Casino Hotels) & Motels
L4B	Bed and Breakfast Inns
L50	Homeowners & Tenants Associations
L80	Housing Support
L81	Home Improvement & Repairs
L82	Housing Expense Reduction Support
L99	Housing & Shelter N.E.C.

Public Safety, Disaster Preparedness & Relief

Code	
M01	Alliances & Advocacy
M02	Management & Technical Assistance
M03	Professional Societies & Associations
M05	Research Institutes & Public Policy Analysis
M11	Single Organization Support
M12	Fundraising & Fund Distribution
M19	Support N.E.C.
M20	Disaster Preparedness & Relief Services
M23	Search & Rescue Squads
M24	Fire Prevention
M40	Safety Education
M41	First Aid
M42	Automotive Safety
M60	Public Safety Benevolent Associations
M99	Public Safety, Disaster Preparedness & Relief N.E.C.

Recreation & Sports

Code	
N01	Alliances & Advocacy
N02	Employment Services
N03	Professional Societies & Associations
N05	Research Institutes & Public Policy Analysis
N11	Single Organization Support
N12	Fundraising & Fund Distribution
N19	Support N.E.C.
N20	Camps
N2A	RV (Recreational Vehicle) Parks & Campgrounds
N2B	Recreational and Vacation Camps (Except Campgrounds)
N30	Physical Fitness & Community Recreational Facilities
N31	Community Recreational Centers
N32	Parks & Playgrounds
N40	Sports Training Facilities, Agencies
N50	Recreational Clubs
N52	Fairs
N60	Amateur Sports
N61	Fishing & Hunting
N62	Basketball
N63	Baseball & Softball
N64	Soccer
N65	Football
N66	Racquet Sports
N67	Swimming & Other Water Recreation
N68	Winter Sports
N69	Equestrian
N6A	Golf
N70	Amateur Sports Competitions
N71	Olympics
N72	Special Olympics
N80	Professional Athletic Leagues
N99	Recreation & Sports N.E.C.

Youth Development

Code	
O01	Alliances & Advocacy
O02	Management & Technical Assistance
O03	Professional Societies & Associations
O05	Research Institutes & Public Policy Analysis
O11	Single Organization Support
O12	Fundraising & Fund Distribution
O19	Support N.E.C.
O20	Youth Centers & Clubs
O21	Boys Clubs
O22	Girls Clubs
O23	Boys & Girls Clubs
O30	Adult & Child - Matching Programs
O31	Big Brothers & Big Sisters
O40	Scouting
O41	Boy Scouts of America
O42	Girl Scouts of the U.S.A.
O43	Camp Fire
O50	Youth Development Programs
O51	Youth Community Service Clubs
O52	Youth Development - Agricultural
O53	Youth Development - Business
O54	Youth Development - Citizenship
O55	Youth Development - Religious Leadership
O99	Youth Development N.E.C.

Human Services

Code	
P01	Alliances & Advocacy
P02	Management & Technical Assistance
P03	Professional Societies & Associations
P05	Research Institutes & Public Policy Analysis
P11	Single Organization Support
P12	Fundraising & Fund Distribution
P19	Support N.E.C.
P20	Human Service Organizations
P21	American Red Cross
P22	Urban League
P24	Salvation Army
P26	Volunteers of America
P27	Young Men's or Women Associations
P28	Neighborhood Centers
P29	Thrift Shops
P30	Children & Youth Services
P31	Adoption
P32	Foster Care
P33	Child Day Care
P40	Family Services
P42	Single Parent Agencies
P43	Family Violence Shelters, Services
P44	In-Home Assistance
P45	Family Services for Adolescent Parents
P46	Family Counseling
P47	Pregnancy Centers
P50	Personal Social Services
P51	Financial Counseling
P52	Transportation Assistance
P58	Gift Distribution
P60	Emergency Assistance
P61	Travelers' Aid
P62	Victims' Services
P70	Residential Care & Adult Day Programs
P71	Adult Day Care
P73	Group Homes
P74	Hospices
P75	Supportive Housing for Older Adults
P76	Homes for Children & Adolescents
P7A	Residential Intellectual & Developmental Disability Facilities (Group Homes, Intermediate Care Facilities & Hospitals)
P80	Centers to Support the Independence of Specific Populations
P81	Senior Centers
P82	Developmentally Disabled Centers
P83	Womens' Centers
P84	Ethnic & Immigrant Centers
P85	Homeless Centers
P86	Blind & Visually Impaired Centers
P87	Deaf & Hearing Impaired Centers
P88	LGBT Centers
P99	Human Services N.E.C.

International, Foreign Affairs & National Security

Code	
Q01	Alliances & Advocacy
Q02	Management & Technical Assistance
Q03	Professional Societies & Associations
Q05	Research Institutes & Public Policy Analysis
Q11	Single Organization Support
Q12	Fundraising & Fund Distribution
Q19	Support N.E.C.
Q20	Promotion of International Understanding
Q21	International Cultural Exchange
Q22	International Academic Exchange
Q23	International Exchange N.E.C.
Q30	International Development
Q31	International Agricultural Development
Q32	International Economic Development
Q33	International Relief
Q35	International Democracy & Civil Society Development
Q40	International Peace & Security
Q41	Arms Control & Peace
Q42	United Nations Associations
Q43	National Security
Q50	International Affairs, Foreign Policy & Globalization
Q51	International Economic & Trade Policy
Q70	International Human Rights
Q71	International Migration & Refugee Issues
Q99	International, Foreign Affairs & National Security N.E.C.

Civil Rights, Social Action & Advocacy

code	
R01	Alliances & Advocacy Organizations
R02	Management & Technical Assistance
R03	Professional Societies & Associations
R05	Research Institutes & Public Policy Analysis
R11	Single Organization Support
R12	Fundraising & Fund Distribution
R19	Support N.E.C.
R20	Civil Rights
R22	Minority Rights
R23	Disabled Persons' Rights
R24	Womens' Rights
R25	Seniors' Rights
R26	Lesbian & Gay Rights
R28	Childrens' Rights
R30	Intergroup & Race Relations
R40	Voter Education & Registration
R60	Civil Liberties
R61	Reproductive Rights
R62	Right to Life
R63	Censorship, Freedom of Speech & Press
R67	Right to Die & Euthanasia
R99	Civil Rights, Social Action & Advocacy N.E.C.

Community Improvement & Capacity Building

Code	
S01	Alliances & Advocacy
S02	Management & Technical Assistance
S03	Professional Societies & Associations
S05	Research Institutes & Public Policy Analysis
S11	Single Organization Support
S12	Fund Raising & Fund Distribution
S19	Support N.E.C.
S20	Community & Neighborhood Development
S21	Community Coalitions
S22	Neighborhood & Block Associations

Appendix D: National Taxonomy of Exempt Entities (NTEE) Codes *(Continued)*

S30	Economic Development
S31	Urban & Community Economic Development
S32	Rural Economic Development
S40	Business & Industry
S41	Chambers of Commerce & Business Leagues
S43	Small Business Development
S46	Boards of Trade
S47	Real Estate Associations
S50	Nonprofit Management
S80	Community Service Clubs
S81	Womens' Service Clubs
S82	Mens' Service Clubs
S99	Community Improvement & Capacity Building N.E.C.

Philanthropy, Volunteerism & Grantmaking Foundations

Code	
T01	Alliances & Advocacy
T02	Management & Technical Assistance
T03	Professional Societies & Associations
T05	Research Institutes & Public Policy Analysis
T11	Single Organization Support
T12	Fundraising & Fund Distribution
T19	Support N.E.C.
T20	Private Grantmaking Foundations
T21	Corporate Foundations
T22	Private Independent Foundations
T23	Private Operating Foundations
T30	Public Foundations
T31	Community Foundations
T40	Volunteerism Promotion
T50	Philanthropy, Charity & Volunteerism Promotion
T70	Federated Giving Programs
T90	Named Trusts N.E.C.
T99	Philanthropy, Voluntarism & Grantmaking Foundations N.E.C.

Science & Technology

Code	
U01	Alliances & Advocacy
U02	Management & Technical Assistance
U03	Professional Societies & Associations
U05	Research Institutes & Public Policy Analysis
U11	Single Organization Support
U12	Fundraising & Fund Distribution
U19	Support N.E.C.
U20	General Science
U21	Marine Science & Oceanography
U30	Physical & Earth Sciences
U31	Astronomy
U33	Chemistry & Chemical Engineering
U34	Mathematics
U36	Geology
U40	Engineering & Technology
U41	Computer Science
U42	Engineering
U50	Biological & Life Sciences Research
U99	Science & Technology N.E.C.

Social Science

Code	
V01	Alliances & Advocacy
V02	Management & Technical Assistance
V03	Professional Societies & Associations
V05	Research Institutes & Public Policy Analysis
V11	Single Organization Support
V12	Fund Raising & Fund Distribution
V19	Support N.E.C.
V20	Social Science
V21	Anthropology & Sociology
V22	Economics
V23	Behavioral Science
V24	Political Science
V25	Population Studies
V26	Law & Jurisprudence
V30	Interdisciplinary Research
V31	Black Studies
V32	Women's Study
V33	Ethnic Studies
V34	Urban Studies
V35	International Studies
V36	Gerontology
V37	Labor Studies
V99	Social Science N.E.C.

Public & Societal Benefit

Code	
W01	Alliances & Advocacy
W02	Management & Technical Assistance
W03	Professional Societies & Associations
W05	Research Institutes & Public Policy Analysis
W11	Single Organization Support
W12	Fundraising & Fund Distribution
W19	Support N.E.C.
W20	Government & Public Administration
W22	Public Finance, Taxation & Monetary Policy
W24	Citizen Participation
W30	Military & Veterans' Organizations
W40	Public Transportation Systems
W50	Telecommunications
W60	Financial Institutions
W61	Credit Unions
W70	Leadership Development
W80	Public Utilities
W90	Consumer Protection
W99	Public & Societal Benefit N.E.C.

Religion-Related

Code	
X01	Alliances & Advocacy
X02	Management & Technical Assistance
X03	Professional Societies & Associations
X05	Research Institutes & Public Policy Analysis
X11	Single Organization Support
X12	Fundraising & Fund Distribution
X19	Support N.E.C.
X20	Christianity
X21	Protestant
X22	Roman Catholic
X30	Judaism
X40	Islam
X50	Buddhism
X70	Hinduism
X80	Religious Media & Communications
X81	Religious Film & Video
X82	Religious Television
X83	Religious Printing & Publishing
X84	Religious Radio
X90	Interfaith Coalitions
X99	Religion Related, N.E.C.

Mutual & Membership Benefit

Code	
Y01	Alliances & Advocacy
Y02	Management & Technical Assistance
Y03	Professional Societies & Associations
Y05	Research Institutes & Public Policy Analysis
Y11	Single Organization Support
Y12	Fundraising & Fund Distribution
Y19	Support N.E.C.
Y20	Insurance Providers
Y22	Local Benevolent Life Insurance Associations
Y23	Mutual Insurance Companies & Associations
Y24	Supplemental Unemployment Compensation
Y25	State-Sponsored Workers' Compensation Reinsurance Organizations
Y30	Pension & Retirement Funds
Y33	Teachers' Retirement Fund Associations
Y34	Employee-Funded Pension Trusts
Y35	Multi-Employer Pension Plans
Y40	Fraternal Societies
Y41	Fraternal Beneficiary Societies
Y42	Domestic Fraternal Societies
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Form 1023 (Rev. January 2020) Department of the Treasury Internal Revenue Service	**Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code** Do not enter social security numbers on this form as it may be made public. Go to www.irs.gov/Form1023 for instructions and the latest information.	OMB No. 1545-0047 **Note:** *If exempt status is approved, this application will be open for public inspection.*

Use the "?" buttons throughout this form for help in completing this application. For additional help, call IRS Exempt Organizations Customer Account Services toll-free at 1-877-829-5500.

If you cannot complete required responses within the textbox limits throughout this form, upload your additional narratives with the other required documents.

Part I Identification of Applicant

1a Full Name of Organization (exactly as it appears in your organizing document)			b Care of Name (if applicable)
c Mailing Address (Number, street and room/suite)	d City		e Country
f State	g Zip Code + 4	h Foreign Province (or State)	i Foreign Postal Code

2 Employer Identification Number	3 Month Tax Year Ends	4 Person to Contact if More Information is Needed (officer, director, trustee, or authorized representative)
5 Contact Telephone Number	6 Fax Number (optional)	7 User Fee Submitted $600.00

8 Organization's Website (if available):

9 List the names, titles, and mailing addresses of your officers, directors, and/or trustees.

First Name:	Last Name:	Title:
Mailing Address:	City:	
State (or Province):	Zip Code (or Foreign Postal Code):	
First Name:	Last Name:	Title:
Mailing Address:	City:	
State (or Province):	Zip Code (or Foreign Postal Code):	
First Name:	Last Name:	Title:
Mailing Address:	City:	
State (or Province):	Zip Code (or Foreign Postal Code):	
First Name:	Last Name:	Title:
Mailing Address:	City:	
State (or Province):	Zip Code (or Foreign Postal Code):	
First Name:	Last Name:	Title:
Mailing Address:	City:	
State (or Province):	Zip Code (or Foreign Postal Code):	

☐ Check here to add more officers, directors, and/or trustees.

Part II Organizational Structure

1 You must be a corporation, limited liability company (LLC), unincorporated association, or trust to be tax exempt.

Select your type of organization.

- Corporation

At the end of this form, you must upload a copy of your articles of incorporation (and any amendments) that shows proof of filing with the appropriate state agency.

- Limited Liability Company (LLC)

At the end of this form, you must upload a copy of your articles of organization (and any amendments) that shows proof of filing with the appropriate state agency. Also, if you adopted an operating agreement, upload a copy, along with any amendments.

- Unincorporated Association

At the end of this form, you must upload a copy of your articles of association, constitution, or other similar organizing document that is dated and includes at least two signatures. Include signed and dated copies of any amendments.

- Trust

At the end of this form, you must upload a signed and dated copy of your trust agreement. Include signed and dated copies of any amendments.

2 Enter the date you formed. (MM/DD/YYYY)

3 Select your state (or U.S. territory) of incorporation or other formation. If you were formed under the laws of a foreign country, select Foreign Country.

4 Have you adopted bylaws? If "Yes," at the end of this form, upload a current copy showing the date of adoption. If "No," explain how you select your officers, directors, or trustees. ○ Yes ○ No

5 Are you a successor to another organization? ○ Yes ○ No

Answer "Yes" if you have taken or will take over the activities of another organization, you took over 25% or more of the fair market value of the net assets of another organization, or you were established upon the conversion of an organization from for-profit to nonprofit status. If "Yes," complete Schedule G.

Part III Required Provisions in Your Organizing Document

Part III helps ensure that, when you submit this application, your organizing document contains the required provisions to meet the organizational test under section 501(c)(3).

If you cannot check "Yes" in both Lines 1 and 2, your organizing document does not meet the organizational test. DO NOT file this application until you have amended your organizing document. Remember to upload your original and amended organizing documents at the end of this form.

1 Section 501(c)(3) requires that your organizing document limit your purposes to one or more exempt purposes within section 501(c)(3), such as charitable, religious, educational, and/or scientific purposes.

The following is an example of an acceptable purpose clause: The organization is organized exclusively for charitable, religious, educational, and scientific purposes under section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code.

Does your organizing document meet this requirement? ◯ Yes ◯ No

1a State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph):

2 Section 501(c)(3) requires that your organizing document provide that upon dissolution, your remaining assets be used exclusively for section 501(c)(3) exempt purposes, such as charitable, religious, educational, and/or scientific purposes. Depending on your entity type and the state in which you are formed, this requirement may be satisfied by operation of state law.

The following is an example of an acceptable dissolution clause: Upon the dissolution of this organization, assets shall be distributed for one or more exempt purposes within the meaning of section 501(c)(3) of the Internal Revenue Code, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for a public purpose.

Does your organizing document meet this requirement? ◯ Yes ◯ No

2a State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or indicate that you rely on state law.

Part IV Your Activities

1 Describe completely and in detail your past, present, and planned activities. Do not refer to or repeat the purposes in your organizing document.

For each past, present, or planned activity, include information that answers the following questions:

a. What is the activity?
b. Who conducts the activity?
c. Where is the activity conducted?
d. What percentage of your total time is allocated to the activity?
e. How is the activity funded (for example, donations, fees, etc.) and what percentage of your overall expenses is allocated to this activity?
f. How does the activity further your exempt purposes?

Part IV **Your Activities** *(continued)*

2 Enter the 3-character NTEE Code that best describes your activities.

Or check here if you want the IRS to select the NTEE Code that best describes your activities.

3 Do any of your programs limit the provision of goods, services, or funds to a specific individual or group of specific individuals? For example, answer "Yes" if goods, services, or funds are provided only for a particular individual, your members, individuals who work for a particular employer, or graduates of a particular school. If "Yes," explain the limitation and how recipients are selected for each program. ◯ Yes ◯ No

4 Do any individuals who receive goods, services, or funds through your programs have a family or business relationship with any officer, director, trustee, or with any of your highest compensated employees or highest compensated independent contractors? If "Yes," explain how these related individuals are eligible for goods, services, or funds. ◯ Yes ◯ No

5 Do you or will you support or oppose candidates in political campaigns in any way? If "Yes," explain. ◯ Yes ◯ No

6 Do you or will you attempt to influence legislation? If "Yes," explain how you attempt to influence legislation. ◯ Yes ◯ No

Part IV **Your Activities** *(continued)*

6a Did you or will you make an election to have your legislative activities measured by expenditures by filing Form 5768? ◯ Yes ◯ No
If "No," describe whether your attempts to influence legislation are a substantial part of your activities. Include the time and money spent on your attempts to influence legislation as compared to your total activities.

7 Do you or will you publish, own, or have rights in music, literature, tapes, artworks, choreography, scientific discoveries, or other intellectual property? If "Yes," describe who owns or will own any copyrights, patents, or trademarks, whether fees are or will be charged, how the fees are determined, and how any items are or will be produced, distributed, and marketed. ◯ Yes ◯ No

8 Do you or will you provide educational information to the general public on budgeting, personal finance, financial literacy, saving and spending practices, the sound use of consumer credit, and/or assist individuals and families with financial problems such as credit card debt and foreclosure by providing them with counseling? If "Yes," explain. ◯ Yes ◯ No

9 Do you or will you make grants, loans, or other distributions to organizations? If "Yes," describe the type and purpose of the grants, loans, or distributions, how you select your recipients including submission requirements (such as grant proposals or application forms), and the criteria you use or will use to select recipients. Also describe how you ensure the grants, loans, and other distributions are or will be used for their intended purposes (including whether you require periodic or final reports on the use of funds and any procedures you have if you identify that funds are not being used for their intended purposes). Finally, describe the records you keep with respect to grants, loans, or other distributions you make and identify any recipient organizations and any relationships between you and the recipients. If "No," continue to Line 10. ◯ Yes ◯ No

Part IV **Your Activities** *(continued)*

9a Do you or will you make grants, loans, or other distributions to organizations that are not recognized by the IRS as tax exempt under section 501(c)(3)? If "Yes," name and/or describe the non-section 501(c)(3) organizations to whom you do or will make distributions and explain how these distributions further your exempt purposes. ○ Yes ○ No

9b Do you or will you make grants, loans, or other distributions to foreign organizations? If "Yes," name each foreign organization (if not already provided), the country and region within each country in which each foreign organization operates, any relationship you have with each foreign organization, and whether the foreign organization accepts contributions earmarked for a specific country or organization (if so, specify which countries or organizations). If "No," continue to Line 10. ○ Yes ○ No

9c Do your contributors know that you have ultimate authority to use contributions made to you at your discretion for purposes consistent with your exempt purposes? If "Yes," describe how you relay this information to contributors. ○ Yes ○ No

9d Do you or will you make pre-grant inquiries about the recipient organization? If "Yes," describe these inquiries, including whether you inquire about the recipient's financial status, its tax-exempt status under the Internal Revenue Code, its ability to accomplish the purpose for which the resources are provided, and other relevant information. ○ Yes ○ No

9e Do you or will you use any additional procedures to ensure that your distributions to foreign organizations are used in furtherance of your exempt purposes? If "Yes," describe these procedures, including periodic reporting requirements, auditing grantees, site visits by your employees or compliance checks by impartial experts, etc., to verify that grant funds are being used appropriately. ○ Yes ○ No

Part IV **Your Activities** *(continued)*

9f Do you share board members or other key personnel with the recipient organization(s)? If "Yes," identify the relationships. ◯ Yes ◯ No

9g When you make grants, loans, or other distributions to foreign organizations, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ◯ Yes ◯ No

9h Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ◯ Yes ◯ No

9i Will you acquire from OFAC the appropriate license and registration where necessary? ◯ Yes ◯ No

10 Do you or will you operate in a foreign country or countries? If "Yes," name each foreign country and region within each country in which you do or will operate and describe your operations in each one. If "No," continue to Line 11. ◯ Yes ◯ No

10a When you conduct activities in foreign countries, will you check the OFAC List of Specially Designated Nationals and Blocked Persons for names of individuals and entities with whom you are dealing to determine if they are included on the list? Describe any other practices you will engage in to ensure that foreign expenditures or grants are not diverted to support terrorism or other non-charitable activities. ◯ Yes ◯ No

10b Will you comply with all United States statutes, executive orders, and regulations that restrict or prohibit U.S. persons from engaging in transactions and dealings with designated countries, entities, or individuals, or otherwise engaging in activities in violation of economic sanctions administered by OFAC? ◯ Yes ◯ No

10c Will you acquire from OFAC the appropriate license and registration where necessary? ◯ Yes ◯ No

Part IV **Your Activities** *(continued)*

11 Are you a sponsoring organization that maintains one or more donor advised funds? If yes, please provide a complete description of your program, including the specific advice that such donors may provide. Describe in detail the control you maintain (or will maintain) over the use of the funds. ◯ Yes ◯ No

12 Do you or will you operate a school? If "Yes," complete Schedule B. ◯ Yes ◯ No

13 Is your principal purpose or function to provide hospital or medical care? If "Yes," complete Schedule C. ◯ Yes ◯ No

14 Do you or will you provide low-income housing? If "Yes," complete Schedule F. ◯ Yes ◯ No

15 Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? If "Yes," complete Schedule H - Section I. ◯ Yes ◯ No

16 Check any of the following fundraising activities that you will undertake (check all that apply):

- ☐ Website, mail, email, personal, and/or phone solicitations
- ☐ Foundation grant solicitations
- ☐ Receive donations from another organization's website
- ☐ Government grant solicitations
- ☐ Bingo
- ☐ Other (non-bingo) gaming activities
- ☐ Other (describe)
- ☐ We will not engage in fundraising activities.

17 Do you or will you engage in fundraising activities for other organizations? If "Yes," describe these arrangements, including the names or descriptions of the organizations for which you raise funds. ◯ Yes ◯ No

Part V Compensation and Other Financial Arrangements

1 Do you or will you compensate officers, directors, or trustees, or do or will you have highest compensated employees, or highest compensated independent contractors? If "No," continue to Line 2. ◯ Yes ◯ No

In establishing compensation for your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors:

1a Do or will the individuals that approve compensation arrangements follow a conflict of interest policy? ◯ Yes ◯ No

1b Do or will you approve compensation arrangements in advance of paying compensation? ◯ Yes ◯ No

1c Do or will you document in writing the date and terms of approved compensation arrangements? ◯ Yes ◯ No

1d Do or will you record in writing the decision made by each individual who decided or voted on compensation arrangements? ◯ Yes ◯ No

1e Do or will you approve compensation arrangements based on information about compensation paid by similarly situated taxable or tax-exempt organizations for similar services, current compensation surveys compiled by independent firms, or actual written offers from similarly situated organizations? ◯ Yes ◯ No

1f Do or will you record in writing both the information on which you relied to base your decision and its source? ◯ Yes ◯ No

1g Do or will you have any other practices you use to set reasonable compensation? If "Yes," describe these practices. ◯ Yes ◯ No

2 Have you adopted a conflict of interest policy consistent with the sample conflict of interest policy in Appendix A to the instructions? If you are a hospital, answer "Yes" if your conflict of interest policy includes provisions consistent with the additional healthcare related provisions in the sample document. If "No," describe the procedures you will follow to ensure that persons who have a conflict of interest will not have influence over setting their own compensation or regarding business deals with themselves. ◯ Yes ◯ No

3 Do you or will you compensate any of your officers, directors, trustees, highest compensated employees, and highest compensated independent contractors through non-fixed payments, such as discretionary bonuses or revenue-based payments? If "Yes," describe all non-fixed compensation arrangements, including how the amounts are determined, who is eligible for such arrangements, whether you place a limitation on total compensation, and how you determine or will determine that you pay no more than reasonable compensation for services. ◯ Yes ◯ No

Part V **Compensation and Other Financial Arrangements** *(continued)*

4 Do you or will you purchase or sell any goods, services, or assets from or to: (i) any of your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any such transactions that you made or intend to make, with whom you make or will make such transactions, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ○ Yes ○ No

5 Do you or will you have any leases, contracts, loans, or other agreements with: (i) your officers, directors, or trustees; (ii) any family of any of your officers, directors, or trustees; (iii) any organizations in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest; (iv) your highest compensated employees; or (v) your highest compensated independent contractors? If "Yes," describe any written or oral arrangements that you made or intend to make, with whom you have or will have such arrangements, how the terms are or will be negotiated at arm's length, and how you determine you pay no more than fair market value or you are paid at least fair market value. ○ Yes ○ No

6 Do you or will you contract with another organization to develop, build, market, or finance your facilities? If "Yes," describe each facility, the role of the other organization, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how that entity is selected, how the terms of any contract(s) are negotiated at arm's length, and how you determine you will pay no more than fair market value for services. ○ Yes ○ No

Part V **Compensation and Other Financial Arrangements** *(continued)*

7 Does or will someone other than your own employees or volunteers manage your activities or facilities? ◯ Yes ◯ No
If "Yes," describe the activities or facilities that will be managed by others, the names of the persons or organizations that manage or will manage your activities or facilities, and any business or family relationship between the organization and your officers, directors, or trustees. Explain how these managers were or will be selected, how the terms of any contracts or other agreements were or will be negotiated, and how you determine you will pay no more than fair market value for services.

8 Do you participate in any joint ventures, including partnerships or limited liability companies treated as partnerships, in which you share profits and losses with partners? If "Yes," state your ownership percentage in each joint venture, list your investment in each joint venture, describe the tax status of other participants in each joint venture (including whether they are section 501(c)(3) organizations), describe the activities of each joint venture, describe how you exercise control over the activities of each joint venture, and describe how each joint venture furthers your exempt purposes. ◯ Yes ◯ No

Part VI **Financial Data**

1 Select the option that best describes you to determine the years of revenues and expenses you need to provide.

◯ You completed less than one tax year.
Provide a total of three years of financial information (including the current year and two future years of reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.

◯ You completed at least one tax year but fewer than five.
Provide a total of four years financial information (including the current year and three years of actual financial information or reasonable and good faith projections of your future finances) in the following Statement of Revenues and Expenses.

◯ You completed five or more tax years.
Provide financial information for your five most recent tax years (including the current year) in the following Statement of Revenues and Expenses.

Part VI **Financial Data** *(continued)*

A. Statement of Revenues and Expenses

	Type of revenue	Current tax year	4 prior tax years or 2 succeeding tax years			
		From: __/__/____ To: __/__/____	From: __/__/____ To: __/__/____	From: __/__/____ To: __/__/____	From: __/__/____ To: __/__/____	From: __/__/____ To: __/__/____
1	Gifts, grants, and contributions received (do not include unusual grants)					
2	Membership fees received					
3	Gross investment income					
4	Net unrelated business income					
5	Taxes levied for your benefit					
6	Value of services or facilities furnished by a governmental unit without charge (not including the value of services generally furnished to the public without charge)					
7	Any revenue not otherwise listed above or in lines 9 - 12 below (provide an itemized list below)					
8	Total of lines 1 through 7	$0.	$0.	$0.	$0.	$0.
9	Gross receipts from admissions, merchandise sold or services performed, or furnishing of facilities in any activity that is related to your exempt purposes (provide an itemized list below)					
10	Total of lines 8 and 9	$0.	$0.	$0.	$0.	$0.
11	Net gain or loss on sale of capital assets (provide an itemized list below)					
12	Unusual grants (provide an itemized list below)					
13	Total Revenue (add lines 10 through 12)	$0.	$0.	$0.	$0.	$0.
	Type of expense	**Current tax year**	**4 prior tax years or 2 succeeding tax years**			
14	Fundraising expenses					
15	Contributions, gifts, grants, and similar amounts paid out (provide an itemized list below)					
16	Disbursements to or for the benefit of members (provide an itemized list below)					
17	Compensation of officers, directors, and trustees					
18	Other salaries and wages					
19	Interest expense					
20	Occupancy (rent, utilities, etc.)					
21	Depreciation and depletion					
22	Professional fees					
23	Any expense not otherwise classified, such as program services (provide an itemized list below)					
24	Total Expenses (add lines 14 through 23)	$0.	$0.	$0.	$0.	$0.

25 Itemized financial data

Part VI **Financial Data** *(continued)*

B. Balance Sheet (for your most recently completed tax year)	Year End:
Assets	
1 Cash	
2 Accounts receivable, net	
3 Inventories	
4 Bonds and notes receivable (provide an itemized list below)	
5 Corporate stocks (provide an itemized list below)	
6 Loans receivable (provide an itemized list below)	
7 Other investments (provide an itemized list below)	
8 Depreciable assets (provide an itemized list below)	
9 Land	
10 Other assets (provide an itemized list below)	
11 Total Assets (add lines 1 through 10)	$0.
Liabilities	
12 Accounts payable	
13 Contributions, gifts, grants, etc. payable	
14 Mortgages and notes payable (provide an itemized list below)	
15 Other liabilities (provide an itemized list below)	
16 Total Liabilities (add lines 12 through 15)	$0.
Fund Balances or Net Assets	
17 Total fund balances or net assets	
18 Total Liabilities and Fund Balances or Net Assets (add lines 16 and 17)	$0.

19 Itemized financial data

Part VII Foundation Classification

Part VII is designed to classify you as an organization that is either a private foundation or a public charity. Public charity classification is a more favorable tax status than private foundation classification. If you are a private foundation, this part will further determine whether you are a private operating foundation.

1 Select the foundation classification you are requesting from the list below.

- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(vi) as an organization that receives a substantial part of its financial support in the form of contributions from publicly supported organizations, from a governmental unit, or from the general public.
- ☐ You are described in 509(a)(2) as an organization that normally receives not more than one-third of its financial support from gross investment income and receives more than one-third of its financial support from contributions, membership fees, and gross receipts from activities related to its exempt functions (subject to certain exceptions).
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(i) as a church or a convention or association of churches. Complete Schedule A.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ii) as a school. Complete Schedule B.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iii) as a hospital, a cooperative hospital service organization, or a medical research organization operated in conjunction with a hospital. Complete Schedule C.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(iv) as an organization operated for the benefit of a college or university that is owned or operated by a governmental unit.
- ☐ You are described in 509(a)(1) and 170(b)(1)(A)(ix) as an agricultural research organization directly engaged in the continuous active conduct of agricultural research in conjunction with a college or university.
- ☐ You are described in 509(a)(3) as an organization supporting either one or more organizations described in 509(a)(1) or 509(a)(2) or a publicly supported section 501(c)(4), (5), or (6) organization. Complete Schedule D.
- ☐ You are described in 509(a)(4) as an organization organized and operated exclusively for testing for public safety.
- ☐ You are a publicly supported organization and would like the IRS to decide your correct classification.
- ☐ You are a private foundation.

1a As a private foundation, section 508(e) requires special provisions in your organizing document in addition to those that apply to all organizations described in section 501(c)(3). Check this box to confirm that your organizing document includes these provisions or you rely on state law. ☐

State specifically where your organizing document meets this requirement, such as a reference to a particular article or section in your organizing document (Page/Article/Paragraph) or state that you rely on state law.

1b Do you or will you provide scholarships, fellowships, educational loans, or other educational grants to individuals, including grants for travel, study, or other similar purposes? ○ Yes ○ No
If "Yes," complete Schedule H - Section II.

1c Are you a private operating foundation? ○ Yes ○ No

To be a private operating foundation you must engage directly in the active conduct of charitable, religious, educational, and similar activities, as opposed to indirectly carrying out these activities by providing grants to individuals or other organizations.

Part VII **Foundation Classification** *(continued)*

1d Describe how you meet the requirements for private operating foundation status, including how you meet the income test and either the assets test, the endowment test, or the support test. If you've been in existence for less than one year, describe how you are likely to satisfy the requirements for private operating foundation status.

2 If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(1) and 170(b)(1)(A)(vi) in existence for five or more tax years, you must have received one-third or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or 10% or more of your total support from governmental agencies, contributions from the general public, and contributions or grants from other public charities and the facts and circumstances indicate you are a publicly supported organization. Calculate whether you meet this support test for your most recent five-year period.

i. Did you receive contributions from any person, company, or organization whose gifts totaled more than the 2% amount of line 8 in Part VI-A? ◯ Yes ◯ No

If "Yes," identify each person, company, or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

ii. Based on your calculations, did you receive at least one-third of your support from public sources or did you normally receive at least 10 percent of your support from public sources and you have other characteristics of a publicly supported organization? ◯ Yes ◯ No

2a If you have been in existence more than 5 years, you must confirm your public support status. To confirm your qualification as a public charity described in 509(a)(2) in existence for five or more tax years, you must have normally received more than one-third of your support from contributions, membership fees, and gross receipts from activities related to your exempt functions, or a combination of these sources, and not more than one-third of your support from gross investment income and net unrelated business income. Calculate whether you meet this support test for your most recent five-year period.

i. Did you receive amounts from any disqualified persons? ◯ Yes ◯ No

If "Yes," identify each disqualified person by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

ii. Did you receive amounts from individuals or organizations other than disqualified persons that exceeded the greater of $5,000 or 1% of the amount on line 10 of Part VI-A Statement of Revenues and Expenses? ◯ Yes ◯ No

If "Yes," identify each individual or organization by letter (A, B, C, etc.) and indicate the amount contributed by each. Keep a list showing the name of and amount contributed by each of these donors for your records.

iii. Based on your calculations, did you normally receive more than one-third of your support from a combination of gifts, grants, contributions, membership fees, and gross receipts (from permitted sources) from activities related to your exempt functions and normally receive not more than one-third of your support from investment income and unrelated business taxable income? ◯ Yes ◯ No

Part VIII Effective Date

In general, a determination letter recognizing exemption of an organization described in section 501(c)(3) is effective as of the date of formation of an organization if: (1) its purposes and activities prior to the date of the determination letter have been consistent with the requirements for exemption; and (2) it has filed an application for recognition of exemption within 27 months from the end of the month in which it was organized.

1 Are you submitting this application within 27 months of the end of the month in which you were legally formed? ☐ Yes ☐ No

If "No," complete Schedule E.

Part IX Annual Filing Requirements

If you fail to file a required information return or notice for three consecutive years, your exempt status will be automatically revoked.

1 Certain organizations are not required to file annual information returns or notices (Form 990, Form 990-EZ, or Form 990-N, e-Postcard). If you are granted tax-exemption, are you claiming to be excused from filing Form 990, Form 990-EZ, or Form 990-N? ☐ Yes ☐ No

If "Yes," are you claiming you are excepted from filing because you are:

- ☐ A church or association of churches
- ☐ An integrated auxiliary (such as a men's or women's organization, religious school, mission society, or religious group)
- ☐ A church-affiliated organization (other than a section 509(a)(3) organization) that is exclusively engaged in managing funds or maintaining retirement programs and is described in Revenue Procedure 96-10, 1996-1 C.B. 577
- ☐ A school below college level affiliated with a church or operated by a religious order
- ☐ A mission society (other than a section 509(a)(3) supporting organization) sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries
- ☐ An affiliate of a governmental unit that meets the requirements of Revenue Procedure 95-48, 1995-2 C.B. 418 (other than a section 509(a)(3) supporting organization)
- ☐ Other (describe)

Part X Signature

☐ I declare under the penalties of perjury that I am authorized to sign this application on behalf of the above organization and that I have examined this application, and to the best of my knowledge it is true, correct, and complete.

(Type name of signer)

(Type title or authority of signer)

10/08/2024

(Date)

Upload checklist:

- ☐ Organizing document (and any amendments)
- ☐ Bylaws, if adopted
- ☐ Form 2848, Power of Attorney and Declaration of Representative (if applicable)
- ☐ Form 8821, Tax Information Authorization (if applicable)
- ☐ Supplemental responses (if applicable)
- ☐ Expedited handling request (if applicable)

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures

Section I **Public charities and private foundations complete lines 1 through 8 of this section.**

1 Describe the types of educational grants you provide to individuals, such as scholarships, fellowships, loans, etc., including the purpose, number and amount(s) of grants, how the program is publicized, and if you award educational loans, the terms of the loans.

2 Do you maintain case histories showing recipients of your scholarships, fellowships, educational loans, or other educational grants, including names, addresses, purposes of awards, amount of each grant, manner of selection, and relationship (if any) to officers, trustees, or donors of funds to you? If "No," explain. ○ Yes ○ No

3 Describe the specific criteria you use to determine who is eligible for your program (for example, eligibility selection criteria could consist of graduating high school students from a particular high school who will attend college, writers of scholarly works about American history, etc.).

4 Describe the specific criteria you use to select recipients (for example, specific selection criteria could consist of prior academic performance, financial need, etc.).

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures *(continued)*

5 Describe any requirement or condition you impose on recipients to obtain, maintain, or qualify for renewal of a grant (for example, specific requirements or conditions could consist of attendance at a four-year college, maintaining a certain grade point average, teaching in public school after graduation from college, etc.).

6 Describe your procedures for supervising the scholarships, fellowships, educational loans, or other educational grants. Explain whether you obtain reports and grade transcripts from recipients, or you pay grants directly to a school under an arrangement whereby the school will apply the grant funds only for enrolled students who are in good standing. Also, describe your procedures for taking action if the terms of the award are violated.

7 How do you determine who is on the selection committee for the awards made under your program?

8 Are relatives of members of the selection committee, or of your officers, directors, or substantial contributors eligible for awards made under your program? If "Yes," what measures do you take to ensure unbiased selections? ○ Yes ○ No

Do not complete the rest of Schedule H. If you are a private foundation, you will be directed to complete Section II of Schedule H later in the application.

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures *(continued)*

Section II **Private foundations complete lines 1 through 7 of this section. Public charities do not complete this section.**

1 As a private foundation, do you want this application to be considered as a request for advance approval of grant making procedures? ○ Yes ○ No

If "No," do not complete the rest of Schedule H.

1a Check the box(es) indicating under which section(s) you want your grant making procedures to be considered.

☐ 4945(g)(1) - Scholarship or fellowship grant to an individual for study at an educational institution

☐ 4945(g)(3) - Other grants, including loans, to an individual for travel, study, or other similar purposes, to enhance a particular skill of the grantee or to produce a specific product

2 Do you represent that you will (1) arrange to receive and review grantee reports annually and upon completion of the purpose for which the grant was awarded, (2) investigate diversions of funds from their intended purposes, and (3) take all reasonable and appropriate steps to recover diverted funds, ensure other grant funds held by a grantee are used for their intended purposes, and withhold further payments to grantees until you obtain grantees' assurances that future diversions will not occur and that grantees will take extraordinary precautions to prevent future diversions from occurring? ○ Yes ○ No

3 Do you represent that you will maintain all records relating to individual grants, including information obtained to evaluate grantees, identify whether a grantee is a disqualified person, establish the amount and purpose of each grant, and establish that you undertook the supervision and investigation of grants described in Line 2? ○ Yes ○ No

4 Do you or will you award scholarships, fellowships, and educational loans to attend an educational institution based on the status of an individual being an employee of a particular employer? ○ Yes ○ No

If "No," do not complete the rest of Schedule H.

5 Will you comply with the seven conditions and either the percentage tests or facts and circumstances test for scholarships, fellowships, and educational loans to attend an educational institution as set forth in Revenue Procedures 76-47, 1976-2 C.B. 670, and 80-39, 1980-2 C.B. 772, which apply to inducement, selection committee, eligibility requirements, objective basis of selection, employment, course of study, and other objectives? ○ Yes ○ No

6 Do you or will you provide scholarships, fellowships, or educational loans to attend an educational institution to employees of a particular employer? If "No," continue to Line 7. ○ Yes ○ No

6a Will you award grants to 10% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? ○ Yes ○ No

7 Do you provide scholarships, fellowships, or educational loans to attend an educational institution to children of employees of a particular employer? ○ Yes ○ No

If "No," do not complete the rest of Schedule H.

7a Will you award grants to 25% or fewer of the eligible applicants who were actually considered by the selection committee in selecting recipients of grants in that year as provided by Revenue Procedures 76-47 and 80-39? ○ Yes ○ No

If "Yes," do not complete the rest of Schedule H.

Schedule H. Organizations Providing Scholarships, Fellowships, Educational Loans, or Other Educational Grants to Individuals and Private Foundations Requesting Advance Approval of Individual Grant Procedures *(continued)*

7b Will you award grants to 10% or fewer of the number of employees' children who can be shown to be eligible for grants (whether or not they submitted an application) in that year, as provided by Revenue Procedures 76-47 and 80-39? If "Yes," describe how you will determine who can be shown to be eligible for grants without submitting an application, such as by obtaining written statements or other information about the expectations of employees' children to attend an educational institution; do not complete the rest of Schedule H. ○ Yes ○ No

7c Will you award grants based on facts and circumstances that demonstrate that the grants will not be considered compensation for past, present, or future services or otherwise provide a significant benefit to the particular employer? If "Yes," describe the facts and circumstances you believe will demonstrate that the grants are neither compensatory nor a significant benefit to the particular employer. In your explanation, describe why you cannot satisfy either the 25% test or the 10% test in questions 7a and 7b. ○ Yes ○ No

Form 1023 Checklist

(Revised December 2017)

Application for Recognition of Exemption under Section 501(c)(3) of the Internal Revenue Code

Note: Retain a copy of the completed Form 1023 in your permanent records. Refer to the General Instructions regarding Public Inspection of approved applications.

Check each box to finish your application (Form 1023). Send this completed Checklist with your filled-in application. If you have not answered all the items below, your application may be returned to you as incomplete.

☐ Assemble the application and materials in this order.
- Form 1023 Checklist
- Form 2848, *Power of Attorney and Declaration of Representative* (if filing)
- Form 8821, *Tax Information Authorization* (if filing)
- Expedite request (if requesting)
- Application (Form 1023 and Schedules A through H, as required)
- Articles of organization
- Amendments to articles of organization in chronological order
- Bylaws or other rules of operation and amendments
- Documentation of nondiscriminatory policy for schools, as required by Schedule B
- Form 5768, Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation (if filing)
- All other attachments, including explanations, financial data, and printed materials or publications. Label each page with name and EIN.

☐ User fee payment placed in envelope on top of checklist. DO NOT STAPLE or otherwise attach your check or money order to your application. Instead, just place it in the envelope.

☐ Employer Identification Number (EIN)

☐ Completed Parts I through XI of the application, including any requested information and any required Schedules A through H.
- You must provide specific details about your past, present, and planned activities.
- Generalizations or failure to answer questions in the Form 1023 application will prevent us from recognizing you as tax exempt.
- Describe your purposes and proposed activities in specific easily understood terms.
- Financial information should correspond with proposed activities.

☐ Schedules. Submit only those schedules that apply to you and check either "Yes" or "No" below.

Schedule A	Yes ___	No___	Schedule E	Yes ___	No___
Schedule B	Yes ___	No___	Schedule F	Yes ___	No___
Schedule C	Yes ___	No___	Schedule G	Yes ___	No___
Schedule D	Yes ___	No___	Schedule H	Yes ___	No___

Form 1023 is filed electronically only on Pay.gov.

☐ An exact copy of your complete articles of organization (creating document). Absence of the proper purpose and dissolution clauses is the number one reason for delays in the issuance of determination letters.
- Location of Purpose Clause from Part III, line 1 (Page, Article and Paragraph Number) _____
- Location of Dissolution Clause from Part III, line 2b or 2c (Page, Article and Paragraph Number) or by operation of state law _____

☐ Signature of an officer, director, trustee, or other official who is authorized to sign the application.
- Signature at Part XI of Form 1023.

☐ Your name on the application must be the same as your legal name as it appears in your articles of organization.

Send completed Form 1023, user fee payment, and all other required information, to:

Internal Revenue Service
Attention: EO Determination Letters
Stop 31
P.O. Box 12192
Covington, KY 41012-0192

If you are using express mail or a delivery service, send Form 1023, user fee payment, and attachments to:

Internal Revenue Service
Attention: EO Determination Letters
Stop 31
201 West Rivercenter Boulevard
Covington, KY 41011

Form 1023 is filed electronically only on Pay.gov.

Annual electronic filing requirement for small exempt organizations — Form 990-N (e-Postcard)

Who may file Form 990-N to satisfy their annual reporting requirement?

In general, exempt organizations have an annual reporting requirement although there are exceptions.

Most small tax-exempt organizations that have an annual reporting requirement can satisfy the requirements by submitting Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ. Form 990-N is submitted electronically, there are **no paper forms**.

An organization eligible to submit Form 990-N can instead choose to file Form 990 or Form 990-EZ to satisfy its annual reporting requirement.

Small tax-exempt organizations generally are eligible to file Form 990-N to satisfy their annual reporting requirement if their annual gross receipts are normally $50,000 or less.

- Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses.
- Gross receipts are considered to be normally $50,000 or less if the organization:
    - Has been in existence for 1 year or less and received, or donors have pledged to give, $75,000 or less during its first tax year;
    - Has been in existence between 1 and 3 years and averaged $60,000 or less in gross receipts during each of its first two tax years; and
    - Is at least 3 years old and averaged $50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which calculations are being made).

However, some organizations aren't eligible to use Form 990-N (e-Postcard) even if their gross receipts are normally $50,000 or less. These organizations must file different forms instead to satisfy their annual reporting requirement.

Note: a subordinate organization in a group exemption that is included in a group return filed by its central organization does not file Form 990-N because the group return satisfies its annual reporting requirement.

Submitting Form 990-N (e-Postcard)
To access the Form 990-N Electronic Filing system:

Sign in/create an account with Login.gov or ID.me: The IRS requires a Login.gov or an ID.me account to submit Form 900-N. Form 990-N filers should use the same email address associated with their IRS account.

Review the IRS Form 990-N Electronic Filing System (e-Postcard) User Guide **PDF** for step-by-step instructions on how to submit electronic Form 990-N (e-Postcard). Most common problems can be avoided by following the User Guide.

Submit Form 990-N (e-Postcard)

Ready to file?
Form 990-N is easy to complete. You'll need only eight items of basic information about your organization.

- Employer identification number (EIN), also known as a Taxpayer Identification Number (TIN)
- Tax year (calendar or fiscal filer)
- Legal name and mailing address
- Any other names the organization uses
- Name and address of a principal officer
- Website address if the organization has one
- Confirmation that the organization's annual gross receipts are $50,000 or less
- If applicable, a statement that the organization has terminated or is terminating (going out of business)

For more information about these items, see Form 990-N: Information Reported.

Do not use a smart phone or tablet to file your Form 990-N.

Filing due date
Form 990-N is due **every year by the 15th day of the 5th month** after the close of your tax year. **You cannot file the e-Postcard until after your tax year ends.**

Example: If your tax year ended on December 31, the e-Postcard is due May 15 of the following year. If the due date falls on a Saturday, Sunday or a legal holiday, the due date is the next business day.

Late submissions
If we don't receive your submission by the due date, a reminder will be sent to the address on file. Organizations should submit the required form, even if they are late. There is no penalty for late submissions.

While there is no penalty assessment for filing Form 990-N late, organizations that fail to file required Forms 990, 990-EZ or 990-N for three consecutive years will automatically lose their tax-exempt status. Revocation of the organization's tax-exempt status will happen on the filing due date of the third consecutively-missed year.

Search for Form 990-N filings
To search for organizations that have filed Form 990-N and to view their filings, see Tax-Exempt Organization Search. You can also download the entire database of Form 990-N filings.

Problems filing
If you experience filing system or website problems, see How to File: Frequently Asked Questions. If you can't fix the problem, call TE/GE Customer Account Services at 877-829-5500. A representative will file your Form 990-N information.

Additional information
- Annual Electronic Notice (Form 990-N) Frequently Asked Questions
- Automatic Exemption Revocation for Non-Filing: Frequently Asked Questions
- Rules and Regulations: Notification Requirement for Tax-Exempt Entities Not Currently Required To File **PDF**

Annual Electronic Notice (Form 990-N): FAQ

Most small tax-exempt organizations whose annual gross receipts are normally $50,000 or less are required to electronically submit Form 990-N, also known as the e-Postcard, by the 15th day of the 5th month after the close of your tax year. See Annual Electronic Filing Requirement for Small Exempt Organizations — Form 990-N (e-Postcard).

Who must file
When to file
How to file
What to report
After you file

Who Must File Form 990-N?

Most small tax-exempt organizations whose gross receipts are normally $50,000 or less must file Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations not Required To File Form 990 or 990-EZ.

Learn more about the benefits, limitations and expectations of tax-exempt organizations by attending 10 courses at the online Small to Mid-Size Tax-Exempt Organization Workshop.

What organizations are ineligible to file Form 990-N?

The following organizations are not eligible to file Form 990-N but must file different forms instead. See also Form 990-N (e-Postcard): Organizations not permitted to file.

- Private foundations must file Form 990-PF **PDF**
- IRC section 527 (political) organizations required to file an annual exempt organization return must file Form 990 **PDF** or Form 990-EZ **PDF**
- Tax-exempt organizations with annual gross receipts that are normally greater than $50,000 must file Form 990 **PDF** or Form 990-EZ **PDF**
- Section 509(a)(3) supporting organizations must file Form 990 **PDF** or Form 990-EZ **PDF**, except for:
    - integrated auxiliaries of churches,
    - exclusively religious activities of religious orders and
    - organizations whose gross receipts are normally $5,000 or less and that support a section 501(c)(3) religious organization.

Can I file Form 990 or Form 990-EZ instead of the *e-Postcard*?

Yes, but please note that if you choose to file an annual information return (Form 990 or Form 990-EZ) instead of the **e-Postcard**, you must file a complete return. An incomplete or partially completed Form 990 or Form 990-EZ will not satisfy the annual filing requirement. Also, you may be assessed a late filing penalty if you file Form 990 or Form 990-EZ late.

Does an organization whose gross receipts are normally $50,000 or less have to file Form 990-N if its application for tax exemption is pending?

Yes, but to do so an officer of the organization must first call Customer Account Services at 1-877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of Form 990-N.

Must an organization file Form 990-N if it was not required to file an application for tax exemption?

Yes, certain organizations do not have to apply for tax exemption but still have a Form 990-N filing requirement. If your organization did not file an application for tax exemption because it is a section 501(c)(3) organization whose gross receipts in each taxable year are normally not more than $5,000 or because it is exempt under another Code section, such as section 501(c)(7), an officer of the organization should call Customer Account Services at 877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of Form 990-N.

Must my organization file Form 990-N if it is a subordinate organization in a group exemption?

You are not required to file Form 990-N **if** your organization is included on the parent's group return. The group return satisfies your reporting requirement. However, if you do not file as part of a group return and your annual gross receipts are normally $50,000 or less, you must file Form 990-N unless you file Form 990 or 990-EZ. Contact your parent organization if you are not sure if you are included in the group return and do not need to file Form 990-N.

If your parent organization failed to include your organization in the list of subordinates provided to the IRS annually, your organization will not be recognized as part of the group exemption and you will not be able to file the *e-Postcard*. The best way to resolve this is to have the parent organization ask the IRS to update its records by writing to the following address:

Internal Revenue Service
1973 North Rulon White Blvd
Ogden, UT 84404-5402
ATTN: M/S 6273

Your organization will need to allow six weeks for the IRS to update its records before you can file Form 990-N. Your organization should not be concerned if this delay causes your filing to occur after your form is due because there are no late filing or delinquency penalties associated with the *e-Postcard*. Note, however, that an organization's tax-exempt status is automatically revoked if it does not satisfy its annual filing requirement for three consecutive years.

Is a tax-exempt black lung benefit trust whose annual gross receipts are normally $50,000 or less required to file an annual return?

Yes. A black lung benefit trust exempt under Internal Revenue Code section 501(c)(21) must file an annual return (Form 990-BL). If gross receipts are normally $50,000 or less, it has the option to file Form 990-N, the e-Postcard. See filing threshold.

What happens if I fail to file Form 990-N (or Form 990 or Form 990-EZ)?

An organization that fails to file the required e-Postcard (or annual return) for three consecutive tax years automatically loses its tax-exempt status. The revocation of an organization's tax-exempt status does not take place until the filing due date of the third year. For example, if your **e-Postcard** was due on May 15, 2014 (for tax year 2013) and you did not timely file in 2013, 2014 or 2015, you lose your tax-exempt status effective on the 2016 due date.

Can an organization have its tax-exempt status reinstated if it was revoked for failing to file for three consecutive years?

Yes, but you must apply (or reapply) and pay the appropriate user fee to have your tax-exempt status reinstated if it was revoked because you failed to file for three consecutive years. An exemption application is required even if your organization was not originally required to file an application. Reinstatement of exempt status, if the application is approved, will generally be effective the date the application was filed, although reinstatement may be retroactive to the date of revocation if the organization shows that it had reasonable cause for not filing for three consecutive years. Reinstatement of tax-exempt status may be retroactive to the date of revocation if the organization can show that it had reasonable cause for not filing. To apply for tax-exempt status, use Form 1023, Application for Recognition of Exemption (if you are a section 501(c)(3) organization) or Form 1023-EZ, Streamlined Application for Recognition of Exemption (for eligible organizations), or Form 1024, Application for Exemption under Section 501(a) or Section 521 (for other types of tax-exempt organizations), or Form 1024-A, Application for Recognition of Exemption (if you are a section 501(c)(4) organization).

Additional information

- Form 990-N FAQs
- Which forms do exempt organizations file?
- Annual electronic filing requirement for small exempt organizations — Form 990 (e-Postcard)
- StayExempt — Interactive training for charities

When is Form 990-N Due?

How often do I need to file?

Form 990-N is due every year by the 15th day of the 5th month after the close of your tax year (usually the same as your accounting period).

Example: If your tax year ended on December 31, Form 990-N is due May 15 of the following year. If the due date falls on a Saturday, Sunday or legal holiday, the due date is the next business day.

If you do not file your e-Postcard on time, the IRS may send you a reminder notice but you will not be assessed a penalty for late filing the e-Postcard. However, an organization that fails to file required e-Postcards (or information returns – Forms 990 or 990-EZ) for three consecutive years will automatically lose its tax-exempt status. The automatic revocation of the organization's tax-exempt status will not take place until the filing due date of the third year.

Can I file Form 990-N, the e-Postcard, before the close of my tax year?

No, you cannot file the e-Postcard until after the end of your tax year.

How can I determine what my exempt organization's tax year is?

A tax year is usually 12 consecutive months. There are two kinds of tax years:

- **Calendar Tax Year:** This is a period of 12 consecutive months beginning January 1 and ending December 31; or
- **Fiscal Tax Year**: This is a period of 12 consecutive months ending on the last day of any month except December.

Generally, your tax year (or accounting period) can be found in the following documents:

- Your organization's by-laws.
- Your application for federal tax-exempt status (Form 1023 or Form 1024) or the determination letter you received approving your tax-exempt status.
- The application, Form SS-4, your organization filed to obtain its employer identification number (EIN).
- A copy of a prior year return, Form 990 or 990-EZ, that you filed with the IRS.

Can an organization file Form 990-N for a prior year?

You can file Form 990-N for a prior year through one of our approved e-file service providers. However, you cannot file Form 990-N (e-Postcard) for a prior year through the link on our site to the filing system. For example, if the organization's tax year ended on

December 31, 2014, and you attempt to file your 2014 e-Postcard after the close of your 2015 tax year (December 31, 2015), the filing system only will allow you to file for 2015. While there is no penalty for late filing an e-Postcard, your tax-exempt status will be automatically revoked if you don't file for three consecutive years. **Note**: The requirement to file Form 990-N is an annual requirement.

What happens if I file Form 990-N late?

The IRS will send you a reminder notice if you do not file your Form 990-N (e-Postcard) on time, but you will not be assessed a penalty for late filing an *e-Postcard*. However, it is critical that you file within the three-year period described above or your organization may lose its tax-exempt status. Learn more about automatic revocation and how to reinstate tax-exempt status.

Additional information

- Form 990-N FAQs
- Annual Electronic Filing Requirement for Small Exempt Organizations
- Annual Reporting & Filing
- Extension of Time to File Exempt Organization Returns

How do I file Form 990-N, e-Postcard?

Use the Form 990-N Electronic Filing system (e-Postcard) to electronically submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990EZ.

Beginning August 1, 2022, smaller charities that are eligible and choose to file Form 990-N, Electronic Notice for Tax-Exempt Organizations (e-Postcard), must sign into the IRS modernized authentication platform.

When accessing the Form 990-N Electronic Filing system, you will have three options:

1. **Sign in with their existing IRS username:** Users with an active IRS username have the option to access the Form 990-N submission page using their active IRS credentials
2. **Sign in with their existing ID.me account:** Users that have an ID.me account to access other IRS online services or from a state or federal agency can sign in using their existing ID.me account.

3. **Create a new ID.me account:** Users that don't have an active IRS username credential must register and sign in with ID.me. ID.me account creation requires an email address and multi-factor authentication. Form 990-N filers who have an existing IRS username and register for an ID.me account must use the same email address.

Other important filing information:

Form 990-N must be completed and filed electronically. There is no paper form.

- Form 990-N must be completed and filed electronically. There is no paper form.
- Do not use a smartphone or tablet to file your Form 990-N.
- Use the Form 990-N Electronic Filing System (e-Postcard) User Guide **PDF** while registering and filing.

See Annual Electronic Filing Requirement for Small Exempt Organizations for more information on Form 990-N.

What should I do if I'm having trouble with the Form 990-N electronic filing website?

If technical issues prevent you from registering or filing with the Form 990-N electronic filing system, try the suggestions below. If the problem still exists after trying all of the suggestions below, contact IRS Customer Account Services at 877-829-5500 (a toll-free number).

Take the following steps to prevent problems during the registration and filing processes:

- **Refer to the Form 990-N Electronic Filing System (e-Postcard) User Guide PDF for instructions.**
- **Do not use a smart phone or tablet to register or file your Form 990-N.**
- **Use correct text characters when registering and filing.**

Ensure that you use only letters, numbers or a hyphen when entering text fields. This character limit does not apply to password fields. When choosing a password on the Security Profile page, ensure you only use only letters, numbers, !, or #. Also, you may use spaces when choosing a site phrase.

- **Check your spam/junk email folders.**

When registering or requesting a user-identification reminder, check your junk/spam email folders for a response. The email may have been filtered out by your email program.

- **If the suggestions above don't resolve the issue, sign out of the filing system (if logged in), close all programs and shut down your computer.**

Wait a minute, restart your computer and try again. This step is required before calling the Customer Account Services line (877-829-5500) for technical help.

How much does it cost to file Form 990-N?

Form 990-N can be filed for free at IRS.gov. There is no paper form.

Do I need special software to file Form 990-N?

No, the IRS has created a simple internet-based process for filing Form 990-N, so organizations do not need to purchase software to file. Organizations that do not have access to a computer can go to places that provide internet access to the public, such as their local library, to file the Form 990-N, the *e-Postcard*.

Do I need an email address to file Form 990-N?

Yes, you will need an email address. The system uses the e-mail address to activate your login ID and password.

You will not receive notification by email that your form was rejected or accepted. You must return to the Form 990-N electronic Filing system (e-Postcard) to determine the status of your organization's Form 990-N.

When my organization attempted to file Form 990-N, we received an error message indicating that the EIN was incorrect. What should we do?

If you are certain that your EIN was entered correctly, the IRS may not have your organization listed as a tax-exempt organization. This may be because your application for tax exemption is pending or you did not apply for tax exemption. If this is the case, an officer of the organization should contact Customer Account Services at 877-829-5500 (a toll-free number) and ask that the organization be set up to allow filing of Form 990-N, the e-Postcard.

Your organization will need to allow six weeks for the IRS to update its records before you can file your Form 990-N. Your organization should not be concerned if this delay causes your filing to occur after your Form 990-N is due because there are no late filing or delinquency penalties associated with Form 990-N. Note, however that an organization's tax-exempt status is automatically revoked if it does not satisfy its annual filing requirement for three consecutive years.

Additional information

- Form 990-N FAQs
- Annual Electronic Filing Requirement for Small Exempt Organizations
- Form 990-N electronic Filing system (e-Postcard)

What information do I need to provide on Form 990-N?

Form 990-N is easy to complete. All you need is the following information:

- **Organization's legal name**
  An organization's legal name is the organization's name as it appears in the articles of incorporation or similar organizing document, as most recently amended and (when required by state law) filed with the appropriate state authority. If you have changed your organization's legal name, you must inform the IRS of the new name and provide certain supporting documentation before filing your **e-Postcard**. You should report the change of name as far in advance of your filing deadline as possible. If you haven't received an affirmation letter reflecting your name change by the time your return is due, you will have to file a paper return (Form 990 or 990-EZ) for the year in which you changed your name and report the change of name on the paper return.
- **Any other names your organization uses**
  If the organization is known by or uses other names to refer to the organization as a whole (and not to its programs and activities), commonly referred to as Doing-Business-As (DBA) names, they should be listed
- **Organization's mailing address**
  The mailing address is the current mailing address used by the organization. If the organization's mailing address has changed since it filed its previous return (Form 990 or 990-EZ) or e-Postcard simply enter the new mailing address.
- **Organization's website address** (if you have one).
- **Organization's employer identification number (EIN)**
  Every tax-exempt organization must have an EIN, sometimes referred to as a Taxpayer Identification Number (TIN), even if it does not have employees. The EIN is a unique number that identifies the organization to the Internal Revenue Service. Your organization would have acquired an EIN by filing a Form SS-4 prior to requesting tax-exemption. The EIN is a 9-digit number and the format of the number is NN-NNNNNNN (for example: 00-1234567). If you do not know your EIN, you may

be able to find it on the organization's bank statement, application for Federal tax-exempt status, or prior year return. Please note that the EIN is not your **tax-exempt number**. That term generally refers to a number assigned by a state agency that identifies organizations as exempt from state sales and use taxes. If you do not have an EIN, see the Instructions for Form SS-4 **PDF** for different ways to apply for an EIN. DO NOT use the EIN of a parent or other organization.

- **Name and address of a principal officer** of your organization
  Usually president, vice president, secretary, or treasurer – often specified in the organization's by-laws.
- **Organization's annual tax year**
  Like any taxpayer, exempt organizations must keep books and reports and file returns based on an annual accounting period called a tax year. A tax year is usually 12 consecutive months that can be either calendar year or fiscal year and is often specified in the organization's by-laws.
- **Answers** to the following questions:

Are your gross receipts still normally $50,000 or less?

Has your organization terminated or gone out of business?

Why do I need to provide this information?

The Pension Protection Act of 2006 added an annual filing requirement for small tax-exempt organizations to ensure that the IRS and potential donors have current information about your organization.

Additional information

- Form 990-N FAQs
- Annual Electronic Filing Requirement for Small Exempt Organizations

What to do after you file?

Will I get a confirmation that I filed Form 990-N, the e-Postcard?

No, you will not receive a confirmation e-mail. To check the status of your electronic filing, log into the Form 990 Electronic Filing System (e-Postcard) and go to the "Manage Form 990-N Submission" page. You'll see the status for each Form 990-N you submitted - indicating whether your form was accepted or rejected. If rejected, click on the "Submission ID" link for additional details.

If my information changes or I make a mistake, can I amend Form 990-N after submitting it to the IRS?

No, you cannot file an amended Form 990-N. You can make corrections or update your information when you file your next e-Postcard in a subsequent year.

How will the public get access to information we reported on Form 990-N?

The public can search for organizations that have filed an e-Postcard and view their filings using the Tax Exempt Organization Search tool. You can also download the entire database of e-Postcard filings on that site.

How can I print a copy of my Form 990-N?

When you electronically filed your 990-N, you were given an opportunity to print the form on the "Confirmation" page. If you didn't print your Form 990-N at that time, you can't print a new copy. The copy was for reference only; it can't be used to confirm IRS acceptance of your Form 990-N.

However, if your Form 990-N was accepted, your organization's electronic filing will be listed on Tax Exempt Organization Search. You can print that information for your records. Please allow up to four weeks for the Tax Exempt Organization Search system to display the latest filings.

I received a letter from the IRS about Form 990-N, but I am no longer with the organization and I am unable to forward the letter. What should I do?

Call Customer Account Services toll-free at 877-829-5500 and explain the situation.

IRS Form 990-N Electronic Filing System (e-Postcard)

User Guide

Publication 5248 (Rev. 8-2023) Catalog Number 68747U Department of the Treasury **Internal Revenue Service** www.irs.gov

Steps for using the Form 990-N Electronic Filing System (e-Postcard)

REMINDER

An organization cannot file Form 990-N until after the end of its **tax year**. For example:

- **Calendar Year Filers**

  If your organization uses a calendar year (a year ending December 31) as its tax year, it must wait until January 1, the day following the end of its tax year, to file.

- **Fiscal Year Filers**

  If your organization uses a fiscal year (a year ending on a date other than December 31) as its tax year, it must wait until the day following the end of its fiscal year to file.

The IRS determines the filing year using the beginning date of the organization's tax year.

NOTE: BEFORE FILING

If technical issues prevent you from registering or filing with the Form 990-N electronic filing system, try the suggestions below. If the problem still exists after trying all the suggestions below, contact IRS Customer Account Services at 877-829-5500 (a toll-free number).

Telephone assistance is also available for individuals with TTY equipment at 800-829-4059. Take the following steps to prevent problems during the registration and filing processes:

- **Do not use a smart phone or tablet to file your Form 990-N.**
- **Close multiple browsers when registering.**

  Errors may occur if you have additional internet browsers open during the registration process. Please close other internet browser windows.

- **Use correct text characters when registering and filing.**

  Ensure that you use only letters, numbers or a hyphen when entering text fields and limit your entries to 35 characters/spaces. These character limits do not apply to password fields. When choosing a password, use only letters, numbers and special characters except the caret (^).

- **If the suggestions above don't resolve the issue, sign out of the filing system (if logged in), close all programs and shut down your computer. Wait a minute, restart your computer and try again.**

  This step is required before calling the Customer Account Services line (877-829-5500) for technical help.

HOW TO SIGN IN

STEP 1

Open the electronic filing page: **https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard**.

After reviewing the information provided on the Form 990-N webpage, click the "Submit Form 990-N (e-Postcard)" link under the "Submitting Form 990-N (e-Postcard)" header.

STEP 2

Sign In or Create a New Account

- IRS offers sign-in options with Login.gov and ID.me. Both offer access to IRS online services through a secure account that protects your privacy.

HOW TO CREATE AN ELECTRONIC FORM SUBMISSION

STEP 1

Select **MANAGE E-POSTCARD PROFILE** to create a new Form 990-N electronic filing submission.

STEP 2

From the drop down shown below, select either **Exempt Organization** or Preparer in the "User Type" field.

- **Exempt Organization:** Select if you are only completing 990-N for your organization.
- **Preparer:** Select if you expect to help multiple organizations.

  Example: A preparer can be a paid preparer, such as a CPA, volunteer or someone aiding exempt organizations at a local library. By selecting Preparer, you can use your login to add as many organizations as you wish.

After selecting the user type, select **CONTINUE**.

STEP 3

Enter an EIN for the organization you're filing for, then click **ADD EIN**. You may also delete EINs already associated with your profile by selecting DELTE EIN. To continue, select **CREATE NEW FILING**.

STEP 4

Select the EIN you wish to file for from the drop-down menu. Once you have selected the EIN, select **CONTINUE**.

STEP 5

Complete the "Organization Details" page. If you don't understand the request, click the question mark icon (?) for an explanation. When you have completed each line, select **CONTINUE**.

STEP 6

Complete the "Contact Information" page. If you don't understand the request, click the question mark icon (?) for an explanation. When you have completed each line, select one of the following:

- **SAVE FILING:** Select if you are missing any requested information. This will allow you to return to complete it later.
- **SUBMIT FILING:** Select when you are sure all required information has been input.

NOTE WHEN REGISTERING OR FILING: TText fields cannot exceed 35 characters and must contain only alphanumeric characters. Periods, slashes and most special characters will cause registration or filing errors. Hyphens are permitted.

Also, enter website addresses using "www." - not "http://www."

STEP 7

The filing **CONFIRMATION** will display the filing status as "Pending."

Click on the word **PRINT** in the bottom paragraph to print a copy for your records.

Note: Once you leave the page, you won't be able to print this filing.

Select **MANAGE FORM 990-N SUBMISSIONS** to view or submit additional filings.

MANAGING FORM 990-N SUBMISSIONS

On the "Manage Form 990-N Submission" page, your submission will show the status of "Pending."

- After seven minutes, refresh the page (F5 key for Windows, Command-R for Mac) and the GET UPDATED STATUS button will be visible.
- The status will change from "Pending" to "Accepted" or "Rejected."
- If your submission was rejected, select the **submission ID hyperlink** for additional details.
- After the status is updated, the only valid statuses are "Accepted" or "Rejected." If your status displays any other text (like "submitted" or "MeF failed"), contact Customer Account Services at 877-829-5500.

ADDITIONAL INFORMATION

- **Annual electronic filing requirement for small exempt organizations** - Form 990-N (e-Postcard)
- **Form 990-N FAQs**
- **StayExempt.IRS.gov/workshop –** Free online courses to help organizational leadership and volunteers understand the benefits, limitations and expectations for exempt organizations.

Click on the question-mark icons to display help windows.
The information provided will enable you to file a more complete return and reduce the chances the IRS will need to contact you.

Form **990-EZ**

Department of the Treasury
Internal Revenue Service

Short Form
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
Do not enter social security numbers on this form, as it may be made public.
Go to *www.irs.gov/Form990EZ* for instructions and the latest information.

OMB No. 1545-0047

2024

Open to Public Inspection

A For the 2024 calendar year, or tax year beginning , 2024, and ending , 20

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite

City or town, state or province, country, and ZIP or foreign postal code

D Employer identification number

E Telephone number

F Group Exemption Number

G Accounting Method: ☐ Cash ☐ Accrual Other (specify):

H Check ☐ if the organization is **not** required to attach Schedule B (Form 990).

I **Website:**

J **Tax-exempt status** (check only one) — ☐ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

K Form of organization: ☐ Corporation ☐ Trust ☐ Association ☐ Other:

L Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. If gross receipts are $200,000 or more, or if total assets (Part II, column (B)) are $500,000 or more, file Form 990 instead of Form 990-EZ . . . . . $

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (see the instructions for Part I)

Check if the organization used Schedule O to respond to any question in this Part I . . . . . ☐

Revenue	1	Contributions, gifts, grants, and similar amounts received			1
	2	Program service revenue including government fees and contracts			2
	3	Membership dues and assessments			3
	4	Investment income			4
	5a	Gross amount from sale of assets other than inventory	5a		
	b	Less: cost or other basis and sales expenses	5b		
	c	Gain or (loss) from sale of assets other than inventory (subtract line 5b from line 5a)			5c
	6	Gaming and fundraising events:			
	a	Gross income from gaming (attach Schedule G if greater than $15,000)	6a		
	b	Gross income from fundraising events (not including $ of contributions from fundraising events reported on line 1) (attach Schedule G if the sum of such gross income and contributions exceeds $15,000)	6b		
	c	Less: direct expenses from gaming and fundraising events	6c		
	d	Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c)			6d
	7a	Gross sales of inventory, less returns and allowances	7a		
	b	Less: cost of goods sold	7b		
	c	Gross profit or (loss) from sales of inventory (subtract line 7b from line 7a)			7c
	8	Other revenue (describe in Schedule O)			8
	9	**Total revenue.** Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8			9
Expenses	10	Grants and similar amounts paid (list in Schedule O)			10
	11	Benefits paid to or for members			11
	12	Salaries, other compensation, and employee benefits			12
	13	Professional fees and other payments to independent contractors			13
	14	Occupancy, rent, utilities, and maintenance			14
	15	Printing, publications, postage, and shipping			15
	16	Other expenses (describe in Schedule O)			16
	17	**Total expenses.** Add lines 10 through 16			17
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 9)			18
	19	Net assets or fund balances at beginning of year (from line 27, column (A)) (must agree with end-of-year figure reported on prior year's return)			19
	20	Other changes in net assets or fund balances (explain in Schedule O)			20
	21	Net assets or fund balances at end of year. Combine lines 18 through 20			21

Part II **Balance Sheets** (see the instructions for Part II)
Check if the organization used Schedule O to respond to any question in this Part II . . . . . ☐

		(A) Beginning of year		(B) End of year
22	Cash, savings, and investments		22	
23	Land and buildings		23	
24	Other assets (describe in Schedule O)		24	
25	**Total assets**		25	
26	**Total liabilities** (describe in Schedule O)		26	
27	**Net assets or fund balances** (line 27 of column (B) **must** agree with line 21)		27	

Part III **Statement of Program Service Accomplishments** (see the instructions for Part III)
Check if the organization used Schedule O to respond to any question in this Part III . . ☐

Expenses (Required for section 501(c)(3) and 501(c)(4) organizations; optional for others.)

What is the organization's primary exempt purpose?

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. In a clear and concise manner, describe the services provided, the number of persons benefited, and other relevant information for each program title.

28

(Grants $) If this amount includes foreign grants, check here . . . . . ☐ 28a

29

(Grants $) If this amount includes foreign grants, check here . . . . . ☐ 29a

30

(Grants $) If this amount includes foreign grants, check here . . . . . ☐ 30a

31 Other program services (describe in Schedule O) . . . . . .
(Grants $) If this amount includes foreign grants, check here . . . . . ☐ 31a

32 **Total program service expenses** (add lines 28a through 31a) 32

Part IV **List of Officers, Directors, Trustees, and Key Employees** (list each one even if not compensated—see the instructions for Part IV)
Check if the organization used Schedule O to respond to any question in this Part IV . . . . . ☐

(a) Name and title	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC/1099-NEC) (if not paid, enter -0-)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

Part V **Other Information** (Note the Schedule A and personal benefit contract statement requirements in the instructions for Part V.) Check if the organization used Schedule O to respond to any question in this Part V . ☐

			Yes	No
33	Did the organization engage in any significant activity not previously reported to the IRS? If "Yes," provide a detailed description of each activity in Schedule O	33		
34	Were any significant changes made to the organizing or governing documents? If "Yes," attach a conformed copy of the amended documents if they reflect a change to the organization's name. Otherwise, explain the change on Schedule O. See instructions	34		
35a	Did the organization have unrelated business gross income of $1,000 or more during the year from business activities (such as those reported on lines 2, 6a, and 7a, among others)?	35a		
b	If "Yes" to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O	35b		
c	Was the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization subject to section 6033(e) notice, reporting, and proxy tax requirements during the year? If "Yes," complete Schedule C, Part III	35c		
36	Did the organization undergo a liquidation, dissolution, termination, or significant disposition of net assets during the year? If "Yes," complete applicable parts of Schedule N	36		
37a	Enter amount of political expenditures, direct or indirect, as described in the instructions 37a			
b	Did the organization file **Form 1120-POL** for this year?	37b		
38a	Did the organization borrow from, or make any loans to, any officer, director, trustee, or key employee; **or** were any such loans made in a prior year and still outstanding at the end of the tax year covered by this return?	38a		
b	If "Yes," complete Schedule L, Part II, and enter the total amount involved 38b			
39	Section 501(c)(7) organizations. Enter:			
a	Initiation fees and capital contributions included on line 9 39a			
b	Gross receipts, included on line 9, for public use of club facilities 39b			
40a	Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911: _____; section 4912: _____; section 4955: _____			
b	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in any section 4958 excess benefit transaction during the year, or did it engage in an excess benefit transaction in a prior year that has not been reported on any of its prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	40b		
c	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax imposed on organization managers or disqualified persons during the year under sections 4912, 4955, and 4958 _____			
d	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization _____			
e	All organizations. At any time during the tax year, was the organization a party to a prohibited tax shelter transaction? If "Yes," complete Form 8886-T	40e		
41	List the states with which a copy of this return is filed: _____			
42a	The organization's books are in care of: _____ Telephone no. _____ Located at: _____ ZIP + 4 _____			
b	At any time during the calendar year, did the organization have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? If "Yes," enter the name of the foreign country: _____ See the instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).	42b		
c	At any time during the calendar year, did the organization maintain an office outside the United States? If "Yes," enter the name of the foreign country: _____	42c		
43	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-EZ in lieu of **Form 1041**—Check here ☐ and enter the amount of tax-exempt interest received or accrued during the tax year 43			

			Yes	No
44a	Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44a		
b	Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ	44b		
c	Did the organization receive any payments for indoor tanning services during the year?	44c		
d	If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	44d		
45a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	45a		
b	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," Form 990 and Schedule R may need to be completed instead of Form 990-EZ. See instructions	45b		

			Yes	No
46	Did the organization engage, directly or indirectly, in political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I	46		

Part VI **Section 501(c)(3) Organizations Only**

All section 501(c)(3) organizations must answer questions 47–49b and 52, and complete the tables for lines 50 and 51.

Check if the organization used Schedule O to respond to any question in this Part VI ☐

			Yes	No
47	Did the organization engage in lobbying activities or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	47		
48	Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	48		
49a	Did the organization make any transfers to an exempt non-charitable related organization?	49a		
b	If "Yes," was the related organization a section 527 organization?	49b		

50 Complete this table for the organization's five highest compensated employees (other than officers, directors, trustees, and key employees) who each received more than $100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and title of each employee	(b) Average hours per week devoted to position	(c) Reportable compensation (Forms W-2/1099-MISC/ 1099-NEC)	(d) Health benefits, contributions to employee benefit plans, and deferred compensation	(e) Estimated amount of other compensation

f Total number of other employees paid over $100,000

51 Complete this table for the organization's five highest compensated independent contractors who each received more than $100,000 of compensation from the organization. If there is none, enter "None."

(a) Name and business address of each independent contractor	(b) Type of service	(c) Compensation

d Total number of other independent contractors each receiving over $100,000

52 Did the organization complete Schedule A? **Note:** All section 501(c)(3) organizations must attach a completed Schedule A ☐ Yes ☐ No

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer		Date	
	Type or print name and title			
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed / PTIN
	Firm's name			Firm's EIN
	Firm's address			Phone no.

May the IRS discuss this return with the preparer shown above? See instructions ☐ Yes ☐ No

2024

Instructions for Form 990-EZ

Short Form Return of Organization Exempt From Income Tax Under Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Section references are to the Internal Revenue Code unless otherwise noted.

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Future developments. For the latest information about developments related to Form 990-EZ and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form990EZ*.

Reminders

Required electronic filing of Form 990-EZ by exempt organizations. Form 990-EZ must be filed electronically. See *General Instructions D. When, Where, and How To File*, later, for more information.

Purpose of Form

Form 990, Return of Organization Exempt From Income Tax, and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts (that are not treated as private foundations), and section 527 political organizations to provide the IRS with the information required by section 6033.

An organization's completed Form 990 or 990-EZ, and a section 501(c)(3) organization's Form 990-T, Exempt Organization Business Income Tax Return, are generally available for public inspection as required by section 6104. Schedule B (Form 990), Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or 990-EZ. Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation, is also open for public inspection for organizations filing Form 990-PF. For other organizations that file Form 990 or 990-EZ, parts of Schedule B (Form 990) can be open to public inspection. For more details, see *Appendix D: Public Inspection of Returns*, later, and the Instructions for Schedule B (Form 990).

Some members of the public rely on Form 990 or 990-EZ as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return.

Other purposes of Form 990 and 990-EZ include the following.

1. Form 990-EZ can be filed by organizations with gross receipts of less than $200,000 and total assets of less than $500,000 at the end of their tax year.
2. Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)), organizations that operate a hospital facility, organizations recognized by the IRS as section 501(c)(29) nonprofit health insurance issuers, and certain controlling organizations defined in section 512(b)(13) must file Form 990 rather than Form 990-EZ regardless of the amount of their gross receipts and total assets. See *General Instructions A. Who Must File*, and the instructions for lines 44 and 45, later, before completing this form.
3. Form 990-EZ can't be used by a private foundation required to file Form 990-PF. A section 501(c)(3) or section 4947(a)(1) organization should refer to the Instructions for Schedule A (Form 990), Public Charity Status and Public Support, to determine whether it is a private foundation.
4. Form 990 must be used to file a group return, not Form 990-EZ. See *General Instructions A*, later.

General Instructions

Overview of Form 990-EZ. Form 990-EZ is an annual information return required to be filed with the IRS by many organizations exempt from income tax under section 501(a), and certain political organizations and nonexempt charitable trusts. Parts I through V of the form must be completed by all filing organizations (Part VI must be completed by section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts), and require reporting on the organization's exempt and other activities, finances, compliance with certain federal tax filings and requirements, and compensation paid to certain persons. Additional schedules are required to be completed depending on the activities and type of organization. The

completed Form 990-EZ filed with the IRS, except for certain contributor information on Schedule B (Form 990), is required to be made available to the public by the IRS and the filing organization (see *Appendix D*, later). Also, the organization may be required to file the completed Form 990-EZ with state governments to satisfy state reporting requirements. See *Appendix G: Use of Form 990 or 990-EZ To Satisfy State Reporting Requirements*, later.

CAUTION ***Reminder: Don't Include Social Security Number on Publicly Disclosed Forms.*** *Because the filing organization and the IRS are required to publicly disclose the organization's annual information returns, social security numbers (SSNs) shouldn't be included on this form. By law, with limited exceptions, neither the organization nor the IRS may remove that information before making the form publicly available. Documents subject to disclosure include schedules and attachments filed with the form. For more information, see* Appendix D, *later.*

Helpful hints. The following hints may help you more efficiently review these instructions and complete the form.

1. Throughout these instructions, "the organization" and the "filing organization" both refer to the organization filing Form 990-EZ.
2. The examples appearing throughout these instructions are illustrative only and for the purpose of completing Form 990-EZ, but aren't all-inclusive.
3. Instructions for the Form 990-EZ schedules are published separately from these instructions.
4. Unless otherwise specified, information should be provided for the organization's tax year. For instance, an organization should answer "Yes" to a question asking whether it conducted a certain type of activity only if it conducted that activity during the tax year.

CAUTION *Organizations that have total gross income from unrelated trades or businesses of at least $1,000 are also required to file Form 990-T in addition to any required Form 990, 990-EZ, or 990-N.*

A. Who Must File

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or Form 990-EZ), depending upon the organization's gross receipts and total assets.

Form 990-EZ. If an organization has gross receipts less than $200,000 and total assets at the end of the year less than $500,000, it can file Form 990-EZ, instead of Form 990. But see the special rules later regarding *Section 501(c)(21) black lung trusts*, *Sponsoring organizations of donor advised funds*, *Organizations that operate one or more hospital facilities*, *Section 501(c)(29) nonprofit health insurance issuers*, and *Controlling organizations described in section 512(b)(13)*.

Form 990. Form 990 (not 990-EZ or 990-N) must be filed by an organization exempt from income tax under section 501(a) (including an organization that hasn't applied for recognition of exemption or whose application for recognition of exemption is pending) if it has either gross receipts greater than or equal to $200,000 or total assets greater than or equal to $500,000 at the end of the tax year (with exceptions described below for organizations eligible to submit Form 990-N and for certain organizations described in *General Instructions B. Organizations Not Required To File Form 990 or 990-EZ*, later). Organizations that must file include the following.

- Organizations described in section 501(c)(3) (other than private foundations).
- Organizations described in other section 501(c) subsections.

Gross receipts. Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. See *Appendix B: How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less*, later, for a discussion of gross receipts. Total assets is the amount reported by the organization on its balance sheet (Form 990-EZ, Part II, line 25, column (B)) as of the end of the year, without reduction for liabilities.

For purposes of Form 990 or 990-EZ reporting, the term "section 501(c)(3)" includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(j) (amateur sports organizations), 501(k) (childcare organizations), and 501(n) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4958 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

Form 990-N. If an organization normally has annual gross receipts of $50,000 or less, it must submit Form 990-N if it doesn't file Form 990 or 990-EZ (with exceptions described later for certain section 509(a)(3) supporting organizations and for certain organizations described in *General Instructions B*, later). If the organization chooses to file Form 990-EZ, be sure to file a complete return. See *Appendix B*, later, for a discussion of gross receipts and *General Instructions H. Requirements for a Properly Completed Form 990-EZ*, later, for a discussion of a complete return.

Foreign and U.S. territory organizations. Foreign organizations and U.S. territory organizations, as well as domestic organizations, must file Form 990 or 990-EZ unless specifically excepted under *General Instructions B*, later. Report amounts in U.S. dollars, and state what conversion rate the organization uses. Combine amounts from inside and outside the United States and report the total for each item. All information must be written in English.

Section 501(c)(21) black lung trusts. The trustee of a trust exempt from tax under section 501(a) and described in section 501(c)(21) must file Form 990 and not Form 990-EZ, unless the trust normally has gross receipts in each tax year of not more than $50,000 and can file Form 990-N.

Sponsoring organizations of donor advised funds. Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)) must file Form 990 and not Form 990-EZ. See line 44a and the related instructions.

Organizations that operate one or more hospital facilities. Organizations that operated one or more hospital facilities during the tax year must file Form 990, and not Form 990-EZ, and complete Schedule H (Form 990), Hospitals. A "hospital facility" is a facility that is required to be licensed, registered, or similarly recognized by a state as a hospital. See line 44b and the related instructions.

Section 501(c)(29) nonprofit health insurance issuers. Nonprofit health insurance issuers described in section 501(c)(29) must file Form 990 and not Form 990-EZ.

Controlling organizations described in section 512(b)(13). A controlling organization of one or more controlled entities, as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was a certain type of transfer of funds

between the controlling organization and any controlled entity during the year. See line 45 and the related instructions.

Section 509(a)(3) supporting organizations. A section 509(a)(3) supporting organization must file Form 990 or 990-EZ, even if its gross receipts are normally $50,000 or less, and even if it is described in Rev. Proc. 96-10, 1996-1 C.B. 577, or is an affiliate of a governmental unit described in Rev. Proc. 95-48, 1995-2 C.B. 418, unless it qualifies as one of the following.

1. An integrated auxiliary of a church, as described in Regulations section 1.6033-2(h).
2. The exclusively religious activities of a religious order.
3. An organization whose gross receipts are normally not more than $5,000 that supports a section 501(c)(3) religious organization.

If the organization is described in (3), then it must submit Form 990-N unless it voluntarily files Form 990 or 990-EZ.

Section 501(c)(7) and 501(c)(15) organizations. Section 501(c)(7) and 501(c)(15) organizations apply the same gross receipts test as other organizations to determine whether they must file a Form 990 or 990-EZ, but use a different definition of gross receipts to determine whether they qualify as tax exempt for the tax year. See *Appendix C: Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and Section 501(c)(15) Organizations*, later, for more information.

Section 527 political organizations. Tax-exempt political organizations must file Form 990 or 990-EZ unless their annual gross receipts are less than $25,000 during the tax year or they are otherwise excepted under *General Instructions B*, later. A section 527 political organization that is a qualified state or local political organization must file Form 990 or 990-EZ only if it has gross receipts of $100,000 or more. Political organizations aren't required to submit Form 990-N.

Section 4947(a)(1) nonexempt charitable trusts. A nonexempt charitable trust described under section 4947(a)(1) (if it isn't treated as a private foundation) is required to file Form 990 or 990-EZ unless excepted under *General Instructions B*, later. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. Section 4947(a)(1) trusts must complete all sections of the Form 990-EZ and schedules that 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in Form 990-EZ, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990)), unless otherwise specified. If such a trust doesn't have any taxable income under subtitle A of the Code, it can file Form 990 or 990-EZ to meet its section 6012 filing requirement and doesn't have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

Group returns. A group return filed by the central or parent organization on behalf of the subordinates in a group exemption must be filed using Form 990, not Form 990-EZ.

Returns when exempt status not established. An organization is required to file Form 990 or 990-EZ in accordance with these instructions if the organization claims exempt status under section 501(a) but hasn't established such exempt status by filing Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Form 1024, Application for Recognition of Exemption Under Section 501(a) or Section 521 of the Internal Revenue Code; or Form 1024-A, Application for Recognition of Exemption Under Section 501(c)(4) of the Internal Revenue Code, and receiving an IRS determination letter recognizing exempt status. In such cases, the organization must check the "Application pending" checkbox in *Item B* of the Form 990 or 990-EZ header (whether or not a Form 1023, 1023-EZ, 1024, or 1024-A has been filed) to indicate that Form 990 or 990-EZ is being filed in the belief that the organization is exempt under section 501(a).

To qualify for recognition of tax exemption retroactive to its date of organization or formation, an organization claiming tax-exempt status must generally file Form 1023, 1023-EZ, 1024, or 1024-A within 27 months of the end of the month in which it was legally organized or formed.

B. Organizations Not Required To File Form 990 or 990-EZ

An organization described below doesn't have to file Form 990 or 990-EZ even if it has at least $200,000 of gross receipts or $500,000 total assets at the end of the tax year (except for section 509(a)(3) supporting organizations described in *General Instructions A*). See *General Instructions A*, earlier, for determining whether the organization can file Form 990-EZ instead of Form 990. An organization described in item 10 or 11 under *Certain organizations with limited gross receipts*, later, is required to submit Form 990-N unless it voluntarily files Form 990 or 990-EZ, as applicable.

Certain religious organizations

1. A church, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).
2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10. But see the filing requirements for section 509(a)(3) supporting organizations in *General Instructions A*, earlier.
3. A school below college level affiliated with a church or operated by a religious order, as described in Regulations section 1.6033-2(g)(1)(vii).
4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.
5. An exclusively religious activity of any religious order described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Certain governmental organizations

6. A state institution whose income is excluded from gross income under section 115.
7. A governmental unit or affiliate of a governmental unit described in Rev. Proc. 95-48. But see the filing requirements for section 509(a)(3) supporting organizations in *General Instructions A*, earlier.
8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

Certain political organizations

9. A political organization that is:
   - A state or local committee of a political party,
   - A political committee of a state or local candidate,
   - A caucus or association of state or local officials, or
   - Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

Certain organizations with limited gross receipts

10. An organization whose gross receipts are normally $50,000 or less. Such organizations are generally required to submit Form 990-N if they choose not to file Form 990 or 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*, later.

11. Foreign organizations and organizations located in U.S. territories, whose gross receipts from sources within the United States are normally $50,000 or less, and which didn't engage in significant activity in the United States (other than investment activity). Such organizations, if they claim U.S. tax exemption or are recognized by the IRS as tax exempt, are generally required to submit Form 990-N if they choose not to file Form 990 or 990-EZ.

    If a foreign organization or organization located in a U.S. territory is required to file a Form 990 or 990-EZ, then its worldwide gross receipts, as well as assets, are taken into account in determining whether it qualifies to file Form 990-EZ. To determine what an organization's gross receipts normally are, see *Appendix B*, later.

Certain organizations that file different kinds of annual information returns

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF for a taxable private foundation, a section 4947(a)(1) nonexempt charitable trust treated as a private foundation, and a private foundation terminating its status by becoming a public charity under section 507(b)(1)(B) for tax years within its 60-month termination period. If the section 507(b)(1)(B) organization successfully terminates, then it files Form 990 or 990-EZ in its final year of termination.

13. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.

14. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.

TIP *Subordinate organizations in a group exemption that are included in a group return filed for the tax year by the central organization shouldn't file a separate Form 990 or 990-EZ, or submit Form 990-N for the tax year.*

TIP *A public charity described in section 170(b)(1)(A)(iv) or (vi) or 509(a)(2) that isn't within its initial 5 years of existence should first complete Part II or III of Schedule A (Form 990) to ensure that it continues to qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990-EZ.*

C. Accounting Periods and Methods

Accounting Periods

Calendar year. Use the 2024 Form 990-EZ to report on the 2024 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

Fiscal year. If the organization has established a fiscal year accounting period, use the 2024 Form 990-EZ to report on the organization's fiscal year that began in 2024 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in the heading of Form 990-EZ the date the organization's fiscal year began in 2024 and the date the fiscal year ended in 2025.

Short period. A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year began in 2024 and ended before December 31, 2024 (not on or after December 31, 2024), it may use either 2023 Form 990 or 2024 Form 990-EZ to file for the short year. If using the 2023 return, provide the information for designated years listed on the return, other than the tax year being reported, as if the years shown in the form text and headings were updated.

For example, if filing for a short period beginning in 2024 on the 2023 Form 990-EZ, provide the information on Schedule A (Form 990), Part II, for the tax years 2020-2024, rather than for tax years 2019-2023. Check the "Initial return" box or the "Final return/terminated" box in Item B of the Heading if either of those situations apply.

Accounting period change. If the organization changes its accounting period, it must file a Form 990 for the short period resulting from the change. If you are filing a short period return because you changed your accounting period, use the change of accounting period field provided by the software provider to file. Also, include the reason for the change, either "Form 1128 was approved" or "Revenue Procedure 85-58 rules apply."

If the organization has previously changed its annual accounting period at any time within the 10-calendar-year period that includes the beginning of the **short period resulting from the current change in accounting period**, and it had a Form 990 series or income tax return filing requirement at any time during that 10-year period, it must also file a Form 1128, Application To Adopt, Change, or Retain a Tax Year, with the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740. See also IRS.gov for further instructions.

If an organization that submits Form 990-N changes its accounting period, it must report this change on Form 990, 990-EZ, or 1128, or by sending a letter to:

Internal Revenue Service
1973 Rulon White Blvd.
Ogden, UT 84201

Accounting Methods

An "accounting method," for federal income tax purposes, is a practice a taxpayer follows to determine the tax year in which to report revenue and expenses for federal income tax purposes. An accounting method includes not only the overall plan of accounting for gross income or deductions (for example, an accrual method or the cash receipts and disbursement method), but also the treatment of any item that involves the proper time for the inclusion of an item in income or the taking of an item as a deduction, or both. However, a practice that does not affect the timing for reporting an item of income or deduction for purposes of determining taxable income is not an accounting method. A taxpayer, including a tax-exempt entity, generally adopts any permissible accounting method in the first year in which it uses the method in determining its taxable income. See Rev. Proc. 2015-13, 2015-5 I.R.B. 419 as modified by Rev. Proc. 2021-34, 2021-35 I.R.B. 337.

CAUTION *An exempt organization may adopt an accounting method not only for purposes of calculating taxable income, but also for purposes of determining whether taxable income will be subject to federal income tax. For example, a tax-exempt entity may adopt an accounting method for an item of income from an unrelated trade or business activity even if the gross income from such activity is less than $1,000 and is therefore not taxed for federal income tax purposes pursuant to Regulations section 1.6012-2(e).*

An accounting method for an item of income or deduction may generally be adopted separately for each of the taxpayer's trades or businesses. However, in order to be permissible, an accounting method must clearly reflect the taxpayer's income. Unless instructed otherwise, the organization should generally use the same accounting method on the return (including Form 990-EZ and all schedules) to report revenue and expenses that it regularly uses to keep its books and records.

Accounting method change. Once a taxpayer, including a tax-exempt entity, adopts an accounting method for federal income tax purposes, the taxpayer must generally request the IRS's consent before it can change its accounting method (even if the year in which the taxpayer seeks to make the change is a year in which it generates only tax-exempt income or is otherwise not taxed on its taxable income). In most cases, a taxpayer requests consent to change an accounting method by filing Form 3115, Application for Change in Accounting Method. See Rev. Proc. 2015-13, or any successor, for general procedures for obtaining consent to change an accounting method.

Depending on the specific accounting method change being requested, the taxpayer may be able to request "automatic" consent. This means that as long as the taxpayer follows the applicable procedures, the taxpayer does not have to wait for formal approval by the IRS before applying the new accounting method. See Rev. Proc. 2024–23, 2024–23 I.R.B. 1334, as modified by Rev. Proc. 2024–30, or its successor, for a list of accounting method changes that generally qualify for automatic consent.

For example, a tax-exempt entity that has adopted an accounting method for an item of income from an unrelated trade or business must generally request consent before it can change its method of accounting for that item in any subsequent year. This is true regardless of whether gross income from the unrelated trade or business is greater than or equal to $1,000 in such subsequent year.

Alternatively, if a taxpayer, including a tax-exempt entity, has not yet adopted an accounting method for an item of income or deduction, a change in how the entity reports the item is not a change in accounting method. In this case, the procedures applicable to requests for accounting method changes (for example, the requirement to file Form 3115) are not applicable.

Thus, a tax-exempt entity that has never taken into account an item of income or deduction in determining taxable income does not have to request consent to change its method of reporting that item on Form 990-EZ. Additionally, a tax-exempt entity that has never been subject to federal income tax on an item of income or deduction but that is required to file a Form 990-T solely due to owing a section 6033(e)(2) proxy tax does not have to request consent to change its method for reporting the item.

Adjustments required when changing an accounting method. A taxpayer, including a tax-exempt entity, that changes its accounting method must generally calculate and report an adjustment to ensure that no portion of the item being changed is permanently omitted or duplicated (see section 481(a)). However, depending on the specific method change, the IRS may provide that an adjustment is not required or permitted. An organization must report any adjustment required by section 481(a) in Part I, line 20 (other changes in net assets or fund balances), as a net asset adjustment made during the tax year. The organization must explain in Schedule O (Form 990), Supplemental Information to Form 990 or 990-EZ, the change and net asset adjustment.

Generally, a taxpayer, including a tax-exempt entity, will recognize a positive section 481(a) adjustment (that is, an increase to income) ratably over 4 tax years and will recognize a negative section 481(a) adjustment in full in the year of change. See Rev. Proc. 2015-13, or its successor.

However, as discussed above, if a tax-exempt entity has not yet adopted an accounting method for an item, a change in how the entity reports the item for purposes of the Form 990-EZ is not a change in accounting method. In this case, an adjustment under section 481(a) is not required or permitted.

State reporting. Many states that accept Form 990-EZ in place of their own forms require that all amounts be reported based on the accrual method of accounting. If the organization prepares Form 990-EZ for state reporting purposes, it can file an identical return with the IRS even though the return doesn't agree with the books of account, unless the way one or more items are reported on the state return conflicts with the instructions for preparing Form 990-EZ for filing with the IRS.

Example 1. The organization maintains its books on the cash receipts and disbursements method of accounting but prepares a Form 990-EZ return for the state based on the accrual method. It could use that return for reporting to the IRS.

Example 2. A state reporting requirement requires the organization to report certain revenue, expense, or balance sheet items differently from the way it normally accounts for them on its books. A Form 990-EZ prepared for that state is acceptable for IRS reporting purposes if the state reporting requirement doesn't conflict with the Instructions for Form 990-EZ.

An organization should keep a reconciliation of any differences between its books of account and the Form 990-EZ that is filed.

See Pub. 538, Accounting Periods and Methods, and the instructions for Forms 1128 and 3115, about reporting changes to accounting periods and methods. See IRS.gov for details.

D. When, Where, and How To File

File Form 990-EZ by the 15th day of the 5th month after the organization's accounting period ends (May 15 for a calendar-year filer). If the due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. A business day is any day that isn't a Saturday, Sunday, or legal holiday.

If the organization is liquidated, dissolved, or terminated, file the return by the 15th day of the 5th month after liquidation, dissolution, or termination.

If the return isn't filed by the due date (including any extension granted), attach a statement giving the reason(s) for not filing on time.

Required electronic filing. If you are filing a 2024 Form 990-EZ, you are required to file electronically.

For additional information on the electronic filing requirement, including information about when electronic filing ceases to be available for a given year, visit IRS.gov/EOefile.

E. Extension of Time To File

Use Form 8868, Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefits Plans, to request an automatic extension of time to file.

F. Amended Return/Final Return

To amend the organization's return for any year, file a new return including any required schedules. Use the version of Form

990-EZ applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box in *Item B* of the heading of the return. Also, list in Schedule O (Form 990) which parts and schedules of Form 990-EZ were amended and describe the amendments.

The organization can file an amended return at any time to change or add to the information reported on a previously filed return for the same period. It must make the amended return available for inspection for 3 years from the date of filing or 3 years from the date the original return was due, whichever is later.

If the organization needs a copy of its previously filed return, it can file Form 4506-A, Request for a Copy of Exempt or Political Organization IRS Form. Go to *IRS.gov/Forms* for information on getting blank tax forms.

If the return is a final return, the organization must check the "Final return/terminated" box in *Item B* of the heading of the return and complete Schedule N (Form 990), Liquidation, Termination, Dissolution, or Significant Disposition of Assets.

Amended returns and state filing considerations. State law can require that the organization send a copy of an amended Form 990-EZ return (or information provided to the IRS supplementing the return) to the state with which it filed a copy of Form 990-EZ originally to meet that state's filing requirement. A state can require an organization to file an amended Form 990-EZ to satisfy state reporting requirements, even if the original return was accepted by the IRS.

G. Failure-To-File Penalties

Against the organization. Under section 6652(c)(1)(A), a penalty of $25 a day, not to exceed the lesser of $12,500 or 5% of the gross receipts of the organization for the year, can be charged when a return is filed late, unless the organization can show that the late filing was due to reasonable cause. Organizations with annual gross receipts exceeding $1,274,000 are subject to a penalty of $125 for each day failure continues (with a maximum penalty for any one return of $63,500). The penalty applies on each day after the due date that the return isn't filed.

Tax-exempt organizations that are required to file electronically but don't are deemed to have failed to file the return. This is true even if a paper return is submitted.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

1. Complete all applicable line items;
2. Unless instructed to skip a line, answer each question on the return;
3. Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported; and
4. Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses may be subject to this penalty.

Use of a paid preparer doesn't relieve the organization of its responsibility to file a complete and accurate return.

Against responsible person(s). If the organization doesn't file a complete return or doesn't furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of $10 a day. The maximum penalty on all persons for failures for any one return will not exceed $6,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

Automatic revocation for nonfiling for 3 consecutive years. The law requires most tax-exempt organizations to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N e-Postcard to the IRS. For more information on exceptions to this requirement, visit *Annual Exempt Organization Return: Who Must File*.

After the organization's second consecutive failure to file their required return or notice, and if the second consecutive year is required to be filed after 2019, the IRS is required to notify the organization with information about how to comply with the filing requirements.

If an organization fails to file an annual return or submit an annual notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return.

Organizations that lose their exemption may need to file income tax returns and pay income tax, but may apply for reinstatement of exemption. For details, go to *IRS.gov/EO*.

H. Requirements for a Properly Completed Form 990-EZ

All organizations filing Form 990-EZ must complete Parts I through V of Form 990-EZ, and any required schedules and attachments. Section 501(c)(3) organizations must also complete Part VI. If an organization isn't required to file Form 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

Public inspection. In general, all information the organization reports on or with its Form 990-EZ, including schedules and attachments, will be available for public inspection. Note, however, the special rules for Schedule B (Form 990), a required schedule for certain organizations that file Form 990-EZ. Make sure the forms and schedules are clear enough to photocopy legibly. For more information on public inspection requirements, see *Appendix D*, later, and Pub. 557, Tax-Exempt Status for Your Organization.

Signature. A Form 990-EZ isn't complete without a proper signature. For details, see the instructions under *Signature Block*, later.

Recordkeeping. The organization's records should be kept as long as they can be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit must be kept a minimum of 3 years from the date the return is due or filed, whichever is later. Keep records that verify the organization's basis in property as long as they are needed to figure the basis of the original or replacement property. Applicable law and an organization's policies can require that the organization retain records longer than 3 years.

The organization should also keep copies of any returns it has filed. They help in preparing future returns and making computations when filing an amended return.

Rounding off to whole dollars. The organization can round off cents to whole dollars on the returns and schedules. If the organization does round to whole dollars, the organization must

round all amounts. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, $1.49 becomes $1 and $2.50 becomes $3. If the organization has to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Completing all lines. Make an entry (including a zero ("-0-") when appropriate) on all lines requiring an amount or other information to be reported. Do not leave any applicable lines blank, unless expressly instructed to skip a line. If answering a line is predicated on a "Yes" answer to the preceding line, and if the organization's answer to the preceding line was "No," then leave the "If Yes" line blank.

In general, answers can be explained or supplemented in Schedule O (Form 990) if the allotted space in the form or other schedule is insufficient, or if a "Yes" or "No" answer is required but the organization wishes to explain its answer.

Missing or incomplete parts of the form and/or required schedules may result in the IRS contacting you to obtain the missing information. Failure to supply the information may result in a penalty being assessed to your account. For tips on filing complete returns, go to IRS.gov/Charities.

Reporting proper amounts. Some lines request information reported on other forms filed by the organization, such as Forms W-2, 1099, and 990-T. If the organization is aware that the amount actually reported on the other form is incorrect, it must report on Form 990-EZ the information that should have been reported on the other form (in addition to filing an amended form with the proper amount).

In general, don't report negative numbers, but report zero ("-0-") in lieu of a negative number, unless the instructions provide otherwise. Report revenue and expenses separately and don't net related items, unless otherwise provided.

Inclusion of activities and items of disregarded entities and joint ventures. An organization must report in its Form 990-EZ all of the revenues, expenses, assets, liabilities, and net assets or funds of a disregarded entity of which it is the sole member, and must report in its Form 990-EZ its share of all such items of a joint venture or other investment or arrangement treated as a partnership for federal income tax purposes. This includes passive investments. In addition, the organization must generally report the activities of a disregarded entity or a joint venture as its own activities in the appropriate parts and schedules of Form 990-EZ.

TIP *A disregarded entity must generally use the employer identification number (EIN) of its sole member. An exception applies to employment taxes. For wages paid to employees of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).*

List of required schedules and attachments. An organization may be required to file one or more schedules of Form 990-EZ or various other attachments as described in the form or instructions. The following is a list of the Form 990-EZ schedules that the organization may have to complete.

- Schedule A, Public Charity Status and Public Support. See *Part V, Other Information.*
- Schedule B, Schedule of Contributors. See *Item H. Schedule B.*
- Schedule C, Political Campaign and Lobbying Activities, Part III. See *Line 35c. Section 6033(e) Tax for Lobbying Expenditures.*
- Schedule C, Part I. See *Line 46. Political Campaign Activities.*
- Schedule C, Part II. See *Line 47. Lobbying Activities.*
- Schedule E, Schools. See *Line 48. Schools.*
- Schedule G, Supplemental Information Regarding Fundraising or Gaming Activities, Parts II and III. See lines 6a through 6d (gaming and fundraising events).
- Schedule L, Transactions With Interested Persons, Part I. See *Line 40b* (section 4958 excess benefit transactions).
- Schedule L, Part II. See *Line 38. Loans to or From Officers, Directors, Trustees, and Key Employees.*
- Schedule N, Liquidation, Termination, Dissolution, or Significant Disposition of Assets, Parts I (liquidation, termination, or dissolution) and II (significant disposition of net assets). See *Line 36. Liquidation, Dissolution, Termination, or Significant Disposition of Net Assets.*
- Schedule O, Supplemental Information to Form 990 or 990-EZ. See lines 8, 10, 16, 20, 24, 26, 31, 33, 34, 35, and 44.

Assembling Form 990-EZ, schedules, and attachments. Before filing Form 990-EZ, assemble the package of forms, schedules, and attachments in the following order.

1. Core form with all parts completed (Parts I–V, Part VI by section 501(c)(3) organizations, *Signature Block*).
2. Schedules A, B, C, E, G, L, N, and/or O, completed as applicable, filed in alphabetical order.
3. Attachments, completed as applicable. These include (a) name change amendment to organizing document required by *Item B* of the heading on page 1 of the return; (b) reasonable cause explanation for a late-filed return; and (c) articles of merger or dissolution, resolutions, and plans of liquidation or merger required by Schedule N (Form 990).

Do not attach materials not authorized in the instructions, or not otherwise authorized by the IRS.

CAUTION *To facilitate the processing of your return, don't password protect or encrypt PDF attachments. Password protecting or encrypting a PDF file that is attached to an e-filed return prevents the IRS from opening the attachment.*

Specific Instructions for Form 990-EZ

Completing the Heading of Form 990-EZ

Item A. Accounting Period

File the 2024 return for calendar year 2024 and fiscal years that began in 2024 and ended in 2025. For a fiscal year return, fill in the tax year space at the top of page 1 of the return. See *General Instructions C. Accounting Periods and Methods*, earlier, for additional information about accounting periods.

Item B. Checkboxes

Address change. Check this box if the organization changed its address and hasn't reported such a change on its most recently filed Form 990, 990-EZ, or 990-N, or in correspondence to the IRS.

Name change. Check this box if the organization changed its legal name (not its "doing business as" name) and hasn't reported such change on its most recently filed Form 990 or 990-EZ or in correspondence to the IRS. If the organization changed its name, attach the following documents. (See the line 34 instructions.)

IF the organization is...	THEN attach...
a corporation	a copy of the amendment to the articles of incorporation, and proof of filing with the appropriate state authority.
a trust	a copy of the amendment to the trust instrument, or a resolution to amend the trust instrument, showing the effective date of the change of name and signed by at least one trustee.
an unincorporated association	a copy of the amendment to the articles of association, constitution, or other organizing document, showing the effective date of the change of name and signed by at least two officers, trustees, or members.

Initial return. Check this box if this is the first time the organization is filing a Form 990-EZ and it hasn't previously filed a Form 990, 990-PF, 990-T, or 990-N.

Final return/terminated. Check this box if the organization has terminated its existence or ceased to be a section 501(a) or section 527 organization and is filing its final return as an exempt organization or section 4947(a)(1) trust. See the instructions for line 36 that discuss liquidations, dissolutions, terminations, or significant disposition of net assets. An organization that checks this box because it has liquidated, terminated, ceased operations, dissolved, merged into another organization, or has had its exemption revoked during the tax year must also attach Schedule N (Form 990).

CAUTION *An organization must support any claim to have liquidated, terminated, dissolved, or merged by attaching a certified copy of its articles of dissolution or merger approved by the appropriate state authority. If a certified copy of its articles of dissolution or merger isn't available, the organization may submit a copy of a resolution(s) of its governing body approving plans of liquidation, termination, dissolution, or merger.*

Amended return. Check this box if the organization previously filed a return with the IRS for the same tax year and is now filing another return for the same tax year to amend the previously filed return. Explain on Schedule O (Form 990) which parts, schedules, or attachments of Form 990-EZ were amended and describe the amendments. See *General Instructions F. Amended Return/Final Return*, earlier, for more information.

Application pending. Check this box if the organization either has filed a Form 1023, 1023-EZ, 1024, or 1024-A with the IRS and is awaiting a response, or claims tax-exempt status under section 501(a) but hasn't filed Form 1023, 1023-EZ, 1024, or 1024-A to be recognized as tax exempt by the IRS. If this box is checked, the organization must complete all parts of Form 990-EZ and any required schedules. An organization that is required to file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N) for a given tax year (see *General Instructions A*, earlier) must do so even if it hasn't filed a Form 1023, 1023-EZ, 1024, or 1024-A with the IRS if it claims tax-exempt status.

To qualify for recognition of tax exemption retroactive to the date of its organization or formation, an organization claiming tax-exempt status must generally file Form 1023, 1023-EZ, 1024, or 1024-A within 27 months of the end of the month in which it was legally organized or formed.

Item C. Name and Address

Enter the organization's legal name in the "Name of organization" box. If the organization operates under a name different from its legal name, identify its alternate name, after the legal name, by writing "a.k.a." (also known as) and the alternate name of the organization. If multiple a.k.a. names won't fit in the box, list them in Schedule O (Form 990). However, if the organization has changed its legal name, follow the instructions in *Item B* for reporting the name change.

Include the suite, room, or other unit number after the street address. If the post office doesn't deliver mail to the street address and the organization has a P.O. box, enter the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter "C/O" on the street address line, followed by the third party's name and street address or P.O. box.

For foreign addresses, enter information in the following order: city or town, state or province, the name of the country, and the postal code. Don't abbreviate the country name.

If a change of address occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party — Business, to notify the IRS of the new address.

Item D. Employer Identification Number (EIN)

Use the EIN provided to the organization for filing its Form 990-EZ and federal tax returns. The organization must have only one EIN. If the organization has more than one EIN and hasn't been advised which to use, send notice to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

State what EINs the organization has, the name and address to which each number was assigned, and the address of the organization's principal office. The IRS will advise the organization which number to use.

TIP *A subordinate organization in a group exemption that is filing an individual Form 990-EZ return must use its own EIN, not that of the central organization or of the group return.*

TIP *A section 501(c)(9) voluntary employees' beneficiary association must use its own EIN and not the EIN of its sponsor.*

Item E. Telephone Number

Enter a telephone number of the organization that members of the public and government personnel can use during normal business hours to obtain information about the organization's finances and activities. If the organization doesn't have a telephone number, enter the telephone number of an organization official who can provide such information.

Item F. Group Exemption Number

Enter the four-digit group exemption number if the organization is included in a group exemption. The group exemption number (GEN) is a number assigned by the IRS to the central/parent organization of a group that has a group exemption letter. Contact the central/parent organization to ascertain the GEN assigned.

If the organization is covered by a group exemption letter as a subordinate organization, the organization should file Form 990-EZ only if the organization isn't included in a group return filed by the central/parent organization for the tax year.

The central/parent organization of a group ruling can't file a group return with Form 990-EZ but must use Form 990.

Item G. Accounting Method

Indicate the method of accounting used in preparing this return. See *General Instructions C*, earlier.

Item H. Schedule B (Form 990)

Whether or not the organization enters any amount on line 1 of Form 990-EZ, the organization must either check the box in *Item H* or attach Schedule B (Form 990). Failure to either check the box in *Item H* or file Schedule B (Form 990) will result in a determination that the return is incomplete. Complete and file Schedule B (Form 990) if the organization met any of the following conditions during the tax year.

- It is a section 501(c)(3) organization and met the 33$^1/_3$% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi); checks the box on Schedule A (Form 990), Part II, line 13, 16a, or 16b; and received from any one contributor, during the tax year, contributions of the greater of $5,000 (in money or property) or 2% of the amount on Form 990-EZ, Part I, line 1 (contributions, gifts, grants, and similar amounts received). An organization filing Schedule B (Form 990) can limit the contributors it reports on Schedule B (Form 990) using this greater than $5,000 or 2% threshold only if it checks the box on Schedule A (Form 990), Part II, line 13, 16a, or 16b.
- It is a section 501(c)(3) organization that didn't meet the 33$^1/_3$% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received during the tax year contributions of $5,000 or more from any one contributor.
- It is a section 501(c)(7), 501(c)(8), or 501(c)(10) organization that received, during the tax year, (a) contributions of any amount for use exclusively for religious, charitable, scientific, literary, or educational purposes; or (b) contributions of $5,000 or more not exclusively for such purposes from any one contributor.
- It isn't a section 501(c)(3), 501(c)(7), 501(c)(8), or 501(c)(10) organization and it received during the tax year contributions of $5,000 or more from any one contributor. See the Instructions for Schedule B (Form 990) for more information.

Do not attach substitutes for Schedule B (Form 990). Parts I, II, and III of Schedule B (Form 990) may be photocopied as needed to provide adequate space for listing all contributors.

For purposes of Schedule B (Form 990), contributors include individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. For organizations described in section 170(b)(1)(A)(iv) or (vi) or section 509(a)(2), contributors also include governmental units.

Guidelines for Meeting the Requirements of Schedule B (Form 990)

Section 501(c)(3) Organization Meeting the 33$^1/_3$% Support Test of Section 170(b)(1)(A)(vi)

If	a section 501(c)(3) organization that met the 33$^1/_3$% support test of the regulations under section 509(a)(1) and section 170(b)(1)(A)(vi) didn't receive a contribution of the greater of $5,000 or 2% of the amount on line 1 of Form 990-EZ from any one contributor,*
Then	the organization should check the box in *Item H* to certify that it isn't required to attach Schedule B (Form 990).
Otherwise	complete and attach Schedule B (Form 990).

Section 501(c)(7), (8), or (10) Organizations

If	a section 501(c)(7), (8), or (10) organization received neither (1) *any* contribution or bequest for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals; nor (2) any contribution of $5,000 or more not exclusively for such purposes from any one contributor,
Then	the organization should check the box in *Item H* to certify that it isn't required to attach Schedule B (Form 990).
Otherwise	complete and attach Schedule B (Form 990).

All Other Form 990-EZ Organizations (General Rule)

If	the organization didn't receive a contribution of $5,000 or more from any one contributor* (reportable on line 1 of Form 990-EZ).
Then	the organization should check the box in *Item H* to certify that it isn't required to attach Schedule B (Form 990).
Otherwise	complete and attach Schedule B (Form 990).

* To determine if the organization received a contribution of $5,000 or more from a contributor during the year, add all direct and indirect gifts, grants, or contributions of $1,000 or more in cash or property that a contributor made to the organization during the year. Do not include smaller gifts, grants, or contributions. See the Instructions for Schedule B (Form 990) for more information.

Item I. Website

Enter the organization's current address for its primary website, as of the date of filing this return. If the organization doesn't maintain a website, enter "N/A" (not applicable).

Item J. Tax-Exempt Status

Check the applicable box to show the organization's tax-exempt status. If the organization is exempt under section 501(c) (other than 501(c)(3)), check the 501(c) box and insert the appropriate subsection number within the parentheses (for example, "4" for a 501(c)(4) organization). See the chart in *Appendix A: Exempt Organizations Reference Chart*, later. The term "section 501(c)(3)" includes organizations exempt under sections 501(e), (f), (k), and (n).

Item K. Form of Organization

Check the box describing the organization's legal entity form or status under state law in its state of legal domicile. Legal entity forms include corporations, trusts, unincorporated associations,

and other types of entities (for example, partnerships and limited liability companies (LLCs)).

Section 527 political organizations have different gross receipts thresholds for Form 990-EZ filing, and aren't required to submit Form 990-N. See Section 527 political organizations, *earlier, for more information.*

Section 501(c)(7) and 501(c)(15) organizations use different definitions of gross receipts to determine whether they qualify for tax exemption for the year. Appendix C *defines gross receipts for the purpose of determining the exempt status of organizations described in sections 501(c)(7) and 501(c)(15). Do not use the definition of gross receipts in* Appendix C *to determine whether the organization's gross receipts are normally $50,000 or less.*

Item L. Determining Gross Receipts

Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. See *Appendix B* and *Appendix C*, later, for a discussion of gross receipts.

Only those organizations with gross receipts of less than $200,000 and total assets of less than $500,000 at the end of the tax year can use Form 990-EZ. If the organization doesn't meet these requirements, it must file Form 990, unless excepted under *General Instructions B*, earlier.

Do not use the definition of gross receipts for section 501(c)(7) or 501(c)(15) exemption purposes (discussed in Appendix C*) to determine the amount to enter here.*

Part I. Revenue, Expenses, and Changes in Net Assets or Fund Balances

All organizations filing Form 990-EZ with the IRS or any state must complete Part I. Some states that accept Form 990-EZ in place of their own forms may require additional information. See *Appendix G*, later.

Check the box in the heading of Part I if Schedule O (Form 990) contains any information pertaining to this part.

Neither Form 5500 nor Department of Labor (DOL) Forms LM-2 or LM-3, Labor Organization Annual Report, should be substituted for Form 990-EZ, lines 1 through 17.

Line 1. Contributions, Gifts, Grants, and Similar Amounts Received

A. What Is Included on Line 1?

- Report amounts received as voluntary contributions; for example, payments, or the part of any payment, for which the payer (donor) doesn't receive fair market value (FMV) from the recipient (donee) organization. Contributions are reported on line 1 regardless of whether they are deductible by the contributor.
- Enter the gross amounts of contributions, gifts, grants, and bequests that the organization received from individuals, trusts, corporations, estates, affiliates, foundations, public charities, and other exempt organizations, or raised by an outside professional fundraiser.
- Report the value of noncash contributions at the time of the donation. For example, report the gross value of a donated car as of the time the car was received as a donation.
- Report all related expenses on lines 12 through 16. Enter on line 13 professional fundraising fees relating to the gross amounts of contributions collected in the charity's name by fundraisers.

Reporting line 1 amounts in accordance with ASB Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958) is generally acceptable (though not required) for Forms 990 and 990-EZ purposes, but the value of donated services or use of materials, equipment, or facilities may not be reported. However, state law may require it. An organization that receives a grant to be paid in future years should, according to ASC 958, report the grant's present value on line 1. Accruals of present value increments to the unpaid grant should also be reported on line 1 in future years.

The organization must report any contributions of conservation easements and other qualified conservation contributions consistently with how it reports revenue from such contributions in its books, records, and financial statements.

Report assets contributed to the organization by another entity in the course of the entity's liquidation, dissolution, or termination.

Do not net losses from uncollectible pledges, refunds of contributions and service revenue, or reversal of grant expenses on line 1. Rather, report any such items as *Other changes in net assets or fund balances* on Part I, line 20, and explain in Schedule O (Form 990).

A1. Contributions can arise from fundraising events when an excess payment is received for items offered. Fundraising activities relate to soliciting and receiving contributions. However, fundraising activities such as dinners, door-to-door sales of merchandise, carnivals, and bingo games can produce both contributions and revenue. Report as a contribution, both on line 1 and on line 6b (within the parentheses), any amount received through such a fundraising event that is greater than the FMV (retail value) of the merchandise or services furnished by the organization to the contributor. Report all gross income from gaming activities on line 6a.

This situation usually occurs when organizations seek support from the public through solicitation programs that are in part fundraising events or activities and are in part solicitations for contributions. The primary purpose of such solicitations is to receive contributions and not to sell the merchandise at its retail value, even though this might produce a profit.

Example. An organization holds a dinner, charging $400 per person for the meal. The dinner has a retail value of $160. A person who purchases a ticket is really purchasing the dinner for $160 and making a contribution of $240. The contribution of $240, which is the difference between the buyer's payment and the retail value of the dinner, is reported on line 1 and again on line 6b (within the parentheses). The revenue received ($160 retail value of the dinner) is reported on line 6b. Expenses directly related to the dinner are reported on line 6c. Fundraising expenses relating to the contribution of $240 are reported on lines 12 through 16.

If a contributor gives more than $160, that person would be making a contribution of the difference between the dinner's retail value of $160 and the amount actually given. Rev. Rul. 67-246, 1967-2 C.B. 104, as distinguished from Rev. Rul. 74-348, 1974-2 C.B. 80, explains this principle in detail. See also the instructions for line 6, later, and Pub. 526, Charitable Contributions.

At the time of any solicitation or payment, organizations that are eligible to receive tax-deductible contributions should advise patrons of the amount deductible for federal tax purposes. See Pub. 1771, Charitable Contributions Substantiation and Disclosure Requirements.

A2. Contributions can arise from fundraising events when items of only nominal or insubstantial value are given or offered. If an organization offers goods or services of only nominal or insubstantial value through a fundraising event, or distributes free, unordered, low-cost items to patrons, report the entire amount received for such benefits as a contribution on line 1. See also the instruction for *Line 6b. B1*, later, regarding nominal or insubstantial value. Report all related expenses on lines 12 through 16.

Benefits have a nominal or insubstantial value if the organization informs patrons how much of their payment is a deductible contribution, and either:

1. The FMV of all of the benefits received in connection with the payment isn't more than 2% of the payment or $132, whichever is less; or
2. The payment is $66 or more and the only benefits received in connection with the payment are token items (bookmarks, calendars, key chains, mugs, posters, T-shirts, etc.) bearing the organization's name or logo. The cost to the organization (as opposed to FMV) of all benefits received by a donor must be, in the aggregate, $12.50 or less.

A3. Contributions in the form of membership dues. Include on line 1 membership dues and assessments to the extent they are contributions and not payments for benefits received. See the instructions for *Line 3. C1*, later.

A4. Grants equivalent to contributions. Grants made to encourage an organization receiving the grant to carry on programs or activities that further the grant recipient's exempt purposes are grants that are equivalent to contributions. Report them on line 1. The grantor can specify which of the recipient's activities the grant may be used for, such as an adoption program or a disaster relief project.

A grant is still equivalent to a contribution if the grant recipient performs a service, or produces a work product, that benefits the grantor incidentally, but see the instructions for *Line 1. B1*, later.

A5. Contributions or grants from governmental units. Whether a payment from a governmental unit is labeled a "grant" or a "contract" doesn't determine whether the payment should be reported on line 1. Rather, a grant or other payment from a governmental unit is treated as a grant equivalent to a contribution if its primary purpose is to enable the recipient to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the grantor (even if the public pays part of the expense of providing the service or facility). See the instructions for *Line 2. D*, later.

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1.

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public.
- Payments by a governmental unit to nursing homes to provide health care to their residents (but not Medicare, Medicaid, and other similar payments on behalf of specific individuals under the line 2 instructions).
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

The following examples illustrate the distinction between government payments reportable on lines 1 and 2.

- A payment by a governmental agency to a medical clinic to provide vaccinations to the general public is a contribution reported on line 1. A payment by a governmental agency to a medical clinic to provide vaccinations to employees of the agency is program service revenue reported on line 2.
- A payment by a governmental agency to an organization to provide job training and placement for disabled individuals is a contribution reported on line 1. A payment by a governmental agency to the same organization to operate the agency's internal mail delivery system is program service revenue reported on line 2.

A6. Contributions received through other fundraising organization. Contributions received indirectly from the public through solicitation campaigns of federated fundraising agencies (United Way) are included on line 1.

A7. Contributions received from associated organizations. Include on line 1 amounts contributed by other organizations closely associated with the filing organization. This includes contributions received from a parent organization, subordinate, or another organization having the same parent.

A8. Contributions from a commercial co-venture. Include amounts contributed by a commercial co-venture on line 1. These contributions are amounts received by the organization for allowing an outside organization (donor) or individual to use the recipient organization's name in a sales promotion campaign, such as where the outside organization agrees to contribute 2% of all sales proceeds to the organization.

B. What Isn't Included on Line 1?

B1. Grants that are payments for services are not contributions. A grant is a payment for services, and not a contribution, when the terms of the grant provide the grantor with a specific service, facility, or product, rather than providing a benefit to the general public or that part of the public served by the grant recipient. The recipient organization would report such a grant as income on line 2 (program service revenue).

B2. Donations of services or use of property. Do not include the value of services donated to the organization (such as the value of donated advertising space, broadcast air time (including donated public service announcements), or discounts on services), or of the free use of property (materials, equipment, or facilities) as contributions on line 1. However, for the optional reporting of those amounts, see the instructions for donated services in Part III, later.

B3. Unreimbursed expenses. Any unreimbursed expenses of officers, employees, or volunteers don't belong on Form 990-EZ. See the explanations of charitable contributions and employee business expenses in Pub. 526, and Pub. 463, Travel, Gift, and Car Expenses.

B4. Section 501(c)(9), (17), and (18) organizations. Section 501(c)(9) organizations provide participants with life, sick, accident, or other similar benefits. Section 501(c)(17) organizations provide participants with supplemental unemployment benefits, and sickness and accident benefits subordinate to supplemental unemployment benefits. Section 501(c)(18) organizations provide participants with pension(s) and similar benefits. When such an organization receives payments from participants, or their employers, to provide these benefits, report the payments on line 2 as program service revenue, rather than on line 1 as contributions.

C. How To Value Noncash Contributions

Report noncash contributions on line 1 at FMV. If FMV can't be readily determined, use an appraised or estimated value. See also the Instructions for Schedule B (Form 990), Part II.

D. Schedule of Contributors

Attach Schedule B (Form 990), if required. See the instructions for *Item H*, earlier.

TIP *The information on Form 1099-K, Payment Card and Third Party Network Transactions, may be useful in helping you to prepare your return but you aren't required to report the information on any specific line of your return. An organization that receives a Form 1099-K reporting a gross amount of payment card or third party network payments received in the tax year should consider these amounts when reporting contributions and revenue on lines 1 through 8, according to the instructions for preparing the return. You should retain all Forms 1099-K with your other records.*

TIP *Section 501(c)(3) organizations must figure the amount of contributions according to the above instructions in preparing the support schedule in Part II or III of Schedule A (Form 990).*

Line 2. Program Service Revenue Including Government Fees and Contracts

Enter the total program service revenue (exempt function income). Program services are primarily those that form the basis of an organization's exemption from tax.

A. Examples

A clinic would include on line 2 all of its charges for medical services (whether to be paid directly by the patients or through Medicare, Medicaid, or other third-party reimbursement), laboratory fees, and related charges for services.

Program service revenue also includes tuition received by a school; revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; payments received by a section 501(c)(9) organization from participants or employers of participants for health and welfare benefits coverage; and registration fees received in connection with a meeting or convention.

B. Program-Related Investment Income

Program service revenue also includes income from program-related investments. These investments are made primarily to accomplish an exempt purpose of the investing organization rather than to produce income. Examples of program-related investments are scholarship loans and low-interest loans to charitable organizations, indigents, or victims of a disaster. See also the instructions for line 4.

Rental income received from an exempt function is another example of program-related investment income (below-market rents from housing leased to low-income persons). For purposes of this return, report all rental income from an affiliated organization on line 2.

C. Unrelated Trade or Business Activities

Unrelated trade or business activities (other than fundraising activities that aren't regularly carried on) that generate fees for services can also be program service activities. A social club, for example, should report as program service revenue the fees it charges both members and nonmembers for the use of its tennis courts and golf course.

D. Government Fees and Contracts

Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. See the instructions for *Line 1. A5*, earlier, for reporting guidelines when payments are received from a government agency for providing a service, facility, or product for the primary benefit of the general public.

Line 3. Membership Dues and Assessments

Enter members' and affiliates' dues and assessments that aren't contributions.

A. What Is Included on Line 3?

A1. Dues and assessments received that compare reasonably with the benefits of membership. When the organization receives dues and assessments the value of which compares reasonably with the value of benefits provided to members (whether or not the membership benefits are used by the members), report such dues and assessments on line 3.

A2. Organizations that generally match dues and benefits. Organizations described in section 501(c)(5), (6), or (7) generally provide benefits with a reasonable relationship to dues, although benefits to members can be indirect.

B. Examples of Membership Benefits

These include subscriptions to publications; newsletters (other than one about the organization's activities only); free or reduced-rate admissions to events sponsored by the organization; use of the organization's facilities; and discounts on articles or services that both members and nonmembers can buy. In figuring the value of membership benefits, disregard such intangible benefits as the right to attend meetings, vote, or hold office in the organization, and the distinction of being a member of the organization.

C. What Isn't Included on Line 3?

C1. Dues or assessments received that exceed the value of available membership benefits. Dues received by an organization, to the extent they exceed the monetary value of the membership benefits available to the dues payer, are a contribution that should be reported on line 1.

C2. Dues received primarily for the organization's support. If a member pays dues primarily to support the organization's activities, and not to obtain benefits of more than nominal or insubstantial monetary value, those dues are a contribution to the organization includible on line 1.

Example. Maple is an organization whose primary purpose is to support the local symphony orchestra. Members have the privilege of purchasing subscriptions to the symphony's annual concert series before they go on sale to the general public, but must pay the same price as any other member of the public. They are also entitled to attend a number of rehearsals each

season without charge. Under these circumstances, Maple's receipts from members are contributions reported on line 1.

Line 4. Investment Income

A. What Is Included on Line 4?

A1. Interest on savings and temporary cash investments. Include the amount of interest received from interest-bearing checking accounts, savings, and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other governmental obligations that mature in less than 1 year. So-called dividends or earnings received from mutual savings banks, money market funds, etc., are actually interest and should be included on this line.

A2. Dividends and interest from securities. Include dividends from equity securities (stocks), and interest income from debt securities and notes and loans receivable, other than program-related investments. Include amounts received from payments on securities loans, as defined in section 512(a)(5).

A3. Gross rents. Include gross rental income received during the year from investment property and any other real property rented by the organization (other than program-related investments reported on line 2).

A4. Other investment income. Include, for example, the organization's share of investment income from a joint venture, LLC, or other entity treated as a partnership for federal tax purposes. Also, include royalties received by the organization from licensing the ongoing use of its property to others (other than royalties generated as part of the organization's exempt function, such as royalties received from a publisher for an educational work authored by the organization, which should be reported on line 2 as program service revenue). Typically, royalties are received for the use of intellectual property (copyrights, patents, and trademarks). Royalties also include payments to the owner of property for the right to exploit natural resources on the property, such as oil, natural gas, or minerals.

Do not deduct investment management fees from the amount of investment income reported on this line, but report these fees on line 13.

B. What Isn't Included on Line 4?

B1. Capital gains dividends and unrealized gains and losses. Do not include on this line any capital gains dividends. They are reported on line 5. Also, don't include unrealized gains and losses on investments carried at market value. See the instructions for line 20.

B2. Exempt function revenue (program service). Do not include on line 4 amounts that represent income from an exempt function (program service). Report these amounts on line 2 as program service revenue. Report expenses related to this income on lines 12 through 16.

Exempt function rental income. An organization whose exempt purpose is to provide low-rental housing to persons with low income receives exempt function income from such rentals. An organization receives exempt function income if it rents or sublets rental space to a tenant whose activities are related to the filing organization's exempt purpose. Report rental income received in these instances on line 2 and not on line 4. Only for purposes of completing this return, treat income from renting property to affiliated exempt organizations as exempt function income and include that income on line 2 as program service revenue.

Other program-related investments. Investment income from program-related investments should be reported on line 2. See the line 2 instructions for a discussion of program-related investments. Gains or losses from the sale of program-related investment assets are reported on line 5.

Lines 5a Through 5c. Gains (or Losses) From Sale of Assets Other Than Inventory

A. What Is Included on Line 5?

Report on line 5a all sales of securities and sales of all other types of investments (real estate, royalty interests, or partnership interests), as well as sales of all other noninventory assets (program-related investments and fixed assets used by the organization in its related and unrelated activities). Also, report capital gains dividends; the organization's share of capital gains and losses from a joint venture, LLC, or other entity treated as a partnership for federal tax purposes; and capital gains distributions from trusts.

Total the cost or other basis (less depreciation) and selling expenses and enter the result on line 5b. On line 5c, enter the net gain or loss.

For reporting sales of securities on Form 990-EZ, the organization can use the more convenient way to figure the organization's gain or loss from sales of securities by subtracting from the sales price the average-cost basis of the particular security sold. However, the average-cost basis isn't used to figure the gain or loss from sales of securities reportable on Form 990-T.

B. What Isn't Included on Line 5?

Do not include on line 5 any unrealized gains or losses on securities that are carried in the books of account at market value. See the instructions for line 20.

C. Books and Records

The organization should maintain books and records to substantiate information regarding any securities or other assets sold for which market quotations weren't published or weren't readily available. The recorded information should include:

- A description of the asset;
- Date acquired;
- Whether acquired by donation or purchase;
- Date sold and to whom sold;
- Gross sales price;
- Cost, other basis, or if donated, value at time acquired;
- Expense of sale and cost of improvements made after acquisition; and
- Depreciation since acquisition, if depreciable property.

Line 6a. Gaming

Report gross income from gaming on line 6a if the organization conducted directly, or through a promoter, any amount of gaming during the year. Report the gross income from all gaming activities (other than gaming that is incidental to a fundraising event such as a dinner/dance), whether or not regularly carried on, on line 6a.

Gaming includes (but isn't limited to) bingo, pull tabs, instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights/Las Vegas nights (other than events not regularly carried on in which participants can play casino-style games but the only prizes or auction items provided to participants are

noncash items that were donated to the organization, which are fundraising events), and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.

Many games of chance are taxable. Income from bingo games is generally not subject to the tax on unrelated business income if the games meet the legal definition of bingo. For a bingo game to meet the legal definition of bingo, wagers must be placed, winners must be determined, and prizes or other property must be distributed in the presence of all persons placing wagers in that game.

A wagering game that doesn't meet the legal definition of bingo doesn't qualify for the exclusion from unrelated business income, regardless of its name. For example, "instant bingo," in which a player buys a pre-packaged bingo card with pull tabs that the player removes to determine if the player is a winner, doesn't qualify. See Pub. 598, Tax on Unrelated Business Income of Exempt Organizations; Pub. 3079, Tax-Exempt Organizations and Gaming; and Form 990-T.

Line 6b. Fundraising Events

Enter the gross income from all fundraising events and activities, such as dinners, dances, carnivals, concerts, sports events, auctions, and door-to-door sales of merchandise.

Fundraising events and activities only incidentally accomplish an exempt purpose. Their sole or primary purpose is to raise funds to finance the organization's exempt activities. They don't include events or activities that substantially further the organization's exempt purpose even if they also raise funds. They don't include activities regularly carried on. Fundraising events don't include gaming, gross income from which is reported on line 6a.

Example. An organization formed to promote and preserve folk music and related cultural traditions holds an annual folk music festival featuring concerts, handicraft demonstrations, and similar activities. Because the festival directly furthers the organization's exempt purpose, income from ticket sales should be reported on line 2 as program service revenue.

Fundraising events and activities raise funds by offering goods or services that have more than a nominal or insubstantial value (compared to the price charged) for a payment that is more than the direct cost of those goods or services. See the instructions for *Line 1. A1* and *A2*, earlier, for a discussion on contributions reportable on line 1 and revenue reportable on line 6b.

The fact that tickets, advertising, or solicitation materials refer to a required payment as a donation or contribution doesn't control how these payments should be reported on Form 990-EZ.

The gross income from fundraising events must be reported in the right-hand column on line 6b without reduction for cash or noncash prizes, cost of goods sold, compensation, fees, or other expenses.

A. What Is Included on Line 6b?

Gross revenue/contributions. When an organization receives payments for goods or services offered through a fundraising event, enter the following.

1. As gross revenue, on line 6b (in the right-hand column), the retail value of the goods or services.
2. As a contribution, on both line 1 and line 6b (within the parentheses), any amount received that exceeds the retail value of the goods or services given.

Example. At a fundraising event, an organization received $100 in gross receipts for goods valued at $40. The organization entered gross revenue of $40 on line 6b and entered a contribution of $60 on both line 1 and within the parentheses on line 6b. The contribution was the difference between the gross revenue of $40 and the gross receipts of $100.

B. What Isn't Included on Line 6b?

B1. Sales or gifts of goods or services of only nominal or insubstantial value. If the goods or services offered at the fundraising event have only nominal or insubstantial value, include all of the receipts as contributions on line 1 and all of the related expenses on lines 12 through 16.

B2. Sweepstakes, raffles, and lotteries. Report gross income from gaming on line 6a. Report as a contribution, on line 1, the proceeds of solicitation campaigns in which the names of contributors and other respondents (who weren't required to make a minimum payment) are entered in a drawing for prizes.

Where a minimum payment is required for each raffle or lottery entry and prizes of only nominal or insubstantial value are awarded, report any amount received as a contribution. Report the related expenses on lines 12 through 16.

B3. Activities that generate only contributions aren't fundraising events. An activity that generates only contributions, such as a solicitation campaign by mail, isn't a fundraising event. Any amount received should be included on line 1 as a contribution. Related expenses are reportable on lines 12 through 16.

C. Attach Schedule G (Form 990), Parts II and III

If the organization reports more than $15,000 on line 6a, then it must complete Schedule G (Form 990), Part III (Gaming). If the sum of the organization's gross income and contributions from fundraising events (including the amounts reported on line 6b and in the parentheses for line 6b) is greater than $15,000, then it must complete Schedule G (Form 990), Part II (Fundraising Events). Organizations filing Form 990-EZ aren't required to complete Schedule G (Form 990), Part I (Fundraising Activities).

Lines 6c and 6d. Direct Expenses and Net Income or (Loss) From Gaming and Fundraising Events

Report on line 6c direct expenses related to gaming activities and direct expenses attributable to the organization's provision of goods or services from which it derived gross income at a fundraising event. Do not report fundraising expenses attributable to contributions reported on line 1. These expenses are reportable on lines 12 through 16. If an expense is included on line 6c, don't report it again on line 7b.

To figure net income or (loss) on line 6d, add lines 6a and 6b, then subtract line 6c.

Line 7a. Sales of Inventory

Include on line 7a the gross sales (less returns and allowances) of inventory items, whether the sales activity is an exempt function or an unrelated trade or business. Inventory items are goods the organization makes to sell to others, or that it buys for resale. Include all inventory sales except sales of goods at fundraising events, which are reportable on line 6. Do not include on line 7 sales of investments on which the organization expected to profit by appreciation and sale; report sales of these investments on line 5.

Line 7b. Cost of Goods Sold

On line 7b, report the cost of goods sold related to sales of such inventory. The usual items included in cost of goods sold are direct and indirect labor, materials and supplies consumed, freight-in, and a proportion of overhead expenses. For purposes of Part I, the organization may include as cost of donated goods their FMV at the time of acquisition. Marketing and distribution expenses aren't includible in cost of goods sold but are reported on lines 12 through 16.

Line 8. Other Revenue

Enter the total income from all sources not covered by lines 1 through 7. Examples of line 8 income are interest on notes receivable not held as investments or as program-related investments (defined in the line 2 instructions); interest on loans to officers, directors, trustees, key employees, and other employees; and royalties that aren't investment income or program service revenue. Describe this income on Schedule O (Form 990).

Line 10. Grants and Similar Amounts Paid

A. What Is Included on Line 10?

Enter the amount of actual grants and similar amounts paid to individuals and organizations selected by the filing organization. Include scholarship, fellowship, and research grants to individuals.

A1. Specific assistance to individuals. Include on this line the amount of payments to, or for the benefit of, particular clients or patients, including assistance by others at the organization's expense.

A2. Payments, voluntary awards, or grants to affiliates. Include on line 10 certain types of payments to organizations affiliated with (closely related to) the filing organization. These payments include predetermined quota support and dues payments by local organizations to their state or national organizations.

CAUTION *If the organization uses Form 990-EZ for state reporting purposes, distinguish on Schedule O (Form 990) between payments to affiliates and awards and grants. See* Appendix G, *later.*

B. What Isn't Included on Line 10?

B1. Administrative expenses. Do not include on this line expenses made in selecting recipients or monitoring compliance with the terms of a grant or award. Enter those expenses on lines 12 through 16.

B2. Purchases of goods or services from affiliates. Do not report the cost of goods or services purchased from affiliates on line 10. Report these expenses on lines 12 through 16.

B3. Membership dues paid to another organization. Report membership dues that the organization pays to another organization (other than an affiliated organization) for general membership benefits, such as regular services, publications, and materials, on line 16.

C. Grantee List on Schedule O (Form 990)

List on Schedule O (Form 990) each grantee organization or individual to whom the organization made grants (or paid similar amounts) in excess of $5,000 during the organization's tax year. For each grantee, list:

- Each class of activity;
- The grantee's name and address (for grantee organizations, not grantee individuals);
- The amount given (aggregate amount of grants and payments to or for the benefit of the grantee during the organization's tax year); and
- The relationship of the grantee (for grants to individuals), if the relationship is by blood, marriage, adoption, or employment (including employees' children), control, or ownership, to any person or corporation with an interest in the organization, such as a creator, donor, director, trustee, officer, key employee, related organization, etc.

CAUTION *If the individual grantee is related to a grantor or contributor to the organization, then don't provide the name of the grantor or contributor. Instead, identify such persons generically as "grantee" and as "grantor" or "contributor."*

If any related organization (see the line 49 instructions for the definition of "related organization") received a payment reported on line 10, then so indicate and specify the purpose of the payment.

Classify activities on this schedule in more detail than by using broad terms such as charitable, educational, religious, or scientific. For example, identify payments to affiliates, payments for nursing services, fellowships, and payments for food, shelter, or medical services for indigents or disaster victims.

Colleges, universities, and primary and secondary schools reporting scholarships or other financial assistance can instead include a statement in Schedule O (Form 990) that (a) groups each type of financial aid provided, (b) indicates the number of individuals who received the aid, and (c) specifies the aggregate dollar amount.

If an organization gives property other than cash and measures an award or grant by the property's FMV, also show on this schedule:

- A description of the property,
- The book value of the property,
- How the book value was determined,
- How the FMV was determined, and
- The date of the gift.

Any difference between a property's FMV and book value should be recorded in the organization's books of account and on line 20.

Line 11. Benefits Paid to or for Members

For an organization that gives benefits to members or dependents (such as organizations exempt under section 501(c)(8), (9), or (17)), enter the amounts paid for or paid to obtain insurance that provides:

- Death, sickness, hospitalization, or disability benefits;
- Unemployment compensation benefits; and
- Other benefits, including patronage dividends paid by 501(c)(12) organizations to their members.

Report on line 12, rather than line 11, the cost of employment-related benefits (such as health insurance) that the organization gives its officers and employees.

Line 12. Salaries, Other Compensation, and Employee Benefits

Enter the total salaries and wages paid to all officers and employees and payments made to directors and trustees, including compensation reported on Forms W-2 and 1099. Include all other forms of income and benefits received from the organization during the year, such as the employer's share of deferrals (for unfunded plans) and contributions the organization

paid to qualified and nonqualified pension and deferred compensation plans, and the employer's share of contributions to employee benefit programs (such as insurance, health, and welfare programs) that aren't an incidental part of a pension plan.

TIP *Complete Form 5500 if the organization is required to file it.*

Also, include in the total on line 12 the amount of federal, state, and local payroll taxes for the year that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, federal unemployment tax (FUTA), state unemployment compensation tax, and other state and local payroll taxes. Taxes withheld from employees' salaries and paid over to the various governmental units (such as federal and state income taxes and the employees' share of social security and Medicare taxes) are part of the employees' salaries included on line 12. Report expenses paid or incurred for employee events such as a picnic or holiday party on this line. For more information, see Pub. 15 (Circular E), Employer's Tax Guide.

TIP *Compensation for line 12 is reported based on the accounting method and tax year used by the organization, whereas compensation for* Part IV, List of Officers, Directors, Trustees, and Key Employees, *and* Part VI, *lines 50 and 51 (compensation of highest compensated employees and independent contractors), is reported for the calendar year ending with or within the organization's fiscal year.*

Line 13. Professional Fees and Other Payments to Independent Contractors

Enter the total amount of legal, accounting, auditing, other professional fees (such as fees for fundraising or investment services), and related expenses charged by outside firms and individuals who aren't employees of the organization.

Do not include any penalties, fines, or judgments imposed on the organization as a result of legal proceedings; report and identify those expenses on line 16. Report on line 12 fees paid to directors and trustees. Also, report on line 12 compensation to employees that provide fundraising, legal, accounting, or other professional services as part of their employment. Report broker fees/commissions as sales expenses on line 5b.

If the organization is able to distinguish between fees paid for independent contractor services and expense payments or reimbursements to the contractor(s), report the fees paid for services on line 13 and the expense payments or reimbursements on lines 14 through 16, as applicable. If the organization is unable to distinguish between service fees and expense payments or reimbursements to independent contractors, report all such amounts on line 13.

TIP *If your organization pays $600 or more to persons not treated as employees, you may be required to file Form 1099-NEC, Nonemployee Compensation, or Form 1099-MISC, Miscellaneous Income. For more information, see the Instructions for Forms 1099-MISC and 1099-NEC.*

Line 14. Occupancy, Rent, Utilities, and Maintenance

Enter the total amount paid or incurred for the use of office space or other facilities, including rent; mortgage interest; heat, light, power, and other utilities; outside janitorial services; real estate taxes and property insurance attributable to rental property; and similar expenses.

These expenses relate to real property actually occupied by the organization, whether as tenant or owner, or used in the conduct of exempt functions (such as low-income rental housing). Report on line 16 expenses relating to real property used for investment purposes. If the organization occupies part of the property and leases a part to others, then expenses must be reasonably allocated between occupancy-related and investment-related expenses, and reported accordingly on lines 14 and 16.

If the organization records depreciation on property it occupies, enter the total for the year. For an explanation of acceptable methods for figuring depreciation, see Pub. 946, How To Depreciate Property.

Report on line 14 or 16 rental expenses for rental income reported on lines 2 and 4. Do not decrease rental expenses reported on line 14 or 16 by any rental income received from renting or subletting rented space. See the instructions for lines 2 and 4 to determine if the income is reportable as exempt function income or investment income.

Line 15. Printing, Publications, Postage, and Shipping

Enter the printing and related costs of producing the filing organization's own newsletters, leaflets, films, and other informational materials, as well as the cost of outside mailing services on line 15. Also, include the cost of any purchased publications as well as postage and shipping costs not reportable on line 5b, 6c, or 7b. Do not include any expenses, such as salaries, for which a separate line is provided.

Line 16. Other Expenses

Report expenses here that aren't reportable on lines 10 through 15. Include here such expenses as penalties, fines, and judgments; unrelated business income taxes; insurance, interest, depreciation, and real estate taxes not reported as occupancy expenses; travel and transportation costs; and expenses for conferences, conventions, and meetings. Provide a description of these expenses on Schedule O (Form 990). Do not report on this line payments made by organizations exempt under section 501(c)(8), (9), or (17) to obtain insurance benefits for members. Report those expenses on line 11.

Some states that accept Form 990-EZ in satisfaction of their filing requirements may require that certain types of miscellaneous expenses be itemized. See *Appendix G*, later.

Line 18. Excess or (Deficit) for the Year

Enter the difference between lines 9 and 17. If line 17 is more than line 9, enter the difference in parentheses or as a negative number with a minus sign.

Line 19. Net Assets or Fund Balances at Beginning of Year

Enter on line 19 the end-of-year amount from the balance sheet on the prior-year return.

Line 20. Other Changes in Net Assets or Fund Balances

Explain in Schedule O (Form 990) any changes in net assets or fund balances between the beginning and end of the organization's tax year that aren't accounted for by the amount on line 18. Include items here such as:

- Adjustments of earlier years' activity (such as losses on uncollectible pledges, refunds of contributions and program service revenue, and reversal of grant expenses);
- Unrealized gains and losses on investments carried at market value; and
- Any difference between FMV and book value of property given as an award or grant.

See *General Instructions C* regarding the reporting of a section 481(a) adjustment to conform to ASC 958.

Part II. Balance Sheets

Every organization that files Form 990-EZ must complete columns (A) and (B) of Part II of the return and can't submit a substitute balance sheet. Failure to complete Part II can result in penalties for filing an incomplete return. If there is no amount to report in column (A), Beginning of year, enter a zero ("-0-") in that column.

Check the box in the heading of Part II if Schedule O (Form 990) contains any information pertaining to this part.

Some states require more information. See *Appendix G* for more information about completing a Form 990-EZ to be filed with any state or local government agency.

Line 22. Cash, Savings, and Investments

Include all interest and non-interest bearing accounts (petty cash funds, checking accounts, savings accounts, money market funds, commercial paper, certificates of deposit, U.S. Treasury bills, and other government obligations). Also, include the book value of securities held as investments, and all other investment holdings including land and buildings held for investment. Report the income from these investments on line 4; report income from program-related investments on line 2.

Line 23. Land and Buildings

Enter the book value (cost or other basis less accumulated depreciation) of all land and buildings owned by the organization and not held for investment.

Line 24. Other Assets

Enter the total of other assets such as accounts receivable, inventories, prepaid expenses, and the organization's share of assets in any joint ventures, LLCs, and other entities treated as a partnership for federal tax purposes. Also, include a description of the assets in Schedule O (Form 990).

Line 25. Total Assets

Enter amount of total assets. If the end-of-year total assets entered in column (B) are $500,000 or more, Form 990 must be filed instead of Form 990-EZ.

Line 26. Total Liabilities

Liabilities include such items as accounts payable, grants payable, mortgages or other loans payable, and deferred revenue (revenue received but not yet earned). Provide a description of these liabilities on Schedule O (Form 990).

Line 27. Net Assets or Fund Balances

Subtract line 26 (total liabilities) from line 25 (total assets) to determine net assets. Enter this net asset amount on line 27. The amount entered in column (B) must agree with the net asset or fund balance amount on line 21.

States that accept Form 990-EZ as their basic report form may require a separate statement of changes in net assets. See *Appendix G*.

Part III. Statement of Program Service Accomplishments

Check the box in the heading of Part III if Schedule O (Form 990) contains any information relating to this part.

A program service is a major (usually ongoing) objective of an organization, such as adoptions, recreation for the elderly, rehabilitation, or publication of journals or newsletters.

Step	Action
1	Enter the organization's primary exempt purpose.
2	All organizations must describe their program service accomplishments for each of their three largest program services (as measured by total expenses incurred). • Describe program service accomplishments through measurements such as clients served, days of care, number of sessions or events held, or publications issued. • Describe the activity's objective, for both this time period and the longer-term goal, if the output is intangible, such as in a research activity. • Give reasonable estimates for any statistical information if exact figures aren't readily available. Indicate that this information is estimated. • Be clear, concise, and complete in the description. Avoid attaching brochures, newsletters, newspaper articles about the organization, etc.
3	**Public interest law firm.** A public interest law firm exempt under section 501(c)(3) or 501(c)(4) must list in Schedule O (Form 990) all the cases in litigation or that have been litigated during the year. For each case, describe the matter in dispute and explain how the litigation will benefit the public generally. Also, enter the fees sought and recovered in each case. See Rev. Proc. 92-59, 1992-2 C.B. 411.
4	**Expenses and grants.** For each program service reported on lines 28 through 31, section 501(c)(3) and 501(c)(4) organizations must enter, in the *Expenses* column, the total expenses included on line 17 for that program service. These organizations must also enter, in the *Grants* space for each program service, the total grants and similar amounts reported on line 10 for that program service. If the amount of grants entered includes foreign grants, check the box to the left of the *Expenses* column. For all other organizations, entering expenses and grants and checking the foreign grants box is optional.
5	Describe in Schedule O (Form 990) the organization's other program services. • The detailed information required for the three largest services isn't necessary for this schedule. • However, section 501(c)(3) and 501(c)(4) organizations must show the expenses and grants attributable to their program services.
6	The organization can report the amount of any donated services, or any donated use of materials, equipment, or facilities it received or utilized for a specific program service. • Disclose the applicable amounts of any donated services, etc., on the lines for the narrative description of the appropriate program service. • Do not include these amounts in the expense column in Part III. • See the instructions for *Line 1, B2*, earlier, regarding donations of services or use of property.

Part IV. List of Officers, Directors, Trustees, and Key Employees

Check the box in the heading of Part IV if Schedule O (Form 990) contains any information relating to this part.

List each person who was an officer, director, trustee, or key employee (defined below) of the organization at any time during the organization's tax year, even if they didn't receive any compensation from the organization.

Officer. An officer is a person elected or appointed to manage the organization's daily operations, such as a president, vice president, secretary, or treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, but at a minimum include those officers required by applicable state law.

Director or trustee. A director or trustee is a member of the organization's governing body, but only if the member has voting rights. The governing body is the group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of directors (sometimes referred to as board of trustees) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee, if only one trustee).

Key employee. A key employee is any person having responsibilities or powers similar to those of officers, directors, or trustees. The term includes the chief management and administrative officials of an organization (such as an executive director or chancellor). A chief financial officer and the officer in charge of the administration or program operations are both key employees if they have the authority to control the organization's activities, its finances, or both.

Enter a zero ("-0-") in columns (c), (d), and (e) if no reportable compensation or other compensation was paid during the year or deferred for payment to a future year.

Enter all forms of cash and noncash compensation received by each listed officer, director, trustee, and key employee, whether paid currently or deferred.

If the organization pays any other person, such as a management services company, for the services provided by any of the organization's officers, or an employee leasing company, or a professional employer organization (whether or not certified under the new Voluntary Certification Program for Professional Employer Organizations at *IRS.gov/For-Tax-Pros/Basic-Tools/Certified-Professional-Employer-Organization*), directors, trustees, or key employees, report the compensation and other items in Part IV as if the organization had paid the officers, directors, trustees, and key employees directly.

A failure to fully complete Part IV can subject both the organization and the individuals responsible for such failure to penalties for filing an incomplete return. See *General Instructions G*, earlier. In particular, entering the phrase on Part IV, "Information available upon request," or a similar phrase, isn't acceptable.

Form 941, Employer's Quarterly Federal Tax Return, must be filed to report income tax withholding and social security and Medicare taxes. The organization must also file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, to report federal unemployment tax, unless the organization isn't subject to these taxes. See Pub. 15 (Circular E) for more information.

Amounts paid or accrued by certain other organizations treated as paid or accrued by the filing organization. Treat as paid, accrued, or held directly by the organization any amounts paid or accrued under a deferred compensation plan, or held by a deferred compensation trust, that is established, sponsored, or maintained by the organization.

Common paymaster or payroll/reporting agent. Treat amounts paid by a common paymaster (as defined in Regulations section 31.3121(s)-1(b)(2)) or a payroll or reporting agent (which is or should be appointed by the organization on Form 2678, Employer/Payer Appointment of Agent, or authorized by the organization on Form 8655, Reporting Agent Authorization, to perform certain employment tax services on behalf of the organization) for services performed for the organization as if the organization had paid such amounts directly, and report these amounts in the appropriate columns in Part IV.

Column (a)

For each person required to be listed, enter the name in the top of each row and the person's title or position with the organization in the bottom of the row. If the person had more than one title or position, list all (for instance, president and director). List persons in the following order: individual trustees or directors, institutional trustees, officers, and key employees.

Up to 11 persons can be reported on the Form 990-EZ, Part IV, table. If more space is needed to enter additional persons, use as many duplicates of the Part IV table as are needed.

Column (b)

For each person listed in column (a), report an estimate of the average hours per week the person devoted to the organization during the year. Entry of a specific number of hours per week is required for a complete answer. Enter "-0-" if applicable. Do not include statements such as "as needed," "as required," or "40+." If the average is less than 1 hour per week, then the organization can enter a decimal rounded to the nearest tenth (for example, 0.2 hours per week).

Columns (c)–(e)

All compensation reporting is based on the calendar year ending with or within the organization's tax year. For example, if a fiscal-year organization's tax year is the 12-month period beginning July 1, 2024, and ending June 30, 2025, the organization must report compensation for the calendar year ending December 31, 2024.

Note. Do not report the same item of compensation in more than one column of Part IV for the calendar year ending with or within the tax year.

Column (c)

Enter the person's reportable compensation. "Reportable compensation" is:

- For officers and other key employees—amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater);
- For directors and individual trustees—amounts required to be reported in box 1 of Form 1099-NEC and/or box 6 of Form 1099-MISC for director services and other independent contractor services to the organization, plus box 1 or 5 of Form W-2 (whichever amount is greater) if also compensated as an officer or employee; and
- For institutional trustees (such as banks or trust companies)—fees for services paid under a contractual agreement or statutory entitlement.

If the organization didn't file a Form 1099-NEC or Form 1099-MISC because the amounts paid were below the threshold reporting requirement, then include and report the amount actually paid.

TIP *Corporate officers are considered employees for purposes of Form W-2 reporting, unless they perform no services as officers, or perform only minor services and neither receive nor are entitled to receive, directly or indirectly, any compensation. Corporate directors are considered independent contractors, not employees, and director compensation, if any, is generally required to be reported on Form 1099-NEC. See Regulations section 31.3401(c)-1(f).*

For employees, such as certain members of the clergy and religious workers who aren't subject to social security and Medicare taxes as employees, box 5 of Form W-2 can be zero or less than the amount in Form W-2, box 1. In those cases, the amount required to be reported in box 1 of Form W-2 must be reported as reportable compensation in column (c).

Column (d)

Report the following deferred compensation and benefits.

1. Tax-deferred contributions by the employer to a qualified defined-contribution retirement plan.
2. The annual increase or decrease in actuarial value of a qualified defined benefit plan, whether or not funded or vested.
3. The value of health benefits provided by the employer, or paid by the employee with pre-tax dollars, that isn't included in reportable compensation, including the value of:
   - Payments of health benefit plan premiums,
   - Medical reimbursement and flexible spending programs, and
   - Health coverage (rather than actual benefits paid) provided by an employer's self-insured or self-funded arrangement.

   Health benefits include medical, dental, optical, drug, and medical equipment benefits. They don't include disability or long-term care insurance premiums or allocated benefits for this purpose.
4. Tax-deferred contributions by the employer and employee to a funded nonqualified defined contribution plan, and deferrals under an unfunded nonqualified defined contribution plan, whether or not such plans are vested or subject to a substantial risk of forfeiture.
5. The annual increase or decrease in actuarial value of a nonqualified defined benefit plan, whether or not funded, vested, or subject to a substantial risk of forfeiture.

Reasonable estimates can be used if precise cost figures aren't readily available to determine column (d) amounts.

Column (e)

Enter both taxable and nontaxable fringe benefits, but don't include compensation reported in column (c) or (d) or the following.

1. Working condition fringe benefits described in section 132(d).
2. Expense reimbursements and allowances under an accountable plan described in Regulations section 1.62-2(c)(2).
3. De minimis fringe benefits described in section 132(e).

Include amounts that the recipients must report as income on their separate income tax returns. Examples include amounts for which the recipient didn't account to the organization or allowances that were more than the payee spent on serving the organization. Include payments made under indemnification arrangements, the value of the personal use of housing, automobiles, or other assets owned or leased by the organization (or provided for the organization's use without charge), as well as any other taxable and nontaxable fringe benefits. See Pub. 525, Taxable and Nontaxable Income, for more information.

$10,000-per-item exception. The organization may exclude from reporting in column (e) any item of "other compensation" given to a person listed in Part IV if its total value is less than $10,000 for the calendar year ending with or within the organization's tax year.

Short Year and Final Returns

For a short-year return in which there is no calendar year that ends with or within the short year, leave columns (c), (d), and (e) blank and don't report any highest compensated employees or highest compensated independent contractors (because such persons are determined according to compensation received in the calendar year ending with or within the tax year for which the return is filed), unless the return is a final return. If the return is a final return, report in column (c) the compensation that is reportable compensation on Forms W-2 and Forms 1099 for the short year, from both the filing organization and related organizations, whether or not Forms W-2 or Forms 1099 have been filed yet to report such compensation. Report health benefits, contributions to employee benefit plans, and other deferred compensation for the short year in column (d), and other compensation for the short year in column (e).

Part V. Other Information

Required Statements

1. **Schedule A (Form 990).** Section 501(c)(3) organizations must complete and attach Schedule A (Form 990).
2. **Statement regarding personal benefit contract.** If, in connection with a transfer to or for the use of the organization, the organization directly or indirectly pays premiums on any *personal benefit contract*, or there is an understanding or expectation that any person will directly or indirectly pay such premiums, the organization must do the following.
   - Attach a statement describing the organization's involvement with the personal benefit contract(s).
   - Report on Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, the premiums that the organization paid, and the premiums paid by others but treated as paid by the organization.
   - Report and pay an excise tax, equal to premiums paid, on Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.

A "personal benefit contract" is generally any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor's family, or any other person designated by the transferor (other than an organization described in section 170(c)). See section 170(f)(10); Notice 2000-24, 2000-1 C.B. 952; and Ann. 2000-82, 2000-2 C.B. 385.

Line 33. Change in Activities

Describe in Schedule O (Form 990) any significant activities that the organization conducted prior to the end of the tax year that it hasn't previously reported to the IRS on Form 990-EZ or 990. Also, describe significant activities that were discontinued. If the organization has never filed a Form 990 or 990-EZ, answer "No."

An organization must report new, significant program services or significant changes in how it conducts program services in Part III of Form 990-EZ and in Schedule O (Form 990), rather than in a letter to the IRS Exempt Organization Determinations Office ("EO Determinations"). EO Determinations no longer issues letters confirming the tax-exempt status of organizations that report such new services or significant changes.

Line 34. Changes in Organizing or Governing Documents

The organization must report significant changes to its organizing or enabling document by which it was created (articles of incorporation, association, or organization; trust instrument; constitution; or similar document), and to its rules governing its affairs (bylaws, regulations, operating agreement, or similar document). Report changes made since the prior Form 990-EZ was filed, or that weren't reported on any prior Form 990, and that were made before the end of the tax year.

Examples of significant changes to the organizing or governing documents include changes to:

- The organization's name;
- The organization's exempt purposes or mission;
- The number, composition, qualifications, authority, or duties of the governing body's voting members;
- The number, composition, qualifications, authority, or duties of the organization's officers or key employees;
- The role of the organization's members in governance;
- The distribution of assets upon dissolution;
- The provisions to amend the organizing or enabling document or bylaws;
- The quorum, voting rights, or voting approval requirements of the governing body members or the organization's stockholders or membership;
- The policies or procedures contained within the organizing documents or bylaws regarding compensation of officers, directors, trustees, or key employees; conflicts of interest; whistleblowers; or document retention or destruction; and
- The composition or procedures of an audit committee contained within the organizing document or bylaws.

Examples of insignificant changes made to organizing or governing documents that aren't required to be reported here include changes to the organization's registered agent with the state and to the required or permitted number or frequency of governing body or member meetings.

Describe significant changes on Schedule O (Form 990), but don't attach a copy of the amendments or amended document to Form 990-EZ (or recite the entire amended document verbatim), unless such amended documents reflect a change in the organization's name. See the instructions for *Item B*, earlier, regarding attachments required in the event of a change in the organization's name; these attachments must be conformed copies of the original documents.

A conformed copy is one that agrees with the original document and all amendments to it. If the copies aren't signed, they must be accompanied by a written declaration signed by an officer authorized to sign for the organization, certifying that they are complete and accurate copies of the original documents. Photocopies of articles of incorporation showing the certification of an appropriate state official need not be accompanied by such a declaration. See Rev. Proc. 68-14, 1968-1 C.B. 768, for details.

In some cases, if the exempt organization changes its legal structure, such as from a trust to a corporation, the new legal entity must file a new exemption application to establish that it qualifies for exemption. However, the IRS no longer requires a new exemption application from a domestic 501(c) organization that undergoes certain changes of its form or place of organization described in Rev. Proc. 2018-15, 2018-9 I.R.B. 379, available at IRS.gov/irb/2018-09_IRB.

Lines 35a and 35b. Unrelated Business Income

Political organizations described in section 527 aren't required to answer these questions.

Check "Yes" on line 35a if the organization's total gross income from all of its unrelated trades and businesses is $1,000 or more during the tax year. See Pub. 598 for a description of unrelated business income, and see the Instructions for Form 990-T for the filing requirements of Form 990-T.

If the organization answered "Yes" to line 35a but answered "No" to line 35b because it didn't file a Form 990-T for the tax year, then explain in Schedule O (Form 990) why the organization didn't file a Form 990-T.

If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O (Form 990) the reasons for not reporting the income on Form 990-T.

Neither Form 990-T nor Form 990-EZ is a substitute for the other. Items of income and expense reported on Form 990-T must also be reported on Form 990-EZ (and vice versa) when the organization is required to file both forms.

All tax-exempt organizations must pay estimated taxes on their unrelated business income if they expect their tax liability to be $500 or more.

Line 35c. Section 6033(e) Tax for Lobbying Expenditures

If the organization checks "No" to line 35c, it is certifying that it wasn't subject to the notice and reporting requirements of section 6033(e) and that the organization had no lobbying and political expenditures potentially subject to the proxy tax.

Section 6033(e) notice and reporting requirements and proxy tax. Section 6033(e) requires certain section 501(c)(4), 501(c)(5), and 501(c)(6) organizations to tell their members the portion of their membership dues that were allocable to the political or lobbying activities of the organization. If an organization doesn't give its members this information, then the organization is subject to a proxy tax. The tax is reported on Form 990-T.

If the organization checks "Yes" on line 35c to declare that it had reportable section 6033(e) lobbying and political expenses in the tax year (and potential liability for the proxy tax):

1. Complete Schedule C (Form 990), Part III (see instructions), and
2. Attach this schedule to Form 990-EZ.

Only the following tax-exempt organizations are subject to the section 6033(e) notice and reporting requirements, and a potential proxy tax.

- Section 501(c)(4) social welfare organizations.
- Section 501(c)(5) agricultural and horticultural organizations.
- Section 501(c)(6) organizations.

If the organization isn't tax exempt under sections 501(c)(4), 501(c)(5), or 501(c)(6), check "No" on line 35c. If the organization meets *Exception 1* or *2* next, it is excluded from the notice, reporting, and proxy tax requirements of section 6033(e), and it should check "No" on line 35c. See also Rev. Proc. 98-19, 1998-1 C.B. 547.

Exception 1. Section 6033(e)(3) exception for nondeductible dues.

1. All organizations exempt from tax under section 501(a), other than section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.
2. Local associations of employees' and veterans' organizations described in section 501(c)(4), but not section 501(c)(4) social welfare organizations.
3. Labor unions and other labor organizations described in section 501(c)(5), but not section 501(c)(5) agricultural and horticultural organizations.
4. Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations that receive more than 90% of their dues from:
   a. Section 501(c)(3) organizations;
   b. State or local governments;
   c. Entities whose income is exempt from tax under section 115; or
   d. Organizations described in (1) through (3), previously.
5. Section 501(c)(4) and 501(c)(5) organizations that receive more than 90% of their annual dues from persons, families, or entities that each paid annual dues of $140 or less in 2024 (adjusted annually for inflation). See Rev. Proc. 2023–34, sec. 3.47.
6. Any organization that receives a private letter ruling from the IRS stating that the organization satisfies the section 6033(e)(3) exception.
7. Any organization that keeps records to substantiate that 90% or more of its members can't deduct their dues (or similar amounts) as business expenses whether or not any part of their dues are used for lobbying purposes.
8. Any organization that isn't a membership organization.

CAUTION *Special rules treat affiliated social welfare organizations, agricultural and horticultural organizations, and business leagues as parts of a single organization for purposes of meeting the nondeductible dues exception. See Rev. Proc. 98-19.*

Exception 2. Section 6033(e)(1) $2,000 in-house lobbying exception. An organization satisfies the $2,000 in-house lobbying exception if it:

1. Didn't receive a waiver for proxy tax owed for the prior year;
2. Didn't make any political expenditures or foreign lobbying expenditures during the current tax year; and
3. Incurred lobbying expenses during the current tax year consisting only of in-house direct lobbying expenses totaling $2,000 or less, but excluding any allocable overhead expenses.

Definitions

Grassroots lobbying. Refers to attempts to influence any segment of the general public regarding legislative matters or referendums.

Direct lobbying includes attempting to influence:
- Legislation through communication with legislators and other government officials, and
- The official actions or positions of covered executive branch officials through direct communication.

Direct lobbying doesn't include attempting to influence:
- The general public regarding legislative matters (grassroots lobbying).

Other lobbying includes:
- Grassroots lobbying,
- Foreign lobbying,
- Third-party lobbying, and
- Dues paid to another organization that were used to lobby.

In-house expenditures include:
- Salaries, and
- Other expenses of the organization's officials and staff (including amounts paid or incurred for the planning of legislative activities).

In-house expenditures don't include:
- Any payments to other taxpayers engaged in lobbying or political activities as a trade or business, and
- Any dues paid to another organization that are allocable to lobbying or political activities.

Line 36. Liquidation, Dissolution, Termination, or Significant Disposition of Net Assets

If there was a liquidation, dissolution, termination, or significant disposition of net assets, enter "Yes" and complete and attach the applicable parts of Schedule N (Form 990).

For a complete liquidation, dissolution, termination, or cessation of operations, also check the "Final return/terminated" box in the heading of the return.

A "significant disposition of net assets" is a sale, exchange, disposition, or other transfer of more than 25% of the FMV of the organization's net assets during the year, regardless of whether the organization received full or adequate consideration. A significant disposition of net assets may result from either an expansion or contraction of operations. A significant disposition of net assets involves:

1. One or more dispositions during the organization's tax year amounting to more than 25% of the FMV of the organization's assets as of the beginning of its tax year; or
2. One of a series of related dispositions or events commenced in a prior year that, when combined, comprise more than 25% of the FMV of the organization's assets as of the beginning of the tax year when the first disposition of net assets occurred. Whether a series of related dispositions is a significant disposition of net assets depends on the facts and circumstances in each case.

Examples of the types of transactions that are significant dispositions of net assets required to be reported on Schedule N (Form 990), Part II, include:
- Taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (such as a social club described in section 501(c)(7) selling land, or an exempt organization selling assets it had used to further its exempt purposes);
- Sales, contributions, or other transfers of assets to establish or maintain a partnership, joint venture, or corporation (for-profit or nonprofit), regardless of whether such sales or transfers are governed by section 721 or section 351, whether or not the transferor receives an ownership interest in exchange for the transfer;
- Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest;
- Transfers of assets under a reorganization in which the organization is a surviving entity; and
- A contraction of net assets resulting from a grant or charitable contribution of assets to another organization described in section 501(c)(3).

TIP *An organization filing Form 990-EZ need not complete Schedule N (Form 990), Part II, for a transaction that isn't a significant disposition of net assets.*

The following aren't considered significant dispositions of net assets for purposes of Schedule N (Form 990), Part II.
- The change in composition of publicly traded securities held in an exempt organization's passive investment portfolio.

- Asset sales made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, such as gross sales of inventory.
- Grants or other assistance made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, such as the regular charitable distributions of a United Way or other federated fundraising organization.
- A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization.
- Transfers to a disregarded entity of which the organization is the sole member.

Line 37. Expenditures for Political Purposes

Political organizations described in section 527 aren't required to answer this question.

A political expenditure is one intended to influence the selection, nomination, election, or appointment of anyone to a federal, state, or local public office, or office in a political organization, or the election of Presidential or Vice Presidential electors. It doesn't matter whether the attempt succeeds.

An expenditure includes a payment, distribution, loan, advance, deposit, or gift of money, or anything of value. It also includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable.

All section 501(c) organizations. An exempt organization that isn't a political organization must file Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations, if it is treated as having political organization taxable income under section 527(f)(1).

If a section 501(c) organization establishes and maintains a section 527(f)(3) separate segregated fund, it is the fund's responsibility to file its own Form 1120-POL if the fund meets the Form 1120-POL filing requirements. Do not include the segregated fund's receipts, expenditures, and balance sheet items on the Form 990-EZ of the section 501(c) organization that establishes and maintains the fund. When answering question 37 on its Form 990-EZ, the section 501(c) organization should disregard the political expenses and Form 1120-POL filing requirement of the segregated fund. However, when a section 501(c) organization transfers its own funds to a separate segregated section 527(f)(3) fund for use as political expenses, the section 501(c) organization must report the transferred funds as its own political expenses on its Form 990-EZ.

Section 501(c)(3) organizations. A section 501(c)(3) organization will lose its tax-exempt status if it engages in political activity.

A section 501(c)(3) organization must pay a section 4955 excise tax for any amount paid or incurred on behalf of, or in opposition to, any candidate for public office. The organization must pay an additional excise tax if it fails to correct the expenditure timely.

A manager of a section 501(c)(3) organization who knowingly agrees to a political expenditure must pay a section 4955 excise tax, unless the agreement isn't willful and there is reasonable cause. A manager who doesn't agree to a correction of the political expenditure may have to pay an additional excise tax.

When an organization promotes a candidate for public office (or is used or controlled by a candidate or prospective candidate), amounts paid or incurred for the following purposes are political expenditures.

- Remuneration to such individual (a candidate or prospective candidate) for speeches or other services.
- Travel expenses of such individual.
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by such individual.
- Expenses of advertising, publicity, and fundraising for such individual.
- Any other expense that has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of such individual.

An organization is effectively controlled by a candidate or prospective candidate only if such individual has a continuing, substantial involvement in the day-to-day operations or management of the organization.

A determination of whether the primary purpose of an organization is promoting the candidacy or prospective candidacy of an individual for public office is made on the basis of all the facts and circumstances. See section 4955 and Regulations section 53.4955.

Use Form 4720 to figure and report these excise taxes.

Line 38. Loans to or From Officers, Directors, Trustees, and Key Employees

Enter the end-of-year unpaid balance of secured and unsecured loans made to or received from officers, directors, trustees, and key employees (as defined in Part IV, earlier). For example, if the organization borrowed $1,000 from one officer and loaned $500 to another, none of which has been repaid, report $1,500 on line 38b.

For loans outstanding at the end of the year, complete and attach Schedule L (Form 990), Part II. See the Instructions for Schedule L (Form 990).

Report any interest expense paid to an officer, director, trustee, or key employee on line 16 (except for mortgage interest reportable on line 14) and any interest income paid by an officer, director, trustee, or key employee on line 8.

Line 39. Section 501(c)(7) Organizations

Gross receipts test. See *Appendix C*, later, for a discussion of the gross receipts test for purposes of determining exemption under section 501(c)(7). This definition of gross receipts differs from the definition for purposes of header *Item L*, earlier, and determining whether the organization must file Form 990 or 990-EZ.

Line 39a. Include capital contributions, initiation fees, and unusual amounts of income not included in figuring gross receipts for the purpose of determining the exempt status of section 501(c)(7) organizations, as discussed in *Appendix C*, later.

Line 39b. Gross receipts for public use of club facilities are gross receipts (as defined above for 501(c)(7) exemption purposes) derived from the use of the organization's facilities by persons other than members, spouses of members, dependents of members, or guests of members.

Investment income and Form 990-T. If a section 501(c)(7) organization qualifies as tax exempt under the gross receipts test described in *Appendix C*, then include the amount entered on line 39b of Form 990-EZ on the club's Form 990-T if the club is required to file Form 990-T. Investment income earned by a section 501(c)(7) organization isn't tax-exempt income unless it is set aside for one or more of the following purposes: religious, charitable, scientific, literary, educational, or the prevention of cruelty to children or animals.

If the combined amount of an organization's gross investment income and other unrelated business income is $1,000 or more, it must report the investment income and other unrelated business income on Form 990-T.

Nondiscrimination policy. A section 501(c)(7) organization isn't exempt from income tax if any written policy statement, including the governing instrument and bylaws, allows discrimination on the basis of race, color, or religion.

However, section 501(i) allows social clubs to retain their exemption under section 501(c)(7) even though their membership is limited (in writing) to members of a particular religion if the social club:

1. Is an auxiliary of a fraternal beneficiary society exempt under section 501(c)(8); and
2. Limits its membership to the members of a particular religion; or the membership limitation is:
   a. A good-faith attempt to further the teachings or principles of that religion, and
   b. Not intended to exclude individuals of a particular race or color.

Line 40a. Section 501(c)(3) Organizations: Disclosure of Excise Taxes Imposed Under Section 4911, 4912, or 4955

Section 501(c)(3) organizations must disclose any excise tax imposed during the year under section 4911 (excess lobbying expenditures); 4912 (disqualifying lobbying expenditures); or, unless abated, 4955 (political expenditures). See sections 4962 and 6033(b).

Line 40b. Section 501(c)(3), 501(c)(4), and 501(c)(29) Organizations: Disclosure of Section 4958 Excess Benefit Transactions and Excise Taxes

Answer "Yes" if the organization became aware, prior to filing this return, that it engaged in an excess benefit transaction with a disqualified person in the current tax year or in a prior year, and if the transaction hasn't been reported on any of the organization's prior Forms 990 or 990-EZ.

Sections 6033(b) and 6033(f) require section 501(c)(3) and 501(c)(4) organizations to report the amount of taxes imposed under section 4958 (excess benefit transactions) involving the organization, unless abated, as well as any other information the Secretary may require concerning those transactions.

If the organization answers "Yes," then complete and attach Schedule L (Form 990), Part I.

TIP *An excess benefit transaction can have serious implications for the disqualified person that entered into the transaction with the organization, any organization managers that knowingly approved of the transaction, and the organization itself. A section 501(c)(3), 501(c)(4), or 501(c)(29) organization that becomes aware that it may have engaged in an excess benefit transaction should obtain competent advice regarding section 4958, pursue correction of any excess benefit, and take other appropriate steps to protect its interests with regard to such transaction and the potential impact it could have on the organization's continued exempt status. See* Appendix E: Section 4958 Excess Benefit Transactions, *later, for a discussion of section 4958, and Schedule L (Form 990), Part I, about reporting excess benefit transactions.*

Line 40c. Taxes Imposed on Organization Managers or Disqualified Persons

Enter the amount of taxes imposed on organization managers and/or disqualified persons under sections 4912, 4955, and 4958, unless abated.

Line 40d. Taxes Reimbursed by the Organization

Enter the amount of tax on line 40c that was reimbursed by the organization. Any reimbursement of the excise tax liability of a disqualified person or organization manager will be treated as an excess benefit unless:

1. The organization treats the reimbursement as compensation during the year the reimbursement is made; and
2. The total compensation to that person, including the reimbursement, is reasonable.

Line 40e. Tax on Prohibited Tax Shelter Transactions

Answer "Yes" if the organization was a party to a prohibited tax shelter transaction as described in section 4965(e) at any time during the organization's tax year. An organization that files Form 990-EZ (other than a section 527 political organization) and that is a party to a prohibited tax shelter transaction must file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, and may also have to file Form 4720 and pay excise tax imposed by section 4965. For more information, see the instructions for Forms 8886-T and 4720.

Line 41. List of States

List each state where the organization is filing a copy of this return in full or partial satisfaction of state filing requirements.

Line 42a. Location of Books and Records

Provide the name of the person who possesses the organization's books and records. The organization isn't required to provide the address or telephone number for the personal residence of an individual. The organization's address and phone number can be used instead, or the business address and telephone number of such individual.

Line 42b. Foreign Financial Accounts

Answer "Yes" if either item 1 or 2 below applies.

1. At any time during the calendar year ending with or within the organization's tax year, the organization had an interest in, or signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account); and
   a. The combined value of the accounts was more than $10,000 at any time during the calendar year; and
   b. The accounts weren't with a U.S. military banking facility operated by a U.S. financial institution.
2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

If "Yes," enter the name of the foreign country or countries. Continue on Schedule O (Form 990) if more space is needed.

If "Yes," file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), electronically with the Department of the Treasury using FinCEN's BSA E-Filing System. Because FinCEN Form 114 isn't a tax form, don't file it with Form 990-EZ. See FINCEN.gov for more information.

Line 43. Section 4947(a)(1) Nonexempt Charitable Trusts

A section 4947(a)(1) nonexempt charitable trust that has no taxable income under subtitle A can use Form 990-EZ to meet its section 6012 filing requirement by checking the box on line 43 (in which case Form 1041 isn't required). In such case, enter on line 43 the total of exempt-interest dividends received or accrued (if reporting under the accrual method of accounting) during the

tax year. Such tax-exempt interest includes exempt-interest dividends received from a mutual fund or other regulated investment company as well as tax-exempt interest received directly.

Section 4947(a)(1) nonexempt charitable trusts must complete all sections of the Form 990-EZ and schedules that 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990-EZ, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990)), unless expressly excepted.

Trust fund recovery penalty. If certain excise, income, social security, and Medicare taxes that must be collected or withheld aren't collected or withheld, or these taxes aren't paid to the IRS, a trust fund recovery penalty may apply. The trust fund recovery penalty may be imposed on all persons (including volunteers) who the IRS determines were responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.

This penalty doesn't apply to volunteer unpaid members of any board of trustees or directors of a tax-exempt organization if these members are solely serving in an honorary capacity, don't participate in the day-to-day or financial activities of the organization, and don't have actual knowledge of the failure to collect, account for, and pay over these taxes. However, the preceding sentence doesn't apply if it results in no person being liable for the penalty.

The penalty is equal to the unpaid trust fund tax. See Pub. 15 (Circular E) for more details, including the definition of responsible persons.

Line 44a. Donor Advised Funds

CAUTION *A sponsoring organization of a donor advised fund must file Form 990 rather than Form 990-EZ, regardless of the amount of its gross receipts or net assets.*

A sponsoring organization is any of the following types of organizations if it maintains one or more donor advised funds.

1. A section 501(c)(3) public charity described in section 509(a)(1), (2), or (3).
2. A veterans' organization, organized in the United States or any of its territories, no part of the net earnings of which inures to the benefit of any private shareholder or individual, that meets the requirements to receive deductible contributions under section 170(c)(3).
3. A domestic fraternal organization described in section 501(c)(8) or (10) that uses charitable contributions exclusively for charitable purposes.
4. A cemetery company described in section 501(c)(13).

A "donor advised fund" is a fund or account:

1. That is separately identified by reference to contributions of a donor or donors,
2. That is owned and controlled by a sponsoring organization, and
3. Over which the donor or donor advisor has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised fund or account because of the donor's status as a donor.

A donor advised fund doesn't include any fund or account:

1. That makes distributions only to a single identified organization or governmental entity; or
2. For which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes if:
   a. The donor's or donor advisor's advisory privileges are performed exclusively by such person in the donor's or donor advisor's capacity as a committee member in which all of the committee members are appointed by the sponsoring organization;
   b. No combination of donors or donor advisors directly or indirectly controls the committee; and
   c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis following a procedure approved in advance by the board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of section 4945(g)(1), (2), or (3); or
3. That the Secretary exempts from being treated as a donor advised fund because either such fund or account is advised by a committee not directly or indirectly controlled by the donor or donor advisor or such fund benefits a single identified charitable purpose. For example, see Notice 2006-109, 2006-51 I.R.B. 1121, which is modified by Rev. Proc. 2009-32, 2009-28 I.R.B.142; and Rev. Proc. 2009-32 is modified and superseded by Rev. Proc. 2011-33, 2011-25 I.R.B. 887, which is modified and superseded by Rev. Proc. 2018-32, 2018-23 I.R.B. 739; and any future related guidance.

A "donor advisor" is any person appointed or designated by a donor to advise a sponsoring organization on the distribution or investment of amounts held in the donor's donor advised fund or similar account.

Line 44b. Hospital Facilities

If the organization operated one or more hospital facilities during the tax year, it must complete and file Form 990 and Schedule H (Form 990) and not Form 990-EZ.

A "hospital facility" is a facility that is required to be licensed, registered, or similarly recognized by a state as a hospital. This includes a hospital that is operated through a disregarded entity or joint venture treated as a partnership for federal tax purposes. It doesn't include hospitals that are located outside the United States. It also doesn't include hospitals that are operated by entities organized as separate legal entities from the organization that are treated as corporations for federal tax purposes.

TIP *The definition of "hospital" for Schedule A (Form 990), Part I, is different from the definition of "hospital facility" for Schedule H (Form 990). See the* Glossary *in the Form 990 instructions for the respective definitions.*

Lines 44c and 44d. Payments for Indoor Tanning Services

The organization should check "Yes" for line 44c if it received any payments during the year for indoor tanning services. "Indoor tanning services" are services employing any electronic product designed to incorporate one or more ultraviolet lamps and intended for the irradiation of an individual by ultraviolet radiation, with wavelengths in air between 200 and 400 nanometers, to induce skin tanning.

If an organization received a payment for services for indoor tanning services during the year, it must collect from the recipient of the services a tax equal to 10% of the amount paid for such service, whether paid by insurance or otherwise, and remit such tax quarterly to the IRS by filing Form 720, Quarterly Federal Excise Tax Return. If the organization filed Form 720 during the

year, it should check "Yes" to line 44d. If it answers "No" to line 44d, it should explain in Schedule O (Form 990) why it didn't file Form 720.

Line 45a. Section 512(b)(13) Controlled Entity

Answer "Yes" if the organization had a controlled entity within the meaning of section 512(b)(13) during the tax year. A "controlled entity within the meaning of section 512(b)(13)" may be a stock or nonstock corporation, association, partnership, LLC, or trust of which the controlling organization owns more than 50% of:

- The stock of a corporation (measured by voting power or value),
- The profits or capital interest in a partnership, or
- The beneficial interest in a trust or other entity.

For the definition of "control" in this context, see section 512(b)(13)(D) and Regulations section 1.512(b)-1(l)(4) (substituting "more than 50%" for "at least 80%" in the regulations, for purposes of this definition). For the definition of "control of a nonprofit organization," see the instructions for line 49, later.

Line 45b. Transactions With a Section 512(b)(13) Controlled Entity

A controlling organization of a controlled entity under section 512(b)(13) must file Form 990 and Schedule R (Form 990), Related Organizations and Unrelated Partnerships, rather than Form 990-EZ, if the controlling organization either:

1. Received or accrued from the controlled entity any interest, annuities, royalties, or rent, regardless of amount, during the tax year; or
2. Engaged in another type of transaction (see the Instructions for Schedule R (Form 990) for a description of transactions) with the controlled entity, if the amounts involved during the tax year for such type of transaction exceeded $50,000.

CAUTION *The organization should check "Yes" to line 45b **only** if transactions with the controlled entity are described in (1) or (2) above. That organization should file Form 990 and Schedule R (Form 990). If transactions with the controlled entity are **not** described in (1) or (2), the organization isn't precluded from filing Form 990-EZ because of those transactions, and should check "No" to line 45b.*

Line 46. Political Campaign Activities

Answer "Yes" and complete the applicable parts on Schedule C (Form 990), Part I, if the organization participated or intervened in (including the publishing of statements) any political campaign on behalf of (or in opposition to) any candidate for public office, directly or indirectly. See the Instructions for Schedule C (Form 990) for a discussion of political activity.

Part VI. Section 501(c)(3) Organizations

All section 501(c)(3) organizations (including, for purposes of Form 990-EZ, section 4947(a)(1) nonexempt charitable trusts) must complete Part VI.

Line 47. Lobbying Activities

Answer "Yes" and complete Schedule C (Form 990), Part II, if the organization engaged in lobbying activities or had a section 501(h) election in effect during the tax year. All section 501(c)(3) organizations that had a section 501(h) election in effect during the tax year must complete Schedule C (Form 990), Part II-A, regardless of whether they engaged in lobbying activities during the tax year. See the Instructions for Schedule C (Form 990) for a discussion of lobbying activities.

Line 48. Schools

Answer "Yes" and complete Schedule E (Form 990) if the organization checked the box on Schedule A (Form 990), Part I, line 2, indicating that it is a school.

Line 49. Transfers to Exempt Non-Charitable Related Organizations

Answer "Yes" if the organization made any transfer to a related organization that is an exempt organization other than a 501(c)(3) organization, such as a related 501(c)(4) organization or a related 527 political organization.

A transfer for this purpose is any transaction or arrangement in which the organization transferred something of value (cash, other assets, services, use of property, etc.) to the exempt non-charitable related organization, whether or not for adequate consideration. The organization can (but isn't required to) explain the transfer in Schedule O (Form 990).

For purposes of Form 990-EZ, a related organization is an organization (including a nonprofit organization, a stock corporation, a partnership or LLC, a trust, and a governmental unit or other governmental entity) that is in one or more of the following relationships to the filing organization at any time during the tax year.

Parent. An organization that controls the filing organization (see definition of "control," later).

Subsidiary. An organization controlled by the filing organization.

Brother/Sister. An organization controlled by the same person or persons that control the filing organization. However, if the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the other trust isn't a brother/sister related organization of the filing organization on the ground of common control by the bank or financial institution trustee.

Supporting/Supported. An organization that claims to be at any time during the tax year, or that is classified by the IRS at any time during the tax year, as the following.

- A supporting organization of the filing organization within the meaning of section 509(a)(3), if the filing organization is a supported organization within the meaning of section 509(f)(3); or
- A supported organization, if the filing organization is a supporting organization.

For purposes of determining whether an organization is related, control exists in the following situations.

Control of a nonprofit organization (or other organization without owners or persons having beneficial interests, whether the organization is taxable or tax exempt). One or more persons (whether individuals or organizations) control a nonprofit organization if they have the power to remove and replace (or to appoint, elect, or approve or veto the appointment or election of, if such power includes a continuing power to appoint, elect, or approve or veto the appointment or election of, periodically or in the event of vacancies) a majority of the nonprofit organization's directors or trustees, or a majority of members who elect a majority of the nonprofit organization's directors or trustees.

Such power can be exercised directly by a parent organization through one or more of the parent organization's officers, directors, trustees, or agents acting in their capacity as officers, directors, trustees, or agents of the parent organization. Also, a parent organization controls a subsidiary nonprofit organization if a majority of the subsidiary's directors or trustees are trustees, directors, officers, employees, or agents of the parent.

Control of a stock corporation. One or more persons (whether individuals or organizations) control a stock corporation

if they own more than 50% of the stock (by voting power or value) of the corporation.

Control of a partnership or LLC. One or more persons control a partnership if they own more than 50% of the profits or capital interests in the partnership (including an LLC treated as a partnership or disregarded entity for federal tax purposes, regardless of the designation under state law of the ownership interests as stock, membership interests, or otherwise). A person also controls a partnership if the person is a managing partner or managing member of a partnership or LLC that has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control), or if the person is a general partner in a limited partnership that has three or fewer general partners (regardless of which partner has the most actual control). For this purpose, a "managing partner" is a partner designated as such under the partnership agreement, or regularly engaged in the management of the partnership even though not so designated.

Control of a trust with beneficial interests. One or more persons control a trust if they own more than 50% of the beneficial interests in the trust. A person's beneficial interest in a trust shall be determined in proportion to that person's actuarial interest in the trust as of the end of the tax year.

Control can be indirect. For example, if the filing organization controls Entity A, which in turn controls Entity B, the filing organization will be treated as controlling Entity B. To determine indirect control through constructive ownership of a corporation, rules under section 318 apply. Similar principles apply for purposes of determining constructive ownership of another entity (a partnership or trust). If an entity X controls an entity treated as a partnership by being one of three or fewer partners or members, then an organization that controls X also controls the partnership.

See Regulations sections 301.7701-2, -3, and -4 for more information on classification of corporations, partnerships, disregarded entities, and trusts.

Line 50. Five Highest Compensated Employees Over $100,000

Complete this table for the five employees (other than officers, directors, trustees, and key employees as defined in the Part IV instructions, earlier) with the highest annual compensation over $100,000. On line 50f, enter the number of other employees (other than officers, directors, trustees, and key employees) with annual compensation over $100,000 who aren't individually listed.

A fiscal-year organization must use the calendar year ending within its tax year to determine its five highest compensated employees over $100,000, and to report the compensation. Combine the compensation includible in Part VI, columns (c), (d), and (e), in determining whether compensation exceeds $100,000 for the calendar year.

See the Part IV instructions, earlier, for more information on compensation reporting and for completing table columns (a) through (e) of line 50, and for information on the $10,000-per-item exception for column (e).

Example. Sam isn't a key employee. The organization uses a calendar tax year. During the year, Sam received a salary of $80,000 and a $2,000 bonus. Sam contributed $5,000 of the salary on a pre-tax basis to a qualified defined-contribution retirement plan, and received a matching employer contribution of $5,000 from the organization. Sam contributed another $5,000 of the salary on a pre-tax basis to a qualified health plan. Sam received from the employer nontaxable health benefits for self and family of $10,000, and nontaxable family educational benefits of $5,000.

To determine whether Sam is to be listed as among the five highest compensated employees, Sam's compensation in column (c) would be $82,000, the amount reportable in box 5 of Form W-2 consisting of the $80,000 salary (including Sam's contributions to the qualified plans) and the $2,000 bonus. Sam's compensation in column (d) would be $15,000, consisting of the organization's payments of $5,000 to the retirement plan and $10,000 to the health plan. Sam wouldn't report the $5,000 in nontaxable family educational benefits in column (e) because it is excluded under the $10,000-per-item exception for column (e). Thus, Sam's total compensation of $97,000 wouldn't place Sam among the five highest compensated employees over $100,000.

See Pub. 525 for more information.

Line 51. Five Highest Compensated Independent Contractors Over $100,000

Complete this table for the five highest compensated independent contractors that received more than $100,000 in compensation for services, whether professional services or other services, from the organization. On line 51d, enter the number of other independent contractors with annual compensation over $100,000 that aren't individually listed.

Independent contractors include organizations as well as individuals and can include professional fundraisers, law firms, accounting firms, publishing companies, management companies, and investment management companies. Do not report public utilities or insurance providers as independent contractors. See Pub. 1779, Independent Contractor or Employee, and Pub. 15-A, Employer's Supplemental Tax Guide, for distinguishing employees from independent contractors.

The organization must use the calendar year ending with or within its tax year in determining its five highest compensated independent contractors and reporting their compensation in such year on line 51.

Column (c)—Compensation. Enter the amount of compensation the organization paid, whether reported in box 1 of Form 1099-NEC and/or box 6 of Form 1099-MISC or paid under the parties' agreement or applicable state law, for the calendar year ending with or within the organization's tax year. Otherwise, report the amount paid under the parties' agreement or applicable state law.

Forms 1099-NEC and 1099-MISC aren't always required to be issued for payments to an independent contractor.

Compensation includes fees and similar payments to independent contractors but not reimbursement of expenses. However, for this purpose, the organization must report the gross payment to the independent contractor that includes expenses and fees if the expenses aren't separately reported to the organization.

Signature Block

The return must be signed by the current president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) who is authorized to sign as of the date this return is filed. A receiver, trustee, or assignee must sign any return any one of them file for a corporation or association. See Regulations section 1.6012-3(b)(4). For a trust, the authorized trustee(s) must sign.

Paid Preparer

Generally, anyone who is paid to prepare the return must sign the return, list the preparer taxpayer identification number (PTIN), and fill in the other blanks in the *Paid Preparer Use Only* area. An employee of the filing organization isn't a paid preparer.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature;
- Enter the preparer information (including the preparer's PTIN and the preparer firm's EIN, if applicable); and
- Give a copy of the return to the organization.

Any paid preparer can apply for and obtain a PTIN online at IRS.gov/PTIN or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal.

Note. A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program. Also, facsimile signatures are authorized.

Paid Preparer Authorization

On the last line of Form 990-EZ, check "Yes" if the IRS can contact the paid preparer who signed the return to discuss the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer Use Only* section of Form 990-EZ. It doesn't apply to the firm, if any, shown in that section.

By checking this box "Yes," the organization is authorizing the IRS to contact the paid preparer to answer any questions that may arise during the processing of the return. The organization is also authorizing the paid preparer to:

- Give the IRS any information that is missing from the return;
- Call the IRS for information about the processing of the return; and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

The organization isn't authorizing the paid preparer to bind the organization to anything or otherwise represent the organization before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing the organization's 2025 Form 990-EZ. If the organization wants to expand the paid preparer's authorization or revoke the authorization before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Check "No" if the IRS is to contact the organization at the address or telephone number listed in the heading, rather than the paid preparer.

Appendix of Special Instructions to Form 990-EZ Contents

A Exempt Organizations Reference Chart
B How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less
C Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and Section 501(c)(15) Organizations
D Public Inspection of Returns
E Section 4958 Excess Benefit Transactions
F Forms and Publications To File or Use
G Use of Form 990 or 990-EZ To Satisfy State Reporting Requirements
H Contributions

Appendix A: Exempt Organizations Reference Chart

EO Reference Chart

To determine how the Instructions for Form 990-EZ apply to the organization, an organization must know the Code section under which the organization is exempt.

Type of Organization	I.R.C. Section
Corporations Organized Under Act of Congress	501(c)(1)
Title Holding Corporations	501(c)(2)
Charitable, Religious, Educational, Scientific, etc., Organizations	501(c)(3)
Civic Leagues and Social Welfare Organizations	501(c)(4)
Labor, Agricultural, and Horticultural Organizations	501(c)(5)
Business Leagues, etc.	501(c)(6)
Social and Recreation Clubs	501(c)(7)
Fraternal Beneficiary and Domestic Fraternal Societies and Associations	501(c)(8) and (c)(10)
Voluntary Employees' Beneficiary Associations	501(c)(9)
Teachers' Retirement Fund Associations	501(c)(11)
Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	501(c)(12)
Cemetery Companies	501(c)(13)
State-Chartered Credit Unions, Mutual Reserve Funds, etc.	501(c)(14)
Insurance Companies or Associations Other Than Life	501(c)(15)
Cooperative Organizations To Finance Crop Operations	501(c)(16)
Supplemental Unemployment Benefit Trusts	501(c)(17)
Employee-Funded Pension Trusts (created before June 25, 1959)	501(c)(18)
Organizations of Past or Present Members of the Armed Forces	501(c)(19) and (c)(23)
Black Lung Benefit Trusts	501(c)(21)
Withdrawal Liability Payment Funds	501(c)(22)
Trusts Described in Section 4049 of the Employer Retirement Income Security Act	501(c)(24)
Title Holding Corporations or Trusts	501(c)(25)

Type of Organization	I.R.C. Section
State-Sponsored Organizations Providing Health Coverage for High-Risk Individuals	501(c)(26)
State-Sponsored Workmen's Compensation and Insurance and Reinsurance Organizations	501(c)(27)
National Railroad Retirement Investment Trust	501(c)(28)
Qualified Nonprofit Health Insurance Issuers	501(c)(29)
Religious and Apostolic Associations	501(d)
Cooperative Hospital Service Organizations	501(e)
Cooperative Service Organizations of Operating Educational Organizations	501(f)
Amateur Sports Organizations	501(j)
Childcare Organizations	501(k)
Charitable Risk Pools	501(n)
Political Organizations	527

Appendix B: How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less

To figure whether an organization has to file Form 990-EZ (or Form 990), apply the $50,000 (or $5,000) gross receipts test (below) using the following definition of gross receipts and information in *Figuring Gross Receipts*, later.

Gross Receipts

Gross receipts are the total amounts the organization received from all sources during its annual tax year (including short years), without subtracting any costs or expenses.

CAUTION *Do not use the definition of gross receipts described in* Appendix C *to figure gross receipts for this purpose. The* Appendix C *tests are limited to determining the tax-exempt status of section 501(c)(7) and 501(c)(15) organizations.*

Gross receipts when acting as an agent. If a local chapter of a section 501(c)(8) fraternal organization collects insurance premiums for its parent lodge and merely sends those premiums to the parent without asserting any right to use the funds or otherwise deriving any benefit from them, the local chapter doesn't include the premiums in its gross receipts. The parent lodge reports them instead. The same treatment applies in other situations in which one organization collects funds merely as an agent for another.

Figuring Gross Receipts

Figure gross receipts for Forms 990 and 990-EZ as follows.

Form 990. Gross receipts are the sum of lines 6b (both columns), 7b (both columns), 8b, 9b, 10b, and 12 (column A) of Form 990, Part VIII.

Form 990-EZ. Gross receipts are the sum of lines 5b, 6c, 7b, and 9 of Form 990-EZ, Part I.

Example. Organization Elm reported $50,000 as total revenue on line 9 of its Form 990-EZ. Elm added back the costs and expenses it had deducted on lines 5b ($2,000), 6c ($1,500), and 7b ($500) to its total revenue of $50,000 and determined that its gross receipts for the tax year were $54,000.

$50,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally $50,000 or less, apply the following test. An organization's gross receipts are considered normally to be $50,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, $75,000 or less during its first tax year;
2. Between 1 and 3 years old and averaged $60,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged $50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

If the organization's gross receipts are normally $50,000 or less, it must submit Form 990-N if it chooses not to file Form 990 or 990-EZ. In general, organizations excepted from filing Form 990 or 990-EZ because of low gross receipts must submit Form 990-N. See the filing exceptions described in *General Instructions B*, earlier.

$5,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally $5,000 or less, apply the following test. An organization's gross receipts are considered normally to be $5,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, $7,500 or less during its first tax year;
2. Between 1 and 3 years old and averaged $6,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged $5,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

Appendix C: Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and Section 501(c)(15) Organizations

Section 501(c)(7) organizations (social clubs) and 501(c)(15) organizations (insurance companies) apply the same gross receipts test as other organizations to determine whether they must file Form 990 or 990-EZ. However, section 501(c)(7) and section 501(c)(15) organizations are also subject to separate gross receipts tests to determine if they qualify as tax exempt for the tax year. The following tests use a special definition of gross receipts for purposes of determining whether these organizations are exempt for a particular tax year.

Section 501(c)(7)

A section 501(c)(7) organization can receive up to 35% of its gross receipts, including investment income, from sources outside its membership and remain tax exempt. Part of the 35% (up to 15% of gross receipts) can be from public use of a social club's facilities.

"Gross receipts," for purposes of determining the tax-exempt status of section 501(c)(7) organizations, are the club's income from its usual activities and include:

- Charges;
- Admissions;

- Membership fees;
- Dues;
- Assessments; and
- Investment income (such as dividends, rents, and similar receipts), and normal recurring capital gains on investments.

Gross receipts for this purpose don't include:
- Capital contributions (see Regulations section 1.118-1),
- Initiation fees, or
- Unusual amounts of income (such as the sale of the clubhouse).

College fraternities or sororities or other organizations that charge membership initiation fees, but not annual dues, must include initiation fees in their gross receipts.

Section 501(c)(15)

If any section 501(c)(15) insurance company (other than life insurance) meets both parts of the following test, then the company can file Form 990 (or Form 990-EZ, if applicable).

1. The company's gross receipts must be equal to or less than $600,000.
2. The company's premiums must be more than 50% of its gross receipts.

If the company didn't meet this test and the company is a mutual insurance company, then it must meet the *Alternate test* to qualify to file Form 990 (or Form 990-EZ, if applicable). Insurance companies that don't qualify as tax exempt must file Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return; or Form 1120, U.S. Corporation Income Tax Return, as taxable entities for the year. See Notice 2006-42, 2006-19 I.R.B. 878, available at *IRS.gov/irb/2006-19_IRB/ar08.html*.

Alternate test. If any section 501(c)(15) insurance company (other than life insurance) is a mutual insurance company and it didn't meet the above test, then the company must meet both parts of the following alternate test.

1. The company's gross receipts must be equal to or less than $150,000.
2. The company's premiums must be more than 35% of its gross receipts.

If the company doesn't meet either test, then it must file Form 1120 or 1120-PC (if the company isn't entitled to insurance reserves) instead of Form 990 or 990-EZ.

The alternate test doesn't apply if any employee of the mutual insurance company or a member of the employee's family is an employee of another company that is exempt under section 501(c)(15) (or would be exempt if this provision didn't apply).

Gross receipts. To determine whether a section 501(c)(15) organization satisfies either of the above tests described in *Appendix C*, figure gross receipts by adding:

1. Premiums (including deposits and assessments) without reduction for return premiums or premiums paid for reinsurance;
2. Gross investment income of a non-life insurance company (as described in section 834(b)); and
3. Other items that are included in the filer's gross income under subchapter B, chapter 1, subtitle A, of the Code.

This definition doesn't, however, include contributions to capital. For more information, see Notice 2006-42.

Premiums. Premiums consist of all amounts received as a result of entering into an insurance contract. They are reported on Form 990, Part VIII, line 2, or on Form 990-EZ, Part I, line 2.

Anti-abuse rule. The anti-abuse rule, found in section 501(c)(15)(C), explains how gross receipts (including premiums) from all members of a controlled group are aggregated in figuring the tests described earlier.

Appendix D: Public Inspection of Returns

Some members of the public rely on Form 990 or 990-EZ as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its returns.

An organization's completed Form 990 or 990-EZ is available for public inspection as required by section 6104. Schedule B (Form 990) is open for public inspection for section 527 organizations filing Form 990 or 990-EZ, and for organizations filing Form 990-PF. For other organizations that file Form 990 or 990-EZ, the names and addresses of contributors listed on Schedule B (Form 990) aren't required to be made available for public inspection. The instructions for Schedule B (Form 990) describe which filers for Form 990-EZ are not required to provide contributor names and addresses. All other information reported on Schedule B (Form 990), including the amount of contributions, the description of noncash contributions, and any other information, is required to be made available for public inspection unless it clearly identifies the contributor. Form 990-T filed after August 17, 2006, by a section 501(c)(3) organization to report any unrelated business income is also available for public inspection and disclosure.

Note. Any annual return required to be filed electronically under section 6033(n) will be made available by the Secretary to the public as soon as practicable in a machine-readable format.

Through the IRS

Use Form 4506-A to request a copy of an exempt or political organization's return, report, notice, or exemption application.

The IRS can provide electronic copies of exempt organization returns. Requesters can order the complete set (for example, all Forms 990 and 990-EZ or all Forms 990-PF filed for a year) or a partial set by state or by month. Complete information, including the cost, is available on the IRS website. Search Copies of EO Returns Available at *IRS.gov/Charities-Non-Profits/Copies-of-EO-Returns-Available*.

The IRS generally can't disclose portions of an exemption application relating to trade secrets, etc. The IRS can, however, disclose the names and addresses of contributors of section 527 organizations filing Form 990 or 990-EZ and for organizations that file Form 990-PF. For other organizations that file Form 990 or 990-EZ, the names and addresses of contributors aren't required to be made available for public inspection. See the Instructions for Schedule B (Form 990) for more information about the disclosure of that schedule.

Form 990-T must be made available for public inspection by both the IRS and section 501(c)(3) organizations under Notice 2008-49, 2008-20 I.R.B. 979.

A section 527 organization's Form 990 or 990-EZ can only be requested for tax years beginning after June 30, 2000.

A private foundation's Form 990-PF can only be requested for tax years beginning after March 13, 2000.

A return, report, notice, or exemption application can be inspected at an IRS office free of charge. Copies of these items can also be obtained through the organization as discussed in the following section.

Note. The publicly available data on electronically filed Forms 990 is now available in a machine-readable format through Amazon Web Services (AWS). The publicly available data doesn't include donor information or other personally identifiable information.

Through the Organization

Public inspection and distribution of certain returns of unrelated business income. Section 501(c)(3) organizations that are required to file Form 990-T after August 17, 2006, must make Form 990-T available for public inspection under section 6104(d)(1)(A)(ii).

Public inspection and distribution of returns and reports for a political organization. Section 527 political organizations required to file Form 990 or 990-EZ must, in general, make their Form 8871, Political Organization Notice of Section 527 Status; Form 8872, Political Organization Report of Contributions and Expenditures; Form 990; or Form 990-EZ available for public inspection in the same manner as annual information returns of section 501(c) organizations. See *Public inspection and distribution of applications for tax exemption and annual information returns of tax-exempt organizations* next. Generally, Forms 8871 and 8872 are available for inspection and printing in the Charities & Nonprofits section of the IRS website at IRS.gov/Charities-&-Non-Profits.

TIP *A section 527 political organization (and an organization filing Form 990-PF) must disclose their Schedule B (Form 990). See the Instructions for Schedule B (Form 990). The penalties discussed in* General Instructions G *also apply to section 527 political organizations (Rev. Rul. 2003-49, 2003-20 I.R.B. 903).*

Public inspection and distribution of applications for tax exemption and annual information returns of tax-exempt organizations. Under Regulations sections 301.6104(d)-1 through 3, a tax-exempt organization must:

- Make its application for recognition of exemption and its annual information returns available for public inspection without charge at its principal, regional, and district offices during regular business hours;
- Make each annual information return available for a period of 3 years beginning on the date the return is required to be filed (determined with regard to any extension of time for filing) or is actually filed, whichever is later; and
- Provide a copy without charge (for Form 990-T, this requirement applies only to Forms 990-T filed after August 17, 2006), other than a reasonable fee for reproduction and actual postage costs, of all or any part of any application or return required to be made available for public inspection to any individual who makes a request for such copy in person or in writing (except as provided in Regulations sections 301.6104(d)-2 and (d)-3).

Definitions

Tax-exempt organization is any organization that is described in section 501(c) or (d) and is exempt from taxation under section 501(a). The term "tax-exempt organization" also includes any section 4947(a)(1) nonexempt charitable trust or nonexempt private foundation that is subject to the reporting requirements of section 6033.

Application for tax exemption includes:

- Any prescribed application form (such as Form 1023, 1023-EZ, 1024, or 1024-A),
- All documents and statements the IRS requires an applicant to file with the form,
- Any statement or other supporting document submitted in support of the application, and
- Any letter or other document issued by the IRS concerning the application.

Application for tax exemption does not include:

- Any application for tax exemption filed before July 15, 1987, unless the organization filing the application had a copy of the application on July 15, 1987;
- In the case of a tax-exempt organization other than a private foundation, the name and address of any contributor to the organization; or
- Any material that isn't available for public inspection under section 6104.

CAUTION *If there is no prescribed application form, see Regulations section 301.6104(d)-1(b)(3)(ii).*

Annual information return includes:

- An exact copy of the Form 990 or 990-EZ filed by a tax-exempt organization as required by section 6033,
- Any amended return the organization files with the IRS after the date the original return is filed (both the original and amended return are subject to the public inspection requirements), and
- An exact copy of Form 990-T if one is filed by a 501(c)(3) organization.

The copy must include all information furnished to the IRS on Form 990, 990-EZ, or 990-T, as well as all schedules, attachments, and supporting documents, except for the name and address of any contributor to the organization. See the Instructions for Schedule B (Form 990). However, schedules, attachments, and supporting documents filed with Form 990-T that don't relate to the imposition of unrelated business income tax aren't required to be made available for public inspection and copying. See Notice 2008-49.

Annual returns more than 3 years old. An annual information return doesn't include any return after the expiration of 3 years from the date the return is required to be filed (including any extension of time that has been granted for filing such return) or is actually filed, whichever is later.

If an organization files an amended return, however, the amended return must be made available for a period of 3 years beginning on the date it is filed with the IRS.

Local or subordinate organizations. For rules relating to annual information returns of local or subordinate organizations, see Regulations section 301.6104(d)-1(f)(2).

Regional or district offices. A regional or district office is any office of a tax-exempt organization, other than its principal office, that has paid employees, whether part time or full time, whose aggregate number of paid hours a week are normally at least 120.

A site isn't considered a regional or district office, however, if:

- The only services provided at the site further exempt purposes (such as day care, health care, or scientific or medical research); and
- The site doesn't serve as an office for management staff, other than managers who are involved solely in managing the exempt function activities at the site.

Special Rules Relating to Public Inspection

Permissible conditions on public inspection. A tax-exempt organization:

- Can have an employee present in the room during an inspection;
- Must allow the individual conducting the inspection to take notes freely during the inspection; and
- Must allow the individual to photocopy the document at no charge, if the individual provides photocopying equipment at the place of inspection.

Organizations that don't maintain permanent offices. A tax-exempt organization with no permanent office:

- Must make its application for tax exemption and its annual information returns available for inspection at a reasonable location of its choice;
- Must permit public inspection within a reasonable amount of time after receiving a request for inspection (normally not more than 2 weeks) and at a reasonable time of day;
- Can mail, within 2 weeks of receiving the request, a copy of its application for tax exemption and annual information returns to the requester instead of allowing an inspection; and
- Can charge the requester for copying and actual postage costs only if the requester consents to the charge.

An organization that has a permanent office, but has no office hours, or very limited hours during certain times of the year, must make its documents available during those periods when office hours are limited, or not available, as though it were an organization without a permanent office.

Special Rules Relating to Copies

Time and place for providing copies in response to requests made in person. A tax-exempt organization must:

- Provide copies of required documents under section 6104(d) in response to a request made in person at its principal, regional, and district offices during regular business hours; and
- Provide such copies to a requester on the day the request is made, except for unusual circumstances (see next).

Unusual circumstances. In the case of an in-person request, where unusual circumstances exist so that fulfilling the request on the same business day causes an unreasonable burden to the tax-exempt organization, the organization must provide the copies no later than the next business day following the day that the unusual circumstances cease to exist, or the fifth business day after the date of the request, whichever occurs first.

Unusual circumstances include:

- Requests received that exceed the organization's daily capacity to make copies;
- Requests received shortly before the end of regular business hours that require an extensive amount of copying; or
- Requests received on a day when the organization's managerial staff capable of fulfilling the request is conducting special duties, such as student registration or attending an off-site meeting or convention, rather than its regular administrative duties.

Agents for providing copies. For rules relating to use of agents to provide copies, see Regulations sections 301.6104(d)-1(d)(1)(iii) and 1(d)(2)(ii)(C).

Request for copies in writing. A tax-exempt organization must honor a written request for a copy of documents (or the requested part) required under section 6104(d) if the request:

1. Is addressed to a principal, regional, or district office of the organization, and delivered by mail, electronic mail, facsimile, or a private delivery service, as defined in section 7502(f); and
2. Sets forth the address to which the copy of the documents should be sent.

Time and Manner of Fulfilling Written Requests

IF the organization...	THEN the organization...
receives a written request for a copy	must mail the copy of the requested documents (or the requested parts) within 30 days from the date it receives the request.
mails the copy of the requested document	is deemed to have provided the copy on the postmark date or private delivery mark (if sent by certified or registered mail, the date of registration or the date of the postmark on the sender's receipt).
requires payment in advance	is required to provide the copies within 30 days from the date it receives payment.
receives a request or payment by mail	is deemed to have received it 7 days after the date of the postmark, absent evidence to the contrary.
receives a request transmitted by electronic mail or facsimile	is deemed to have received it the day the request is transmitted successfully.
receives a written request without payment or with an insufficient payment, when payment in advance is required	must notify the requester of the prepayment policy and the amount due within 7 days from the date of the request's receipt.
receives consent from an individual making a request	can provide a copy of the requested document exclusively by electronic mail (the material is provided on the date the organization successfully transmits the electronic mail).

Request for a copy of parts of a document. A tax-exempt organization must fulfill a request for a copy of the organization's entire application for tax exemption or annual information return or any specific part of its application or return. A request for a copy of less than the entire application or less than the entire return must specifically identify the requested part or schedule.

Fees for copies. A tax-exempt organization can charge a reasonable fee for providing copies. Before the organization provides the documents, it can require that the individual requesting copies of the documents pay the fee. If the organization has provided an individual making a request with notice of the fee, and the individual doesn't pay the fee within 30 days, or if the individual pays the fee by check and the check doesn't clear upon deposit, the organization can disregard the request.

Form of payment—(A) Request made in person. If a tax-exempt organization charges a fee for copying, it must accept payment by cash and money order for requests made in person. The organization can accept other forms of payment, such as credit cards and personal checks.

(B) Request made in writing. If a tax-exempt organization charges a fee for copying and postage, it must accept payment by certified check, money order, and either personal check or credit card for requests made in writing. The organization can accept other forms of payment.

Avoidance of unexpected fees. Where a tax-exempt organization doesn't require prepayment and a requester doesn't enclose payment with a request, an organization must receive consent from a requester before providing copies for which the fee charged for copying and postage exceeds $20.

Documents to be provided by regional and district offices. Except as otherwise provided, a regional or district office of a tax-exempt organization must satisfy the same rules as the principal office about allowing public inspection and

providing copies of its application for tax exemption and annual information returns.

A regional or district office isn't required, however, to make its annual information return available for inspection or to provide copies until 30 days after the date the return is required to be filed (including any extension of time that is granted for filing such return) or is actually filed, whichever is later.

Documents Provided by Local and Subordinate Organizations

Applications for tax exemption. Except as otherwise provided, a tax-exempt organization that didn't file its own application for tax exemption (because it is a local or subordinate organization covered by a group exemption letter) must, upon request, make available for public inspection, or provide copies of, the application submitted to the IRS by the central or parent organization to obtain the group exemption letter and those documents that were submitted by the central or parent organization to include the local or subordinate organization in the group exemption letter.

However, if the central or parent organization submits to the IRS a list or directory of local or subordinate organizations covered by the group exemption letter, the local or subordinate organization is required to provide only the application for the group exemption ruling and the pages of the list or directory that specifically refer to it. The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time (normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day. See Regulations section 301.6104(d)-1(f) for further information.

Annual information returns. A local or subordinate organization that doesn't file its own annual information return (because it is affiliated with a central or parent organization that files a group return) must, upon request, make available for public inspection, or provide copies of, the group returns filed by the central or parent organization.

However, if the group return includes separate schedules for each local or subordinate organization included in the group return, the local or subordinate organization receiving the request can omit any schedules relating only to other organizations included in the group return.

The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time (normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day.

In a case where the requester seeks inspection, the local or subordinate organization can mail a copy of the applicable documents to the requester within the same time period instead of allowing an inspection. In such a case, the organization can charge the requester for copying and actual postage costs only if the requester consents to the charge.

If the local or subordinate organization receives a written request for a copy of its annual information return, it must fulfill the request by providing a copy of the group return in the time and manner specified in *Request for copies in writing*, earlier.

The requester has the option of requesting from the central or parent organization, at its principal office, inspection or copies of group returns filed by the central or parent organization. The central or parent organization must fulfill such requests in the time and manner specified in *Special Rules Relating to Public Inspection* and *Special Rules Relating to Copies*, earlier.

Failure to comply. Any person who doesn't comply with the public inspection requirements will be assessed a penalty of $25 for each day that inspection wasn't permitted, up to a maximum of $12,500 for each return. The penalties for failure to comply with the public inspection requirements for applications are the same as those for annual returns, except that the $12,500 limitation doesn't apply (sections 6652(c)(1)(C) and (D)). Any person who willfully fails to comply with the public inspection requirements for annual returns or exemption applications will be subject to an additional penalty of $5,000 (section 6685).

Making Applications and Returns Widely Available

A tax-exempt organization isn't required to comply with a request for a copy of its application for tax exemption or an annual information return if the organization has made the requested document widely available (see below).

An organization that makes its application for tax exemption and/or annual information return widely available must nevertheless make the document available for public inspection as required under Regulations section 301.6104(d)-1(a).

A tax-exempt organization makes its application for tax exemption and/or an annual information return widely available if the organization complies with the Internet posting requirements and the notice requirements given next.

Internet posting. A tax-exempt organization can make its application for tax exemption and/or an annual information return widely available by posting the document on a web page that the tax-exempt organization establishes and maintains or by having the document posted, as part of a database of similar documents of other tax-exempt organizations, on a web page established and maintained by another entity. The document will be considered widely available only if:

- The web page through which it is available clearly informs readers that the document is available and provides instructions for downloading it;
- The document is posted in a format that, when accessed, downloaded, viewed, and printed in hard copy, exactly reproduces the image of the application for tax exemption or annual information return as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and
- Any individual with access to the Internet can access, download, view, and print the document without special computer hardware or software required for that format (other than software that is readily available to members of the public without payment of any fee) and without payment of a fee to the tax-exempt organization or to another entity maintaining the web page.

Reliability and accuracy. In order for the document to be widely available through an Internet posting, the entity maintaining the web page must have procedures for ensuring the reliability and accuracy of the document that it posts on the page and must take reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page. In the event that a posted document is altered, destroyed, or lost, the entity must correct or replace the document.

Notice requirement. If a tax-exempt organization has made its application for tax exemption and/or an annual information return widely available, it must notify any individual requesting a copy where the documents are available (including the address on the web page, if applicable). If the request is made in person, the organization must provide such notice to the individual immediately. If the request is made in writing, the notice must be provided within 7 days of receiving the request.

Tax-Exempt Organization Subject to Harassment Campaign

If the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) (EEE) determines that the organization is being harassed, a tax-exempt organization isn't required to comply with any request for copies that it reasonably believes is part of a harassment campaign.

Whether a group of requests constitutes a harassment campaign depends on the relevant facts and circumstances, such as:

- A sudden increase in requests,
- An extraordinary number of requests by form letters or similarly worded correspondence,
- Hostile requests,
- Evidence showing bad faith or deterrence of the organization's exempt purpose,
- Prior provision of the requested documents to the purported harassing group, and
- A demonstration that the organization routinely provides copies of its documents upon request.

A tax-exempt organization can disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address, regardless of whether the Office of Associate Chief Counsel (EEE) has determined that the organization is subject to a harassment campaign.

A tax-exempt organization can apply for a determination that it is the subject of a harassment campaign and that compliance with requests that are part of the campaign wouldn't be in the public interest by submitting a signed application to the Office of Associate Chief Counsel (EEE). See Rev. Proc. 2024-1, 2024-1 I.R.B. 1, available at IRS.gov/irb/2024-01.

In addition, the organization can suspend compliance with any request it reasonably believes to be part of the harassment campaign until it receives a response to its application for a harassment campaign determination. However, if the Office of Associate Chief Counsel (EEE) determines that the organization didn't have a reasonable basis for requesting a determination that it was subject to a harassment campaign or reasonable belief that a request was part of the campaign, the officer, director, trustee, employee, or other responsible individual of the organization remains liable for any penalties for not providing the copies in a timely fashion. See Regulations section 301.6104(d)-3.

Appendix E: Section 4958 Excess Benefit Transactions

The intermediate sanction regulations are important to the exempt organization community as a whole, and for ensuring compliance in this area. The rules provide a roadmap by which an organization can steer clear of situations that may give rise to inurement.

Under section 4958, any disqualified person who benefits from an excess benefit transaction with an applicable tax-exempt organization is liable for a 25% tax on the excess benefit. The disqualified person is also liable for a 200% tax on the excess benefit if the excess benefit isn't corrected by a certain date. Also, organization managers who participate in an excess benefit transaction knowingly, willfully, and without reasonable cause are liable for a 10% tax on the excess benefit, not to exceed $20,000 for all participating managers on each transaction.

Applicable Tax-Exempt Organization

These rules only apply to certain applicable section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. An "applicable tax-exempt organization" is a section 501(c)(3), 501(c)(4), or 501(c)(29) organization that is tax exempt under section 501(a), or was such an organization at any time during a 5-year period ending on the day of the excess benefit transaction.

An applicable tax-exempt organization doesn't include:

- A private foundation as defined in section 509(a),
- A governmental entity that is exempt from (or not subject to) taxation without regard to section 501(a) or relieved from filing an annual return under Regulations section 1.6033-2(g)(6), and
- Certain foreign organizations.

An organization isn't treated as a section 501(c)(3), 501(c)(4), or 501(c)(29) organization for any period covered by a final determination that the organization wasn't tax exempt under section 501(a), so long as the determination wasn't based on private inurement or one or more excess benefit transactions.

Disqualified Person

The vast majority of section 501(c)(3), 501(c)(4), or 501(c)(29) organization employees and independent contractors won't be affected by these rules. Only the few influential persons within these organizations are covered by these rules when they receive benefits, such as compensation, fringe benefits, or contract payments. The IRS calls this class of covered individuals disqualified persons.

A "disqualified person," regarding any transaction, is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. This would include, for example, voting members of the governing body, and persons holding the power of:

- Presidents, chief executive officers, or chief operating officers; and
- Treasurers and chief financial officers.

A disqualified person also includes certain family members of a disqualified person, and 35% controlled entities of a disqualified person.

The following persons are considered disqualified persons for the following organizations, along with certain family members and 35% controlled entities associated with them.

- For a transaction involving a donor advised fund, a donor or donor advisor of that donor advised fund.
- For a donor advised fund sponsoring organization, an investment advisor of the sponsoring organization.
- A supported organization of a section 509(a)(3) supporting organization, and the disqualified persons of the section 509(a)(3) supporting organization.

See the Instructions for Form 4720, Schedule I, for more information regarding these disqualified persons.

Who isn't a disqualified person? The rules also clarify which persons aren't considered to be in a position to exercise substantial influence over the affairs of an organization. They include:

- An employee who receives benefits that total less than the highly compensated amount (see *Highly Compensated*

Employee Benefits—Limitation Amounts) and who doesn't hold the executive or voting powers just mentioned, isn't a family member of a disqualified person, and isn't a substantial contributor;
- Tax-exempt organizations described in section 501(c)(3); and
- Section 501(c)(4) organizations engaging in transactions with other section 501(c)(4) organizations.

Highly Compensated Employee Benefits—Limitation Amounts	
Year	Limitation Amount
2015 through 2018	$120,000
2019	$125,000
2020 through 2021	$130,000
2022	$135,000
2023	$150,000
2024	$155,000

Who else can be considered a disqualified person? Other persons not described above can also be considered disqualified persons, depending on all the relevant facts and circumstances.

Facts and circumstances tending to show substantial influence.
- The person founded the organization.
- The person is a substantial contributor to the organization under the section 507(d)(2)(A) definition, only taking into account contributions to the organization for the past 5 years.
- The person's compensation is primarily based on revenues derived from activities of the organization that the person controls.
- The person has or shares authority to control or determine a substantial portion of the organization's capital expenditures, operating budget, or compensation for employees.
- The person manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.
- The person owns a controlling interest (measured by either vote or value) in a corporation, partnership, or trust that is a disqualified person.
- The person is a nonstock organization controlled directly or indirectly by one or more disqualified persons.

Facts and circumstances tending to show no substantial influence.
- The person is an independent contractor whose sole relationship to the organization is providing professional advice (without having decision-making authority) for transactions from which the independent contractor won't economically benefit.
- The person has taken a vow of poverty.
- Any preferential treatment the person receives based on the size of the person's donation is also offered to others making comparable widely solicited donations.
- The direct supervisor of the person isn't a disqualified person.
- The person doesn't participate in any management decisions affecting the organization as a whole or a discrete segment of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.

What about persons who staff affiliated organizations? In the case of multiple affiliated organizations, the determination of whether a person has substantial influence is made separately for each applicable tax-exempt organization. A person can be a disqualified person for more than one organization in the same transaction.

Excess Benefit Transaction

An "excess benefit transaction" is generally a transaction in which an economic benefit is provided by an applicable tax-exempt organization, directly or indirectly, to or for the use of any disqualified person, and the value of the economic benefit provided by the applicable tax-exempt organization exceeds the value of the consideration (including the performance of services) received for providing such benefit, but see the special rules later for donor advised funds and supporting organizations. An excess benefit transaction can also occur when a disqualified person embezzles from the exempt organization.

To determine whether an excess benefit transaction has occurred, all consideration and benefits exchanged between a disqualified person and the applicable tax-exempt organization, and all entities it controls, are taken into account.

For purposes of determining the value of economic benefits, the value of property, including the right to use property, is the FMV. FMV is the price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property, or the right to use property, and both having reasonable knowledge of relevant facts.

Donor advised funds. For a donor advised fund, an excess benefit transaction includes a grant, loan, compensation, or similar payment from the fund to a:
- Donor or donor advisor,
- Family member of a donor or donor advisor,
- 35% controlled entity of a donor or donor advisor, or
- 35% controlled entity of a family member of a donor or donor advisor.

For these transactions, the excess benefit is defined as the amount of the grant, loan, compensation, or similar payment. For additional information, see the Instructions for Form 4720.

Supporting organizations. For any supporting organization defined in section 509(a)(3), an excess benefit transaction includes grants, loans, compensation, or similar payment provided by the supporting organization to a:
- Substantial contributor,
- Family member of a substantial contributor,
- 35% controlled entity of a substantial contributor, and
- 35% controlled entity of a family member of a substantial contributor.

Additionally, an excess benefit transaction includes any loans provided by the supporting organization to a disqualified person (other than an organization described in section 509(a)(1), (2), or (4)).

A "substantial contributor" is any person who contributed or bequeathed an aggregate of more than $5,000 to the organization, if that amount is more than 2% of the total contributions and bequests received by the organization before the end of the tax year of the organization in which the contribution or bequest is received by the organization from such person. In the case of a trust, a substantial contributor also means the creator of the trust.

The excess benefit for substantial contributors and parties related to those contributors includes the amount of the grant, loan, compensation, or similar payment. For additional information, see the Instructions for Form 4720.

When does an excess benefit transaction usually occur? An excess benefit transaction occurs on the date the disqualified

person receives the economic benefit from the organization for federal income tax purposes. However, when a single contractual arrangement provides for a series of compensation payments or other payments to a disqualified person during the disqualified person's tax year, any excess benefit transaction for these payments occurs on the last day of the disqualified person's tax year.

In the case of the transfer of property subject to a substantial risk of forfeiture, or in the case of rights to future compensation or property, the transaction occurs on the date the property, or the rights to future compensation or property, isn't subject to a substantial risk of forfeiture. Where the disqualified person elects to include an amount in gross income in the tax year of transfer under section 83(b), the excess benefit transaction occurs on the date the disqualified person receives the economic benefit for federal income tax purposes.

Section 4958 applies only to post-September 1995 transactions. Section 4958 applies the general rules to excess benefit transactions occurring on or after September 14, 1995. Section 4958 doesn't apply to any transaction occurring under a written contract that was binding on September 13, 1995, and at all times before the transaction occurs. The special rules relevant to transactions with donor advised funds and supporting organizations apply to transactions occurring after August 17, 2006, except that taxes on certain transactions between supporting organizations and their substantial contributors apply to transactions occurring on or after July 25, 2006.

What Is Reasonable Compensation?

"Reasonable compensation" is the valuation standard that is used to determine if there is an excess benefit in the exchange of a disqualified person's services for compensation.

Reasonable compensation is the value that would ordinarily be paid for like services by like enterprises under like circumstances. This is the section 162 standard that will apply in determining the reasonableness of compensation. The fact that a bonus or revenue-sharing arrangement is subject to a cap is a relevant factor in determining the reasonableness of compensation.

For determining the reasonableness of compensation, all items of compensation provided by an applicable tax-exempt organization in exchange for the performance of services are taken into account in determining the value of compensation (except for certain economic benefits that are disregarded, as discussed later in *What benefits are disregarded*). Items of compensation include the following.

- All forms of cash and noncash compensation, including salary, fees, bonuses, severance payments, and deferred and noncash compensation.
- The payment of liability insurance premiums for, or the payment or reimbursement by, the organization of taxes or certain expenses under section 4958, unless excludable from income as a de minimis fringe benefit under section 132(a)(4). (A similar rule applies in the private foundation area.) Inclusion in compensation for purposes of determining reasonableness under section 4958 doesn't control inclusion in income for income tax purposes.
- All other compensatory benefits, whether or not included in gross income for income tax purposes.
- Taxable and nontaxable fringe benefits, except fringe benefits described in section 132.
- Foregone interest on loans.

Written intent required to treat benefits as compensation. An economic benefit isn't treated as consideration for the performance of services unless the organization providing the benefit clearly indicates its intent to treat the benefit as compensation when the benefit is paid.

An applicable tax-exempt organization (or entity that it controls) is treated as clearly indicating its intent to provide an economic benefit as compensation for services only if the organization provides written substantiation that is contemporaneous with the transfer of the economic benefits under consideration. Ways to provide contemporaneous written substantiation of its intent to provide an economic benefit as compensation include:

- The organization produces a signed written employment contract;
- The organization reports the benefit as compensation on an original Form W-2, 1099, 990, or 990-EZ, or on an amended form filed before the start of an IRS examination; or
- The disqualified person reports the benefit as income on the person's original Form 1040 or 1040-SR, or on an amended form filed before the start of an IRS examination.

Exception. To the extent the economic benefit is excluded from the disqualified person's gross income for income tax purposes, the applicable tax-exempt organization isn't required to indicate its intent to provide an economic benefit as compensation for services (for example, employer-provided health benefits, and contributions to qualified plans under section 401(a)).

What benefits are disregarded? The following economic benefits are disregarded for purposes of section 4958.

- Nontaxable fringe benefits; for example, an economic benefit that is excluded from income under section 132.
- Benefits to volunteers; for example, an economic benefit provided to a volunteer for the organization if the benefit is provided to the general public in exchange for a membership fee or contribution of $75 or less per year.
- Benefits to members or donors; for example, an economic benefit provided to a member of an organization due to the payment of a membership fee, or to a donor as a result of a deductible contribution, if a significant number of nondisqualified persons make similar payments or contributions and are offered a similar economic benefit.
- Benefits to a charitable beneficiary; for example, an economic benefit provided to a person solely as a member of a charitable class that the applicable tax-exempt organization intends to benefit as part of the accomplishment of its exempt purpose.
- Benefits to a governmental unit; for example, a transfer of an economic benefit to or for the use of a governmental unit, as defined in section 170(c)(1), if exclusively for public purposes.

Is there an exception for initial contracts? Section 4958 doesn't apply to any fixed payment made to a person under an initial contract. This is a very important exception, since it would potentially apply, for example, to all initial contracts with new, previously unrelated officers and contractors.

An *initial contract* is a binding written contract between an applicable tax-exempt organization and a person who wasn't a disqualified person immediately before entering into the contract.

A *fixed payment* is an amount of cash or other property specified in the contract, or determined by a fixed formula that is specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property.

A *fixed formula* can, in general, incorporate an amount that depends upon future specified events or contingencies, as long as no one has discretion when figuring the amount of a payment or deciding whether to make a payment (such as a bonus).

Treatment as new contract. A binding written contract, providing that it can be terminated or canceled by the applicable tax-exempt organization without the other party's consent

(except as a result of substantial nonperformance) and without substantial penalty, is treated as a new contract, as of the earliest date that any termination or cancellation would be effective. Also, a contract in which there is a material change, which includes an extension or renewal of the contract (except for an extension or renewal resulting from the exercise of an option by the disqualified person), or a more than incidental change to the amount payable under the contract, is treated as a new contract as of the effective date of the material change. Treatment as a new contract can cause the contract to fall outside the initial contract exception, and it thus would be tested under the FMV standards of section 4958.

Rebuttable Presumption of Reasonableness

Payments under a compensation arrangement are presumed to be reasonable and the transfer of property (or right to use property) is presumed to be at FMV if the following three conditions are met.

1. The transaction is approved by an authorized body of the organization (or an entity it controls) that is composed of individuals who don't have a conflict of interest concerning the transaction.
2. Before making its determination, the authorized body obtained and relied upon appropriate data as to comparability. There is a special safe harbor for small organizations. If the organization has gross receipts of less than $1 million, appropriate comparability data includes data on compensation paid by three comparable organizations in the same or similar communities for similar services.
3. The authorized body adequately documents the basis for its determination concurrently with making that determination. The documentation should include:
   a. The terms of the approved transaction and the date approved;
   b. The members of the authorized body who were present during debate on the transaction that was approved and those who voted on it;
   c. The comparability data obtained and relied upon by the authorized body and how the data was obtained;
   d. Any actions by a member of the authorized body having a conflict of interest; and
   e. Documentation of the basis for the determination before the later of the next meeting of the authorized body or 60 days after the final actions of the authorized body are taken, and approval of records as reasonable, accurate, and complete within a reasonable time thereafter.

Special rebuttable presumption rule for nonfixed payments. As a general rule, in the case of a nonfixed payment, no rebuttable presumption arises until the exact amount of the payment is determined, or a fixed formula for figuring the payment is specified, and the three requirements creating the presumption have been satisfied. However, if the authorized body approves an employment contract with a disqualified person that includes a nonfixed payment (for example, discretionary bonus) with a specified cap on the amount, the authorized body can establish a rebuttable presumption as to the nonfixed payment when the employment contract is entered into by, in effect, assuming that the maximum amount payable under the contract will be paid, and satisfying the requirements giving rise to the rebuttable presumption for that maximum amount.

An IRS challenge to the presumption of reasonableness. The IRS can refute the presumption of reasonableness only if it develops sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized body. This provision gives taxpayers added protection if they faithfully find and use contemporaneous persuasive comparability data when they provide the benefits.

Organizations that don't establish a presumption of reasonableness. An organization can still comply with section 4958 even if it didn't establish a presumption of reasonableness. In some cases, an organization may find it impossible or impracticable to fully implement each step of the rebuttable presumption process described above. In such cases, the organization should try to implement as many steps as possible, in whole or in part, to substantiate the reasonableness of benefits as timely and as well as possible. If an organization doesn't satisfy the requirements of the rebuttable presumption of reasonableness, a facts-and-circumstances approach will be followed, using established rules for determining reasonableness of compensation and benefit deductions in a manner similar to the established procedures for section 162 business expenses.

Section 4958 Taxes

Tax on disqualified persons. An excise tax equal to 25% of the excess benefit is imposed on each excess benefit transaction between an applicable tax-exempt organization and a disqualified person. The disqualified person who benefited from the transaction is liable for the tax. If the 25% tax is imposed and the excess benefit transaction isn't corrected within the tax period, an additional excise tax equal to 200% of the excess benefit is imposed.

If a disqualified person makes a payment of less than the full correction amount, the 200% tax is imposed only on the unpaid portion of the correction amount. If more than one disqualified person received an excess benefit from an excess benefit transaction, all such disqualified persons are jointly and severally liable for the taxes.

To avoid the imposition of the 200% tax, a disqualified person must correct the excess benefit transaction during the tax period. The tax period begins on the date the transaction occurs and ends on the earlier of the date the statutory notice of deficiency is issued or the section 4958 taxes are assessed. This 200% tax can be abated if the excess benefit transaction subsequently is corrected during a 90-day correction period.

Tax on organization managers. An excise tax equal to 10% of the excess benefit may be imposed on the participation of an organization manager in an excess benefit transaction between an applicable tax-exempt organization and a disqualified person. This tax, which can't exceed $20,000 for any single transaction, is only imposed if the 25% tax is imposed on the disqualified person, the organization manager knowingly participated in the transaction, and the manager's participation was willful and not due to reasonable cause. There is also joint and several liability for this tax. An organization manager may be liable for the tax on both disqualified persons and on organization managers in appropriate circumstances.

An "organization manager" is any officer, director, or trustee of an applicable tax-exempt organization, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title. An organization manager isn't considered to have participated in an excess benefit transaction where the manager has opposed the transaction in a manner consistent with the fulfillment of the manager's responsibilities to the organization. For example, a director who votes against giving an excess benefit would ordinarily not be subject to this tax.

A person participates in a transaction knowingly if the person has actual knowledge of sufficient facts so that, based solely upon such facts, the transaction would be an excess benefit transaction. Knowing doesn't mean having reason to know. The organization manager ordinarily won't be considered knowing if, after full disclosure of the factual situation to an appropriate professional, the organization manager relied on the professional's reasoned written opinion on matters within the professional's expertise or if the manager relied on the fact that the requirements for the rebuttable presumption of reasonableness have been satisfied. Participation by an organization manager is willful if it is voluntary, conscious, and intentional. An organization manager's participation is due to reasonable cause if the manager has exercised responsibility on behalf of the organization with ordinary business care and prudence.

Correcting an Excess Benefit Transaction

A disqualified person corrects an excess benefit transaction by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards. The organization isn't required to rescind the underlying agreement; however, the parties may need to modify an ongoing contract for future payments.

A disqualified person corrects an excess benefit by making a payment in cash or cash equivalents equal to the correction amount to the applicable tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit; the interest rate can be no lower than the applicable federal rate. There is an anti-abuse rule to prevent the disqualified person from effectively transferring property other than cash or cash equivalents.

Exception. For a correction of an excess benefit transaction described in *Donor advised funds*, earlier, no amount repaid in a manner prescribed by the Secretary can be held in a donor advised fund.

Property. With the agreement of the applicable tax-exempt organization, a disqualified person can make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of the property is considered a payment of cash (or cash equivalent) equal to the lesser of:

- The FMV of the property on the date the property is returned to the organization, or
- The FMV of the property on the date the excess benefit transaction occurred.

Insufficient payment. If the payment resulting from the return of the property is less than the correction amount, the disqualified person must make an additional cash payment to the organization equal to the difference.

Excess payment. If the payment resulting from the return of the property exceeds the correction amount described earlier, the organization can make a cash payment to the disqualified person equal to the difference.

Churches and Section 4958

The regulations make it clear that the IRS will apply the procedures of section 7611 when initiating and conducting any inquiry or examination into whether an excess benefit transaction has occurred between a church and a disqualified person.

Revenue-Sharing Transactions

Proposed intermediate sanction regulations were issued in 1998. The proposed regulations had special provisions covering "any transaction in which the amount of any economic benefit provided to or for the use of a disqualified person is determined in whole or in part by the revenues of one or more activities of the organization," so-called revenue-sharing transactions. Rather than setting forth additional rules on revenue-sharing transactions, the final regulations reserve this section. Consequently, until the IRS issues new regulations for this reserved section on revenue-sharing transactions, these transactions will be evaluated under the general rules (for example, the FMV standards) that apply to all contractual arrangements between applicable tax-exempt organizations and their disqualified persons.

Revocation of Exemption and Section 4958

Section 4958 doesn't affect the substantive standards for tax exemption under section 501(c)(3), 501(c)(4), or 501(c)(29), including the requirements that the organization be organized and operated exclusively for exempt purposes, and that no part of its net earnings inure to the benefit of any private shareholder or individual. The legislative history indicates that in most instances, the imposition of this intermediate sanction will be in lieu of revocation. The IRS has indicated that the following factors will be considered (among other facts and circumstances) in determining whether to revoke an applicable tax-exempt organization's exemption status where an excess benefit transaction has occurred.

- The size and scope of the organization's regular and ongoing activities that further exempt purposes before and after the excess benefit transaction or transactions occurred.
- The size and scope of the excess benefit transaction or transactions (collectively, if more than one) in relation to the size and scope of the organization's regular and ongoing activities that further exempt purposes.
- Whether the organization has been involved in multiple excess benefit transactions with one or more persons.
- Whether the organization has implemented safeguards that are reasonably figured to prevent excess benefit transactions.
- Whether the excess benefit transaction has been corrected, or the organization has made good faith efforts to seek correction from the disqualified person(s) who benefited from the excess benefit transaction.

Appendix F: Forms and Publications To File or Use

How To Get Forms and Publications

Internet. You can access the IRS website at IRS.gov 24 hours a day, 7 days a week to:

- Download forms, including talking tax forms, instructions, and publications;
- Order IRS products online;
- Research your tax question online;
- Search publications online by topic or keyword;
- Use the online Internal Revenue Code, regulations, or other official guidance;
- View Internal Revenue Bulletins (IRBs) published in the last few years; and
- Sign up to receive local and national tax news by email.

How To Get Tax Help

If you have questions about a tax issue, need help preparing your tax return, or want to download free publications, forms, or instructions, go to *IRS.gov* and find resources that can help you right away.

Coronavirus. Go to *IRS.gov/Coronavirus* for links to information on the impact of the coronavirus, as well as tax relief available for individuals and families, small and large businesses, and tax-exempt organizations.

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- *IRS.gov/Help*: A variety of tools to help you get answers to some of the most common tax questions.
- *IRS.gov/ITA*: The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax law topics.
- *IRS.gov/Forms*: Find forms, instructions, and publications. You will find details on the most recent tax changes and hundreds of interactive links to help you find answers to your questions.
- *Online EIN Application* (*IRS.gov/EIN*) helps you get an employer identification number (EIN) at no cost.
- You may also be able to access tax law information in your electronic filing software.

Getting tax forms and publications. Go to *IRS.gov/Forms* to view, download, or print all the forms, instructions, and publications you may need. Or, you can go to *IRS.gov/OrderForms* to place an order.

Getting tax publications and instructions in eBook format. You can also download and view popular tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at *IRS.gov/eBooks*.

Note. IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Phone. If you have questions and/or need help completing Form 990 or 990-EZ, please call 877-829-5500. This toll-free telephone service is available Monday through Friday.

Email subscription. The IRS has established a subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, visit *IRS.gov/Charities-&-Non-Profits/Subscribe-to-Exempt-Organization-Update*.

Other Forms That May Be Required

Schedule A (Form 990)	Public Charity Status and Public Support
Schedule B (Form 990)	Schedule of Contributors
Schedule C (Form 990)	Political Campaign and Lobbying Activities
Schedule E (Form 990)	Schools
Schedule G (Form 990)	Supplemental Information Regarding Fundraising or Gaming Activities
Schedule L (Form 990)	Transactions With Interested Persons
Schedule N (Form 990)	Liquidation, Termination, Dissolution, or Significant Disposition of Assets
Schedule O (Form 990)	Supplemental Information to Form 990 or 990-EZ
Forms W-2 and W-3	Wage and Tax Statement; and Transmittal of Wage and Tax Statements
Form W-9	Request for Taxpayer Identification Number and Certification
Form 720	Quarterly Federal Excise Tax Return
Form 926	Return by a U.S. Transferor of Property to a Foreign Corporation
Form 940	Employer's Annual Federal Unemployment (FUTA) Tax Return
Form 941	Employer's QUARTERLY Federal Tax Return. Used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.
Form 943	Employer's Annual Federal Tax Return for Agricultural Employees
Form 990-T	Exempt Organization Business Income Tax Return. Filed separately for organizations with gross income of $1,000 or more from business unrelated to the organization's exempt purpose. Form 990-T is also filed to pay the section 6033(e)(2) proxy tax. For Form 990, see Part V, line 3, and its instructions; for Form 990-EZ, see Part V, line 35, and its instructions.
Form 1023	Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
Form 1023-EZ	Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code
Form 1024	Application for Recognition of Exemption Under Section 501(a)
Form 1024-A	Application for Recognition of Exemption Under Section 501(c)(4) of the Internal Revenue Code
Form 1040	U.S. Individual Income Tax Return
Form 1040-SR	U.S. Tax Return for Seniors
Form 1041	U.S. Income Tax Return for Estates and Trusts. Required of section 4947(a)(1) nonexempt charitable trusts that also file Form 990 or 990-EZ. However, if such a trust doesn't have any taxable income under subtitle A of the Code, it can file Form 990 or 990-EZ, and doesn't have to file Form 1041 to meet its section 6012 filing requirement. If this condition is met, complete Form 990 or 990-EZ, and don't file Form 1041.
Form 1096	Annual Summary and Transmittal of U.S. Information Returns
Form 1098 series	Information returns to report mortgage interest, student loan interest, qualified tuition and related expenses received, and a contribution of a qualified vehicle that has a claimed value of more than $500.
Form 1099 series	Information returns to report acquisitions or abandonments of secured property; proceeds from broker and barter exchange transactions; cancellation of debt; dividends and distributions; certain government and state qualified tuition program payments; taxable distributions from cooperatives; interest payments; payments of long-term care and accelerated death benefits; miscellaneous income payments; nonemployee compensation; distributions from an HSA, Archer MSA, or Medicare Advantage MSA; original issue discount; distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc.; and proceeds from real estate transactions. Also, use certain of these returns to report amounts that were received as a nominee on behalf of another person.
Form 1120-POL	U.S. Income Tax Return for Certain Political Organizations
Form 1128	Application To Adopt, Change, or Retain a Tax Year
Form 2848	Power of Attorney and Declaration of Representative
Form 3115	Application for Change in Accounting Method
Form 3520	Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts
Form 4506	Request for Copy of Tax Return
Form 4506-A	Request for a Copy of Exempt or Political Organization IRS Form
Form 4562	Depreciation and Amortization
Form 4720	Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code
Form 5471	Information Return of U.S. Persons With Respect to Certain Foreign Corporations

Form 5500	Annual Return/Report of Employee Benefit Plan. Employers who maintain pension, profit-sharing, or other funded deferred compensation plans are generally required to file Form 5500. This requirement applies whether or not the plan is qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year. Available at EFAST.dol.gov/welcome.html.
Form 5578	Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax
Form 5768	Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation
Form 7004	Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns
Form 8038	Information Return for Tax-Exempt Private Activity Bond Issues
Form 8274	Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption From Employer Social Security and Medicare Taxes
Form 8282	Donee Information Return. Required of the donee of charitable deduction property who sells, exchanges, or otherwise disposes of donated property within 3 years after receiving it. The form is also required of any successor donee who disposes of charitable deduction property within 3 years after the date that the donor gave the property to the original donee. It doesn't matter who gave the property to the successor donee. It may have been the original donee or another successor donee.
Form 8283	Noncash Charitable Contributions
Form 8300	Report of Cash Payments Over $10,000 Received in a Trade or Business. Used to report cash amounts in excess of $10,000 that were received in a single transaction (or in two or more related transactions) in the course of a trade or business (as defined in section 162). However, if the organization receives a charitable cash contribution in excess of $10,000, it isn't subject to the reporting requirement since the funds weren't received in the course of a trade or business.
Form 8328	Carryforward Election of Unused Private Activity Bond Volume Cap
Form 8718	User Fee for Exempt Organization Determination Letter Request
Form 8821	Tax Information Authorization
Form 8822-B	Change of Address or Responsible Party — Business. Used to notify the IRS of a change in mailing address that occurs after the return is filed.
Form 8868	Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefit Plans
Form 8871	Political Organization Notice of Section 527 Status
Form 8872	Political Organization Report of Contributions and Expenditures
Form 8886	Reportable Transaction Disclosure Statement
Form 8886-T	Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction
Form 8899	Notice of Income From Donated Intellectual Property. Used to report net income from qualified intellectual property to the IRS and the donor.
Form SS-4	Application for Employer Identification Number
FinCEN Form 114	Report of Foreign Bank and Financial Accounts (FBAR)

Helpful Publications

Publication 15	(Circular E), Employer's Tax Guide
Publication 15-A	Employer's Supplemental Tax Guide
Publication 463	Travel, Gift, and Car Expenses
Publication 525	Taxable and Nontaxable Income
Publication 526	Charitable Contributions
Publication 538	Accounting Periods and Methods
Publication 557	Tax-Exempt Status for Your Organization
Publication 561	Determining the Value of Donated Property
Publication 598	Tax on Unrelated Business Income of Exempt Organizations
Publication 892	How to Appeal an IRS Determination on Tax-Exempt Status
Publication 946	How To Depreciate Property
Publication 947	Practice Before the IRS and Power of Attorney
Publication 976	Disaster Relief
Publication 1771	Charitable Contributions—Substantiation and Disclosure Requirements
Publication 1779	Independent Contractor or Employee
Publication 1828	Tax Guide for Churches and Religious Organizations
Publication 3079	Tax-Exempt Organizations and Gaming
Publication 3386	Tax Guide—Veterans' Organizations
Publication 3833	Disaster Relief, Providing Assistance Through Charitable Organizations
Publication 4220	Applying for 501(c)(3) Tax-Exempt Status
Publication 4221-PC	Compliance Guide for 501(c)(3) Public Charities
Publication 4221-PF	Compliance Guide for 501(c)(3) Private Foundations
Publication 4302	A Charity's Guide to Vehicle Donation
Publication 4303	A Donor's Guide to Vehicle Donation
Publication 4386	Compliance Checks
Publication 4573	Group Exemptions

Appendix G: Use of Form 990 or 990-EZ To Satisfy State Reporting Requirements

Some states and local government units will accept a copy of Form 990 or 990-EZ in place of all or part of their own financial report forms. The substitution applies primarily to section 501(c)(3) organizations, but some of the other types of section 501(c) organizations are also affected. If the organization uses Form 990 or 990-EZ to satisfy state or local filing requirements, such as those under state charitable solicitation acts, note the following discussions.

Determine State Filing Requirements

The organization can consult the appropriate officials of all states and other jurisdictions in which it does business to determine their specific filing requirements. Doing business in a jurisdiction can include any of the following.

- Soliciting contributions or grants by mail or otherwise from individuals, businesses, or other charitable organizations.
- Conducting program.
- Having employees within that jurisdiction.
- Maintaining a checking account.
- Owning or renting property there.

Monetary Tests May Differ

Some or all of the dollar limitations applicable to Form 990 or 990-EZ when filed with the IRS may not apply when using Form 990 or 990-EZ in place of state or local report forms. Examples of the IRS dollar limitations that don't meet some state requirements are the normally $50,000 gross receipts minimum that creates an obligation to file with the IRS and the $100,000 minimum for listing independent contractors in Form 990, Part VII, Section B; or Form 990-EZ, Part VI, line 51.

Additional Information May Be Required

State or local filing requirements may require the organization to attach to Form 990 or 990-EZ one or more of the following.

- Additional financial statements, such as a complete analysis of functional expenses or a statement of changes in net assets.
- Notes to financial statements.
- Additional financial schedules.
- A report on the financial statements by an independent accountant.
- Answers to additional questions and other information.

Each jurisdiction may require the additional material to be presented on forms they provide. The additional information doesn't have to be submitted with the Form 990 or 990-EZ filed with the IRS.

Even if the Form 990 or 990-EZ that the organization files with the IRS is accepted by the IRS as complete, a copy of the same return filed with a state won't fully satisfy that state's filing requirement if (1) required information isn't provided, including any of the additional information discussed previously; or (2) the state determines that the form wasn't completed by following the applicable Form 990 or 990-EZ instructions or supplemental state instructions. In such case, the state may ask the organization to provide the missing information or to submit an amended return.

Use of Audit Guides May Be Required

To ensure that all organizations report similar transactions uniformly, many states require that contributions, gifts, grants, similar amounts, and functional expenses be reported according to the AICPA industry audit and accounting guide, Not-for-Profit Organizations (New York, NY, AICPA, 2003), supplemented, as applicable, by Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations (Washington, DC, National Health Council, Inc., 1998, 4th edition).

Donated Services and Facilities

Even though donated services and facilities may be reported as items of revenue and expense in certain circumstances, many states and the IRS don't permit the inclusion of those amounts in Form 990, Parts VIII and IX; Form 990-EZ, Part I; or (except for such donations by a governmental unit) in Schedule A (Form 990). The optional reporting of donated services and facilities is discussed in the instructions for Part III of Forms 990 and 990-EZ.

Amended Returns

If the organization submits supplemental information or files an amended Form 990 or 990-EZ with the IRS, it must also send a copy of the information or amended return to any state with which it filed a copy of Form 990 or 990-EZ originally to meet that state's filing requirement. If a state requires the organization to file an amended Form 990 or 990-EZ to correct conflicts with the Instruction for Form 990 or 990-EZ, the organization must also file an amended return with the IRS.

Method of Accounting

Most states require that all amounts be reported based on the accrual method of accounting. See also *General Instructions C*.

Time For Filing May Differ

The deadline for filing Form 990 or 990-EZ with the IRS differs from the time for filing reports with some states.

Public Inspection

The Form 990 or 990-EZ information made available for public inspection by the IRS may differ from that made available by the states, such as Schedule B (Form 990).

Appendix H: Contributions

This appendix discusses certain federal tax rules that apply to exempt organizations and donors for contributions. See also Pub. 526 and Pub. 1771.

Schedule B (Form 990). Many organizations that file Form 990, 990-EZ, or 990-PF must file Schedule B (Form 990) to report on tax-deductible and non-tax-deductible contributions. See Schedule B (Form 990) and its instructions to determine whether Schedule B (Form 990) must be filed. See also the Instructions for Schedule B (Form 990) for the public inspection rules applicable to that form.

Solicitation of nondeductible contribution. See the instructions for Form 990, Part V, line 6, for rules on public notice of nondeductibility when soliciting nondeductible contributions.

Keeping fundraising records for tax-deductible contributions. A section 501(c) organization that is eligible to receive tax-deductible contributions under section 170(c) must keep sample copies of its fundraising materials, such as:

- Dues statements,
- Fundraising solicitations,
- Tickets,
- Receipts, or
- Other evidence of payments received in connection with fundraising activities.

IF...	THEN...
the organization advertises its fundraising events	it must keep samples of the advertising copy.
the organization uses radio, television, or Internet to solicit contributions	it must keep samples of scripts, transcripts, printouts of emails and web pages, or other evidence of solicitations in such media.
the organization uses outside fundraisers	it must keep samples of the fundraising materials used by the outside fundraisers.

For each fundraising event, the organization must keep records to show the portion of any payment received from patrons that isn't deductible; that is, the retail value of the goods or services received by the patrons. See *Disclosure statement for quid pro quo contributions*, later.

Noncash Contributions

Form 990 schedules. An organization may be required to file Schedule M (Form 990), Noncash Contributions, to report certain noncash (property) contributions; see the Instructions for Schedule M (Form 990) on who must file. Also, an organization that files Schedule B (Form 990) must report certain information on noncash contributions.

Dispositions of donated property. If an organization receives a charitable contribution of property and within 3 years sells, exchanges, or otherwise disposes of the property, the organization may need to file Form 8282, Donee Information Return. See Form 990, Part V, lines 7c and 7d.

Donated property over $5,000. If the organization received from a donor a partially completed Form 8283, Noncash Charitable Contributions, the donee organization should generally complete Form 8283 and return it so the donor can get a charitable contribution deduction. The organization should keep a copy for its records. See Form 8283 for more details.

Qualified intellectual property. An organization described in section 170(c) (except a private foundation) that receives or accrues net income from a qualified intellectual property contribution must file Form 8899, Notice of Income From

Donated Intellectual Property. See Form 990, Part V, line 7g. The organization must file Form 8899 for any tax year that includes any part of the 10-year period beginning on the date of contribution but not for any tax years in which the legal life of the qualified intellectual property has expired or the property failed to produce net income.

A donee organization reports all income from donated qualified intellectual property as income other than contributions (for example, royalty income from a patent). A donee isn't required to report as contributions on Form 990 (including schedules) any of the additional deductions claimed by donors under section 170(m)(1). See Pub. 526.

Motor vehicles, boats, and airplanes. Special rules apply to charitable contributions of motor vehicles, boats, or airplanes with a claimed value of more than $500. See Form 990, Part V, line 7h; section 170(f)(12); Pub. 4302, A Charity's Guide to Vehicle Donation; and the Instructions for Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes.

Substantiation and Disclosure Requirements for Charitable Contributions

Recordkeeping for cash, check, or other monetary charitable gifts. To deduct a contribution of a cash, check, or other monetary gift (regardless of the amount), a donor must maintain a bank record or a written communication from the donee organization showing the donee's name, date, and amount of the contribution. See section 170(f)(17) and Regulations section 1.170A-15 for more information. In the case of a text message contribution, the donor's phone bill meets the section 170(f)(17) recordkeeping requirement of a reliable written record if it shows the name of the donee organization and the date and amount of contribution.

Acknowledgment to substantiate charitable contributions. A donee organization should be aware that a donor of a charitable contribution of $250 or more (including a contribution of unreimbursed expenses) can't take an income tax deduction unless the donor obtains the organization's acknowledgment to substantiate the charitable contribution. See section 170(f)(8) and Regulations section 1.170A-13(f). A charitable organization that receives a payment made as a contribution is treated as the donee organization for this purpose even if the organization (according to the donor's instructions or otherwise) distributes the amount received to one or more charities. The organization's acknowledgment must:

1. Be written;
2. Be contemporaneous;
3. State the amount of any cash it received;
4. State:
   a. Whether the organization gave the donor any intangible religious benefits (no valuation needed), and
   b. Whether the organization gave the donor any goods or services in return for the donor's contribution (a quid pro quo contribution); and
5. Describe goods or services the organization:
   a. Received (no valuation needed), and
   b. Gave (good faith estimate of value needed).

If the organization accepts a contribution in the name of one of its activities or programs, then indicate the organization's name in the acknowledgment as well as the program's name. For example: "Thank you for your contribution of $300 to (organization's name) made in the name of our Special Relief Fund program. No goods or services were provided in exchange for your contribution."

Similarly, if a domestic organization owns and controls a domestic disregarded entity, and the disregarded entity receives a contribution, then indicate the organization's name in the acknowledgment as well as the relationship with the disregarded entity. For example: "Thank you for your contribution of $300 to (organization's name) made in the name of (name of disregarded entity), which is treated as a disregarded entity of (organization's name) for federal tax purposes. No goods or services were provided in exchange for your contribution." See Notice 2012-52, 2012-35 I.R.B. 317.

Exception. The written acknowledgment need not include a good faith estimate of value for goods or services given to the donor if they are the following.

1. Goods or services with insubstantial value.
2. Certain membership benefits.
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership.
4. Intangible religious benefits.

These exceptions are defined next.

Disclosure Statement for Quid Pro Quo Contributions

If the organization receives a quid pro quo contribution of more than $75, the organization must provide a disclosure statement to the donor. See section 6115.

The organization's disclosure statement must:

1. Be written;
2. Estimate in good faith the value of the organization's goods or services given in return for the donor's contribution;
3. Describe, but need not value, certain goods or services given to the donor's employees or partners; and
4. Inform the donor that a charitable contribution deduction is limited as follows:

Donor's contribution
Less
The organization's money, goods, and services given in return
Equals
Donor's deductible charitable contribution.

Exceptions. No disclosure statement is required if the organization gave only the following.

1. Goods or services with insubstantial value.
2. Certain membership benefits.
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership.
4. Intangible religious benefits.

These exceptions are defined below. See also Regulations sections 1.170A-1, 1.170A-13, and 1.6115-1.

Certain Goods or Services Disregarded for Substantiation and Disclosure Purposes

Goods or services with insubstantial value. Generally, under section 170, the deductible amount of a contribution is determined by taking into account the FMV, not the cost to the charity, of any benefits that the donor received in return.

However, the cost to the charity may be used in determining whether the benefits are insubstantial. See below.

Cost basis. If a taxpayer makes a payment of $66 or more to a charity and receives only token items in return, the items have insubstantial value if they:

- Bear the charity's name or logo, and
- Have an aggregate cost to the charity of $13.20 or less (low-cost article amount of section 513(h)(2)).

FMV basis. If a taxpayer makes a payment to a charitable organization in a fundraising campaign and receives benefits with an FMV of not more than 2% of the amount of the payment, or $132, whichever is less, the benefits received have insubstantial value in determining the taxpayer's contribution.

TIP *The dollar amounts given above are applicable to tax year 2024 under Rev. Proc. 2023–34. They are adjusted annually for inflation.*

When a donee organization provides a donor only with goods or services having insubstantial value under Rev. Proc. 2023–34 (and any successor documents), the contemporaneous written acknowledgment may indicate that no goods or services were provided in exchange for the donor's payment.

Certain membership benefits. Other goods or services that are disregarded for substantiation and disclosure purposes are annual membership benefits offered to a taxpayer in exchange for a payment of $75 or less per year that consist of the following.

1. Any rights or privileges that the taxpayer can exercise frequently during the membership period, such as:
   a. Free or discounted admission to the organization's facilities or events, and
   b. Free or discounted parking.
2. Admission to events that are:
   a. Open only to members; and
   b. Within the low-cost article limitation, per person.

Example 1. Eli offers a basic membership benefits package for $75. The package gives members the right to buy tickets in advance, free parking, and a gift shop discount of 10%. Eli's $150 preferred membership benefits package also includes a $20 poster. Both the basic and preferred membership packages are for a 12-month period and include about 50 productions. Eli offers Frankie, a patron of the arts, the preferred membership benefits in return for a payment of $150 or more. Frankie accepts the preferred membership benefits package for $300. Eli's written acknowledgment satisfies the substantiation requirement if it describes the poster, gives a good faith estimate of its FMV ($20), and disregards the remaining membership benefits.

Example 2. In *Example 1*, if Frankie received only the basic membership package for its $300 payment, Eli's acknowledgment need state only that no goods or services were provided.

Example 3. Genesis Theater Group performs four plays. Each play is performed twice. Nonmembers can purchase a ticket for $15. For a $60 membership fee, however, members are offered free admission to any of the performances. Charlie makes a payment of $350 and accepts this membership benefit. Because of the limited number of performances, the membership privilege can't be exercised frequently. Therefore, Genesis's acknowledgment must describe the free admission benefit and estimate its value in good faith.

Certain goods or services provided to donor's employees or partners. Certain goods or services provided to employees of donor organizations or partners of donor partnerships may be disregarded for substantiation and disclosure purposes. Nevertheless, the donee organization's disclosure statement must describe such goods or services. A good faith estimate of value isn't needed.

Example. Museum Juniper offers a basic membership benefits package for $40. It includes free admission and a 10% gift shop discount. Corporation Kai makes a $50,000 payment to Juniper and in return, Juniper offers Kai's employees free admission, a T-shirt with Juniper's logo that costs Juniper $4.50, and a 25% gift shop discount. Because the free admission is a privilege that can be exercised frequently and is offered in both benefit packages, and the value of the T-shirts is insubstantial, Museum Juniper's disclosure statement need not value or mention the free admission benefit or the T-shirts. However, because the 25% gift shop discount to Kai's employees differs from the 10% discount offered in the basic membership benefits package, Juniper's disclosure statement must describe the 25% discount but need not estimate its value.

Definitions

Substantiation. It is the responsibility of the donor:

- To value a donation, and
- To obtain an organization's written acknowledgment substantiating the donation.

There is no prescribed format for the organization's written acknowledgment of a donation. Letters, postcards, or computer-generated forms may be acceptable. The acknowledgment must, however, provide sufficient information to substantiate the amount of the deductible contribution. The organization may either:

- Provide separate statements for each contribution of $250 or more, or
- Furnish periodic statements substantiating contributions of $250 or more.

Separate contributions of less than $250 aren't subject to the requirements of section 170(f)(8), regardless of whether the sum of the contributions made by a taxpayer to a donee organization during a tax year equals $250 or more.

Contemporaneous. A written acknowledgment is contemporaneous if the donor obtains it on or before the earlier of:

- The date the donor files the original return for the tax year in which the contribution was made, or
- The due date (including extensions) for filing the donor's original return for that year.

Substantiation of payroll contributions. An organization may substantiate an employee's contribution by deduction from its payroll by:

- A pay stub, Form W-2, or other document showing a contribution to a donee organization; together with
- A pledge card or other document from the donee organization that shows its name. For contributions of $250 or more, the document must state that the donee organization provides no goods or services for any payroll contributions.

The amount withheld from each payment of wages to a taxpayer is treated as a separate contribution.

Substantiation of matched payments. If a taxpayer's payment to a donee organization is matched by another payer, and the taxpayer receives goods or services in consideration for its payment and some or all of the matching payment, those goods or services will be treated as provided in consideration for the taxpayer's payment and not in consideration for the matching payment.

Disclosure statement. An organization must provide a written disclosure statement to donors who make a quid pro quo contribution in excess of $75 (section 6115). This requirement is separate from the written substantiation acknowledgment a donor needs for deductibility purposes. While, in certain

circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

Quid pro quo contribution. A "quid pro quo contribution" is a payment that is made both as a contribution and as a payment for goods or services provided by the donee organization.

Example. A donor gives a charity $100 in consideration for a concert ticket valued at $40 (a quid pro quo contribution). In this example, $60 would be deductible. Because the donor's payment exceeds $75, the organization must furnish a disclosure statement even though the taxpayer's deductible amount doesn't exceed $75. Separate payments of $75 or less made at different times of the year for separate fundraising events won't be aggregated for purposes of the $75 threshold.

Good faith estimate. An organization may use any reasonable method in making a good faith estimate of the value of goods or services provided by that organization in consideration for a taxpayer's payment to that organization. A good faith estimate of the value of goods or services that aren't generally available in a commercial transaction may be determined by reference to the FMV of similar or comparable goods or services. Goods or services may be similar or comparable even though they don't have the unique qualities of the goods or services that are being valued.

Goods or services. Goods or services include:

- Cash,
- Property,
- Services,
- Benefits, and
- Privileges.

In consideration for. A donee organization provides goods or services in consideration for a taxpayer's payment if, at the time the taxpayer makes the payment to the donee organization, the taxpayer receives, or expects to receive, goods or services in exchange for that payment.

Goods or services a donee organization provides in consideration for a payment by a taxpayer include goods or services provided in a year other than the year in which the donor makes the payment to the donee organization.

Intangible religious benefits. Intangible religious benefits are provided only by organizations organized exclusively for religious purposes. Examples include:

- Admission to a religious ceremony; and
- De minimis tangible benefits, such as wine provided in connection with a religious ceremony.

Penalties. A charity that knowingly provides a false substantiation acknowledgment to a donor may be subject to the penalties under section 6701 and/or section 7206(2) for aiding and abetting an understatement of tax liability.

Charities that fail to provide the required disclosure statement for a quid pro quo contribution of more than $75 will incur a penalty of $10 per contribution, not to exceed $5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause (section 6714).

Photographs of Missing Children

The IRS is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC)*. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Paperwork Reduction Act Notice. We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax-exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

Estimates of taxpayer burden. These include forms in the 990 series and attachments and Forms 1023, 1024, 1028, 5578, 5884-C, 8038, 8038-B, 8038-CP, 8038-G, 8038-GC, 8038-R, 8038-T, 8038-TC, 8328, 8718, 8282, 8453-TE, 8453-X, 8868, 8870, 8871, 8872, 8879-TE, 8886-T, and 8899 and their schedules and all the forms tax-exempt organizations attach to their tax returns. Time spent and out-of-pocket costs are presented separately. Time burden includes the time spent preparing to file and to file, with recordkeeping representing the largest component. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax preparation software costs. Note that these estimates don't include burden associated with post-filing activities. IRS operational data indicate that electronically prepared and filed returns have fewer arithmetic errors, implying lower post-filing burden.

Reported time and out-of-pocket cost burdens are national averages and include all associated forms and schedules, across all preparation methods and taxpayer activities. As a result, the averages don't necessarily reflect a "typical" case. Most taxpayers experience lower-than-average burden, with taxpayer burden varying considerably by taxpayer type.

Fiscal Year 2025 Form 990 Series Taxpayer Compliance Cost Estimates

	Type of Return				
	Form 990	Form 990-EZ	Form 990-PF	Form 990-T	Form 990-N
Projections of the Number of Returns To Be Filed With the IRS	351,100	251,000	130,100	233,200	733,100
Estimated Average Total Time (Hours)	107	69	53	42	5
Estimated Average Total Out-of-Pocket Costs	$2,900	$600	$2,200	$2,200	$20
Estimated Average Total Monetized Burden	$9,900	$1,700	$4,600	$5,700	$100
Estimated Total Time (Hours)	37,710,000	17,400,000	6,940,000	9,790,000	3,660,000
Estimated Total Out-of-Pocket Costs	$1,023,200,000	$152,200,000	$282,600,000	$506,400,000	$14,000,000
Estimated Total Monetized Burden	$3,466,900,000	$425,200,000	$594,600,000	$1,324,000,000	$71,400,000

Note. Amounts above are for FY2025. Reported time and cost burdens are national averages and do not necessarily reflect a "typical" case. Most tax-exempt organizations experience lower-than-average burden, with tax-exempt organization burden varying considerably by tax-exempt organization type. Detail may not add due to rounding.

Comments and suggestions. We welcome your comments concerning the accuracy of these time estimates or suggestions for future editions. You can send us comments through *IRS.gov/FormComments*. Or you can write to:

Internal Revenue Service
Tax Forms and Publications
1111 Constitution Ave. NW, IR-6526
Washington, DC 20224

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments as we revise our tax forms, instructions, and publications.

Don't send your return to this address. Instead, see *General Instructions D. When, Where, and How To File*, earlier, for the location for filing your return.

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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.

Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047

2024

Open to Public Inspection

A For the 2024 calendar year, or tax year beginning , 2024, and ending , 20

B Check if applicable:
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Final return/terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization

Doing business as

Number and street (or P.O. box if mail is not delivered to street address) | Room/suite

City or town, state or province, country, and ZIP or foreign postal code

D Employer identification number

E Telephone number

G Gross receipts $

F Name and address of principal officer:

H(a) Is this a group return for subordinates? ☐ Yes ☐ No

H(b) Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. See instructions.

H(c) Group exemption number

I Tax-exempt status: ☐ 501(c)(3) ☐ 501(c) ( ) (insert no.) ☐ 4947(a)(1) or ☐ 527

J Website:

K Form of organization: ☐ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation:

M State of legal domicile:

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities:

2 Check this box ☐ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3	Number of voting members of the governing body (Part VI, line 1a)	3	
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	
5	Total number of individuals employed in calendar year 2024 (Part V, line 2a)	5	
6	Total number of volunteers (estimate if necessary)	6	
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	
b	Net unrelated business taxable income from Form 990-T, Part I, line 11	7b	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)		
9	Program service revenue (Part VIII, line 2g)		
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)		
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		
14	Benefits paid to or for members (Part IX, column (A), line 4)		
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		
16a	Professional fundraising fees (Part IX, column (A), line 11e)		
b	Total fundraising expenses (Part IX, column (D), line 25)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		
18	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)		
19	Revenue less expenses. Subtract line 18 from line 12		

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)		
21	Total liabilities (Part X, line 26)		
22	Net assets or fund balances. Subtract line 21 from line 20		

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature of officer | Date

Type or print name and title

Paid Preparer Use Only

Preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN

Firm's name | Firm's EIN

Firm's address | Phone no.

May the IRS discuss this return with the preparer shown above? See instructions ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions. Cat. No. 11282Y Form **990** (2024)

Part III **Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☐

1 Briefly describe the organization's mission:

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☐ No

If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☐ No

If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4b (Code: _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4c (Code: _____) (Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4d Other program services (Describe on Schedule O.)
(Expenses $ including grants of $) (Revenue $)

4e Total program service expenses

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1		
2	Is the organization required to complete Schedule B, Schedule of Contributors? See instructions	2		
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		
10	Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X, as applicable.			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a		
b	Did the organization report an amount for investments—other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		
c	Did the organization report an amount for investments—program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		
d	Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e		
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b		
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I.* See instructions	17		
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a		
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b		
21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21		

Part IV **Checklist of Required Schedules** *(continued)*

			Yes	No
22	Did the organization report more than $5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23		
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	24a		
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	**Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		
26	Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part II*	26		
27	Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		
28	Was the organization a party to a business transaction with one of the following parties? (See the Schedule L, Part IV, instructions for applicable filing thresholds, conditions, and exceptions).			
a	A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? *If "Yes," complete Schedule L, Part IV*	28a		
b	A family member of any individual described in line 28a? *If "Yes," complete Schedule L, Part IV*	28b		
c	A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? *If "Yes," complete Schedule L, Part IV*	28c		
29	Did the organization receive more than $25,000 in noncash contributions? *If "Yes," complete Schedule M*	29		
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34		
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		
38	Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? **Note:** All Form 990 filers are required to complete Schedule O	38		

Part V **Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V ☐

				Yes	No
1a	Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable	1a			
b	Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable	1b			
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c		

Part V Statements Regarding Other IRS Filings and Tax Compliance *(continued)*

				Yes	No
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b		
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a		
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation on Schedule O*		3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		
b	If "Yes," enter the name of the foreign country _____ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter:				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources. (Do not net amounts due or paid to other sources against amounts due or received from them.)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note:** See the instructions for additional information the organization must report on Schedule O.		13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation on Schedule O*		14b		
15	Is the organization subject to the section 4960 tax on payment(s) of more than $1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see the instructions and file Form 4720, Schedule N.		15		
16	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.		16		
17	**Section 501(c)(21) organizations.** Did the trust, or any disqualified or other person, engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? If "Yes," complete Form 6069.		17		

Part VI **Governance, Management, and Disclosure.** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☐

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . .	1a			
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.				
b	Enter the number of voting members included on line 1a, above, who are independent .	1b			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person? .	3			
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			
6	Did the organization have members or stockholders?	6			
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body?	8a			
b	Each committee with authority to act on behalf of the governing body?	8b			
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses on Schedule O*	9			

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	10a		
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a		
b	Describe on Schedule O the process, if any, used by the organization to review this Form 990.			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	12a		
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b		
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe on Schedule O how this was done*	12c		
13	Did the organization have a written whistleblower policy?	13		
14	Did the organization have a written document retention and destruction policy?	14		
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	15a		
b	Other officers or key employees of the organization	15b		
	If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	16a		
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.

☐ Own website ☐ Another's website ☐ Upon request ☐ Other *(explain on Schedule O)*

19 Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

20 State the name, address, and telephone number of the person who possesses the organization's books and records.

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See the instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (box 5 of Form W-2, box 6 of Form 1099-MISC, and/or box 1 of Form 1099-NEC) of more than $100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

See the instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1)										
(2)										
(3)										
(4)										
(5)										
(6)										
(7)										
(8)										
(9)										
(10)										
(11)										
(12)										
(13)										
(14)										

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/ 1099-MISC/ 1099-NEC)	(E) Reportable compensation from related organizations (W-2/ 1099-MISC/ 1099-NEC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15)										
(16)										
(17)										
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
1b **Subtotal**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**										

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization

			Yes	No
3	Did the organization list any **former** officer, director, trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	3		
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	4		
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	5		

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512–514
Contributions, Gifts, Grants, and Other Similar Amounts	1a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a–1f	1g	$				
	h	**Total.** Add lines 1a–1f						
Program Service Revenue				Business Code				
	2a							
	b							
	c							
	d							
	e							
	f	All other program service revenue						
	g	**Total.** Add lines 2a–2f						
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)						
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
				(i) Real	(ii) Personal			
	6a	Gross rents	6a					
	b	Less: rental expenses	6b					
	c	Rental income or (loss)	6c					
	d	Net rental income or (loss)						
				(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	7a					
	b	Less: cost or other basis and sales expenses	7b					
	c	Gain or (loss)	7c					
	d	Net gain or (loss)						
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18	8a					
	b	Less: direct expenses	8b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities. See Part IV, line 19	9a					
	b	Less: direct expenses	9b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	10a					
	b	Less: cost of goods sold	10b					
	c	Net income or (loss) from sales of inventory						
Miscellaneous Revenue				Business Code				
	11a							
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a–11d						
	12	**Total revenue.** See instructions						

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages				
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits				
10 Payroll taxes				
11 Fees for services (nonemployees):				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance				
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A), amount, list line 24e expenses on Schedule O.)				
a				
b				
c				
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e				
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

			(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		1	
	2	Savings and temporary cash investments		2	
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net		4	
	5	Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use		8	
	9	Prepaid expenses and deferred charges		9	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a			
	b	Less: accumulated depreciation — 10b		10c	
	11	Investments—publicly traded securities		11	
	12	Investments—other securities. See Part IV, line 11		12	
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11		15	
	16	**Total assets.** Add lines 1 through 15 (must equal line 33)		16	
Liabilities	17	Accounts payable and accrued expenses		17	
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities		20	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		22	
	23	Secured mortgages and notes payable to unrelated third parties		23	
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D		25	
	26	**Total liabilities.** Add lines 17 through 25		26	
Net Assets or Fund Balances		**Organizations that follow FASB ASC 958, check here ☐ and complete lines 27, 28, 32, and 33.**			
	27	Net assets without donor restrictions		27	
	28	Net assets with donor restrictions		28	
		Organizations that do not follow FASB ASC 958, check here ☐ and complete lines 29 through 33.			
	29	Capital stock or trust principal, or current funds		29	
	30	Paid-in or capital surplus, or land, building, or equipment fund		30	
	31	Retained earnings, endowment, accumulated income, or other funds		31	
	32	Total net assets or fund balances		32	
	33	Total liabilities and net assets/fund balances		33	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	
2	Total expenses (must equal Part IX, column (A), line 25)	2	
3	Revenue less expenses. Subtract line 2 from line 1	3	
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990: ☐ Cash ☐ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		
	If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both.			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b		
	If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both.			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c		
	If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Uniform Guidance, 2 C.F.R. Part 200, Subpart F?	3a		
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits	3b		

2024

Instructions for Form 990 Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Section references are to the Internal Revenue Code unless otherwise noted.

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Future Developments

For the latest information about developments related to Form 990 and its instructions, such as legislation enacted after they were published, go to *IRS.gov/Form990*.

Reminders

Ann. 2021-18 revoked Ann. 2001-33. Ann. 2001-33, 2001-17 I.R.B. 1137, provided tax-exempt organizations with reasonable cause for purposes of relief from the penalty imposed under section 6652(c)(1)(A)(ii) if they reported compensation on their annual information returns in the manner described in Ann. 2001-33 instead of in accordance with certain form instructions. Ann. 2021-18, 2021-52 I.R.B. 910, revoked Ann. 2001-33 and instructs affected tax-exempt organizations to follow the specific instructions for Form 990, Form 990-EZ, and Form 990-PF, effective for annual information returns required for tax years beginning on or after January 1, 2022.

Section 501(c)(21) trusts. Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons, has been a historical form since tax year 2021. Section 501(c)(21) trusts can no longer file Form 990-BL and will file Form 990 (or submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required

To File Form 990 or 990-EZ, if eligible) to meet their annual filing obligations under section 6033. Some section 501(c)(21) trusts may also be required to file Form 6069, Return of Certain Excise Taxes on Mine Operators, Black Lung Trusts, and Other Persons Under Sections 4951, 4952, and 4953.

Purpose of Form

Forms 990 and 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 6033.

An organization's completed Form 990 or 990-EZ, and a section 501(c)(3) organization's Form 990-T, Exempt Organization Business Income Tax Return, are generally available for public inspection as required by section 6104. Schedule B (Form 990), Schedule of Contributors, is available for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or 990-EZ, parts of Schedule B (Form 990) can be open to public inspection. See *Appendix D. Public Inspection of Returns*, and the Instructions for Schedule B (Form 990) for more details.

Some members of the public rely on Form 990 or 990-EZ 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.

Photographs of Missing Children

The Internal Revenue Service is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC)*. Photographs of missing children selected by the Center may appear in instructions on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Phone Help

If you have questions and/or need help completing Form 990, call 877-829-5500. This toll-free telephone service is available Monday through Friday.

Email Subscription

The IRS has established a subscription-based email service for tax professionals and representatives of tax-exempt organizations. Subscribers will receive periodic updates from the IRS regarding exempt organization tax law and regulations, available services, and other information. To subscribe, go to *IRS.gov/Charities-&-Non-Profits/Subscribe-to-Exempt-Organization-Update*.

General Instructions

Overview of Form 990

Note. Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

Form 990 is an annual information return required to be filed with the IRS by most organizations exempt from income tax under section 501(a), and certain political organizations and **nonexempt charitable trusts**. Parts I through XII of the form must be completed by all filing organizations and require reporting on the organization's exempt and other activities, finances, governance, compliance with certain federal tax filings and requirements, and **compensation** paid to certain persons. Additional schedules are required to be completed depending upon the activities and type of the organization. By completing Part IV, the organization determines which schedules are required. The entire completed Form 990 filed with the IRS, except for certain contributor information on Schedule B (Form 990), is required to be made available to the public by the IRS and the filing organization (see *Appendix D*), and can be required to be filed with state governments to satisfy state reporting requirements. See *Appendix I. Use of Form 990 or 990-EZ To Satisfy State Reporting Requirements.*

CAUTION ***Reminder: Don't include social security numbers (SSNs) on publicly disclosed forms.*** *Because the filing organization and the IRS are required to publicly disclose the organization's annual information returns, SSNs shouldn't be included on this form. By law, with limited exceptions, neither the organization nor the IRS may remove that information before making the form publicly available. Documents subject to disclosure include statements and attachments filed with the form. For more information, see* Appendix D.

Helpful hints. The following hints can help you more efficiently review these instructions and complete the form.

- See *General Instructions, Section C*, later, which provides guidance on the recommended order for completing the form and applicable statements.
- Throughout these instructions, "the organization" and the "filing organization" both refer to the organization filing Form 990.
- Unless otherwise specified, information should be provided for the organization's tax year. For instance, an organization should answer "Yes" to a question asking whether it conducted a certain type of activity only if it conducted that activity during the tax year.
- The examples appearing throughout the Instructions for Form 990 are illustrative only. They are for the purpose of completing this form and aren't all-inclusive.
- Instructions for the Form 990 schedules are published separately from these instructions.

CAUTION *Organizations that have $1,000 or more for the tax year of total gross income from all **unrelated trades or businesses** must file Form 990-T to report and pay tax on the resulting unrelated business taxable income (UBTI), in addition to any required Form 990, 990-EZ, or 990-N.*

A. Who Must File

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N), depending upon the organization's **gross receipts** and **total assets**.

TIP *An organization may not file a "consolidated" Form 990 to aggregate information from another organization that has a different **employer identification number (EIN)**, unless it is filing a **group return** and reporting information from a **subordinate organization** or organizations, reporting information from a **joint venture** or **disregarded entity** (see* Appendix E. Group Returns—Reporting Information on Behalf of the Group, *and* Appendix F. Disregarded Entities and Joint Ventures—Inclusion of Activities and Items, *later), or as otherwise provided for in the Code, regulations, or official IRS guidance. A parent-exempt organization of a section 501(c)(2) title-holding company may file a consolidated Form 990-T with the section 501(c)(2) organization, but not a consolidated Form 990.*

Form 990 must be filed by an organization exempt from income tax under section 501(a) (including an organization that hasn't applied for recognition of exemption) if it has either (1) gross receipts greater than or equal to $200,000, or (2) total assets greater than or equal to $500,000 at the end of the tax year (with exceptions described below for organizations eligible to submit Form 990-N and for certain organizations described in

Section B. Organizations Not Required To File Form 990 or 990-EZ, later). This includes:

- Organizations described in section 501(c)(3) (other than **private foundations**), and
- Organizations described in other 501(c) subsections.

Gross receipts are the total amounts the organization received from all sources during its tax year, without subtracting any costs or expenses. See *Appendix B. How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less,* later, for a discussion of gross receipts.

For purposes of Form 990 reporting, the term "section 501(c)(3)" includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(j) (amateur sports organizations), 501(k) (childcare organizations), and 501(n) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4958 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

Form 990-N. If an organization normally has gross receipts of $50,000 or less, it must submit Form 990-N, if it chooses not to file Form 990 or 990-EZ (with exceptions described below for certain section 509(a)(3) **supporting organizations** and for certain organizations described in *Section B,* later). See *Appendix B* for a discussion of gross receipts.

Form 990-EZ. If an organization has **gross receipts** less than $200,000 and **total assets** at the end of the tax year less than $500,000, it can choose to file Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, instead of Form 990. See the Instructions for Form 990-EZ for more information. See the special rules below regarding **section 501(c)(21) black lung trusts, controlling organizations** under section 512(b)(13), and **sponsoring organizations** of **donor advised funds.**

If an organization eligible to submit the Form 990-N or file the Form 990-EZ chooses to file the Form 990, it must file a complete return.

Foreign and U.S. territory organizations. Foreign organizations and **U.S. territory** organizations as well as **domestic organizations** must file Form 990 or 990-EZ unless specifically excepted under *General Instructions, Section B,* later. Report amounts in U.S. dollars and state what conversion rate the organization uses. Combine amounts from inside and outside the United States and report the total for each item. All information must be written in English.

Section 501(c)(21) black lung trusts. The trustee of a trust exempt from tax under section 501(a) and described in section 501(c)(21) must file Form 990 and not Form 990-EZ, unless the trust normally has gross receipts in each tax year of not more than $50,000 and can file Form 990-N.

Sponsoring organizations of donor advised funds. If required to file an annual information return for the year, **sponsoring organizations** of **donor advised funds** must file Form 990 and not Form 990-EZ.

Controlling organizations described in section 512(b)(13). A **controlling organization** of one or more **controlled entities,** as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was any transfer of funds between the controlling organization and any controlled entity during the year.

Section 509(a)(3) supporting organizations. A section 509(a)(3) **supporting organization** must file Form 990 or 990-EZ, even if its gross receipts are normally $50,000 or less, and even if it is described in Rev. Proc. 96-10, 1996-1 C.B. 577, or is an affiliate of a governmental unit described in Rev. Proc. 95-48,1995-2 C.B. 418, unless it qualifies as:

1. An integrated auxiliary of a **church** described in Regulations section 1.6033-2(h);
2. The exclusively religious activities of a **religious order;** or
3. An organization, the gross receipts of which are normally not more than $5,000, that supports a section 501(c)(3) religious organization.

If the organization is described in (3) but not in (1) or (2), then it must submit Form 990-N unless it voluntarily files Form 990 or 990-EZ.

Section 501(c)(7) and 501(c)(15) organizations. Section 501(c)(7) and 501(c)(15) organizations apply the same **gross receipts** test as other organizations to determine whether they must file Form 990, but use a different definition of gross receipts to determine whether they qualify as tax exempt for the tax year. See *Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations* for more information.

Section 527 political organizations. A tax-exempt political organization must file Form 990 or 990-EZ if it had $25,000 or more in gross receipts during its tax year, even if its gross receipts are normally $50,000 or less, unless it meets one of the exceptions for *certain political organizations* under *General Instructions, Section B,* later. A qualified state or local political organization must file Form 990 or 990-EZ only if it has gross receipts of $100,000 or more. Political organizations aren't required to submit Form 990-N.

Section 4947(a)(1) nonexempt charitable trusts. A **nonexempt charitable trust** described under section 4947(a)(1) (if it isn't treated as a private foundation) is required to file Form 990 or 990-EZ, unless excepted under *General Instructions, Section B,* later. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. Section 4947(a)(1) trusts must complete all sections of the Form 990 and schedules that section 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990), Public Charity Status and Public Support, unless otherwise specified). If such a trust doesn't have any taxable income under subtitle A of the Code, it can file Form 990 or 990-EZ to meet its section 6012 filing requirement and doesn't have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

Returns when exempt status not yet established. An organization is required to file Form 990 under these instructions if the organization claims exempt status under section 501(a) but hasn't established such exempt status by filing Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Form 1024, Application for Recognition of Exemption Under Section 501(a); or Form 1024-A, Application for Recognition of Exemption Under Section 501(c)(4) of the Internal Revenue Code, and receiving an IRS determination letter recognizing tax-exempt status. In such a case, the organization must check the "Application pending" checkbox on Form 990, item B, page 1 (whether or not a Form 1023, 1023-EZ, 1024, or 1024-A has been filed) to indicate that Form 990 is being filed in the belief that the organization is exempt under section 501(a), but that the IRS hasn't yet recognized such exemption.

To be recognized as exempt retroactive to the date of its organization or formation, an organization claiming tax-exempt status under section 501(c) (other than 501(c)(29)) must generally file an application for recognition of exemption (Form

1023, 1023-EZ, 1024, or 1024-A) within 27 months of the end of the month in which it was legally organized or formed.

CAUTION *An organization that has filed a letter application for recognition of exemption as a qualified nonprofit health insurance issuer under section 501(c)(29), or plans to do so, but hasn't yet received an IRS determination letter recognizing exempt status, must check the "Application pending" checkbox on the Form 990, item B, page 1 .*

B. Organizations Not Required To File Form 990 or 990-EZ

An organization doesn't have to file Form 990 or 990-EZ even if it has at least $200,000 of **gross receipts** for the tax year or $500,000 of **total assets** at the end of the tax year if it is described below (except for section 509(a)(3) supporting organizations, which are described earlier). See *General Instructions, Section A. Who Must File*, earlier, to determine if the organization can file Form 990-EZ instead of Form 990. An organization described in paragraph 10, 11, or 13 of this *Section B* is required to submit Form 990-N unless it voluntarily files Form 990 or 990-EZ, as applicable.

Certain religious organizations.

1. A **church**, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).

2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10. But see the filing requirements for section 509(a)(3) supporting organizations under *General Instructions, Section A*, earlier.

3. A school below college level affiliated with a church or operated by a **religious order** described in Regulations section 1.6033-2(g)(1)(vii).

4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.

5. An exclusively religious activity of any **religious order** described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Certain governmental organizations.

6. A state institution whose income is excluded from gross income under section 115.

7. A **governmental unit** or affiliate of a governmental unit described in Rev. Proc. 95-48. But see the filing requirements for section 509(a)(3) supporting organizations under *General Instructions, Section A*, earlier.

8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an Act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

Certain political organizations.

9. A political organization that is:

- A state or local committee of a political party,
- A political committee of a state or local candidate,
- A caucus or association of state or local officials, or
- Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

Certain organizations with limited gross receipts.

10. An organization whose **gross receipts** are normally $50,000 or less. Such organizations are generally required to submit Form 990-N if they choose not to file Form 990 or 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*.

11. **Foreign organizations** and organizations located in **U.S. territories**, whose **gross receipts** from sources within the United States are normally $50,000 or less and which didn't engage in significant activity in the United States (other than investment activity). Such organizations, if they claim U.S. tax exemption or are recognized by the IRS as tax exempt, are generally required to submit Form 990-N if they choose not to file Form 990 or 990-EZ.

If a foreign organization or U.S. territory organization is required to file Form 990 or 990-EZ, then its worldwide gross receipts, as well as assets, are taken into account in determining whether it qualifies to file Form 990-EZ.

Certain organizations that file different kinds of annual information returns.

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation. Also use Form 990-PF for a taxable private foundation, a section 4947(a)(1) **nonexempt charitable trust** treated as a private foundation, and a private foundation terminating its status by becoming a **public charity** under section 507(b)(1)(B) (for tax years within its 60-month termination period). If the organization successfully terminates, then it files Form 990 or 990-EZ in its final year of termination.

13. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.

14. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/ Report of Employee Benefit Plan.

TIP ***Subordinate organizations** in a **group exemption** which are included in a **group return** filed by the **central organization** for the **tax year** shouldn't file a separate Form 990, 990-EZ, or 990-N for the tax year.*

C. Sequencing List To Complete the Form and Schedules

You may find the following list helpful. It limits jumping from one part of the form to another to make a calculation or determination needed to complete an earlier part. Certain later parts of the form must first be completed in order to complete earlier parts. In general, first complete the **core form**, and then complete alphabetically Schedules A–N and Schedule R, except as provided below. Schedule O (Form 990), Supplemental Information to Form 990 or 990-EZ, should be completed as the core form and schedules are completed. Note that all organizations filing Form 990 must file Schedule O.

TIP *A **public charity** described in section 170(b)(1)(A)(iv), 170(b)(1)(A)(vi), or 509(a)(2) that isn't within its initial 5 years of existence should first complete Part II or III of Schedule A (Form 990) to ensure that it continues to qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990 or 990-EZ, and check the box for "Initial return of a former public charity" on page 1 of Form 990-PF.*

1. Complete items A through F and H(a) through M in the heading of Form 990, on page 1.

2. See the instructions for definitions of **related organization** and **control** and determine the organization's related organizations required to be listed on Schedule R (Form 990), Related Organizations and Unrelated Partnerships.

3. Determine the organization's officers, directors, trustees, key employees, and five highest compensated employees required to be listed on Form 990, Part VII, Section A.

4. Complete Parts VIII, IX, and X of Form 990.

5. Complete item G in the heading section of Form 990, on page 1.

6. Complete Parts III, V, VII, XI, and XII of Form 990.

7. See the Instructions for Schedule L (Form 990), Transactions With Interested Persons, and complete Schedule L (Form 990) (if required).

8. Complete Part VI of Form 990. Transactions reported on Schedule L (Form 990) are relevant to determining independence of **members of the governing body** under Form 990, Part VI, line 1b.

9. Complete Part I of Form 990 based on information derived from other parts of the form.

10. Complete Part IV of Form 990 to determine which schedules must be completed by the organization.

11. Complete Schedule O (Form 990) and any other applicable schedules (for "Yes" boxes that were checked in Part IV). Use Schedule O (Form 990) to provide required supplemental information and other narrative explanations for questions on the core Form 990. For questions on Form 990 schedules, use the narrative part of each schedule to provide supplemental narrative.

12. Complete Part II, *Signature Block*, of Form 990.

D. Accounting Periods and Methods

These are the accounting periods covered under the law.

Accounting Periods

Calendar year. Use the 2024 Form 990 to report on the 2024 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

Fiscal year. If the organization has established a fiscal year accounting period, use the 2024 Form 990 to report on the organization's fiscal year that began in 2024 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in item A of Form 990, page 1, the date the organization's fiscal year began in 2024 and the date the fiscal year ended in 2025.

Short period. A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year began in 2024, and ended before December 31, 2024 (not on or after December 31, 2024), it may use either 2023 Form 990 or 2024 Form 990 to file for the short year. If using the 2023 return, provide the information for designated years listed on the return, other than the tax year being reported, as if the years shown in the form text and headings were updated. For example, if filing for a short period beginning in 2024 on the 2023 Form 990, provide the information on Schedule A, Part II, for the tax years 2020–2024, rather than for tax years 2019–2023. Check the "Initial return" box or the "Final return/terminated" box in item B of the heading if either of those situations applies.

Accounting period change. If the organization changes its accounting period, it must file a Form 990 for the short period resulting from the change. If you are filing a short period return because you changed your accounting period, use the change of accounting period field provided by the software provider to file. Also, include the reason for the change, either "Form 1128 was approved" or "Revenue Procedure 85-58 rules apply."

If the organization has previously changed its annual accounting period at any time within the 10-calendar-year period that includes the beginning of the **short period** resulting from the current change in accounting period, and it had a Form 990-series filing requirement or income tax return filing requirement at any time during that 10-year period, it must also file a Form 1128, Application To Adopt, Change, or Retain a Tax Year, with the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

If an organization that submits Form 990-N changes its accounting period, it must report this change on Form 990, Form 990-EZ, or Form 1128, or by sending a letter to Internal Revenue Service, 1973 Rulon White Blvd., Ogden, UT 84201.

Accounting Methods

An "accounting method," for federal income tax purposes, is a practice a taxpayer follows to determine the tax year in which to report revenue and expenses for federal income tax purposes. An accounting method includes not only the overall plan of accounting for gross income or deductions (for example, an accrual method or the cash receipts and disbursement method), but also the treatment of any item that involves the proper time for the inclusion of an item in income or the taking of an item as a deduction, or both. However, a practice that does not affect the timing for reporting an item of income or deduction for purposes of determining taxable income is not an accounting method. A taxpayer, including a tax-exempt entity, generally adopts any permissible accounting method in the first year in which it uses the method in determining its taxable income. See Rev. Proc. 2015-13, 2015-5 I.R.B. 419, as modified by Rev. Proc. 2021-34 and any successor, for general procedures for obtaining consent to change an accounting method.

CAUTION *An exempt organization may adopt an accounting method not only for purposes of calculating taxable income, but also for purposes of determining whether taxable income will be subject to federal income tax. For example, a tax-exempt entity may adopt an accounting method for an item of income from an unrelated trade or business activity even if the gross income from such activity is less than $1,000 and is therefore not taxed for federal income tax purposes pursuant to Regulations section 1.6012-2(e).*

An accounting method for an item of income or deduction may generally be adopted separately for each of the taxpayer's trades or businesses. However, in order to be permissible, an accounting method must clearly reflect the taxpayer's income. Unless instructed otherwise, the organization should generally use the same accounting method on the return (including the Form 990 and all schedules) to report revenue and expenses that it regularly uses to keep its books and records.

Accounting method change. Once a taxpayer, including a tax-exempt entity, adopts an accounting method for federal income tax purposes, the taxpayer must generally request the IRS's consent before it can change its accounting method (even if the year in which the taxpayer seeks to make the change is a year in which it generates only tax-exempt income or is otherwise not taxed on its taxable income). In most cases, a taxpayer requests consent to change an accounting method by filing a Form 3115, Application for Change in Accounting Method. See Rev. Proc. 2015-13, as modified by Rev. Proc. 2021-34 and any successor, for general procedures for obtaining consent to change an accounting method.

CAUTION *Depending on the specific accounting method change being requested, the taxpayer may be able to request "automatic" consent. This means that as long as the taxpayer follows the applicable procedures, the taxpayer does not have to wait for formal approval by the IRS before applying the new accounting method. See Rev. Proc. 2024-23, 2024-23*

I.R.B. 1334, as modified by Rev. Proc. 2024-30, or its successor, for a list of accounting method changes that generally qualify for automatic consent.

For example, a tax-exempt entity that has adopted an accounting method for an item of income from an unrelated trade or business must generally request consent before it can change its method of accounting for that item in any subsequent year. This is true regardless of whether gross income from the unrelated trade or business is greater than or equal to $1,000 in such subsequent year.

Alternatively, if a taxpayer, including a tax-exempt entity, has not yet adopted an accounting method for an item of income or deduction, a change in how the entity reports the item is not a change in accounting method. In this case, the procedures applicable to requests for accounting method changes (for example, the requirement to file a Form 3115) are not applicable.

Thus, a tax-exempt entity that has never taken into account an item of income or deduction in determining taxable income does not have to request consent to change its method of reporting that item on Form 990. Additionally, a tax-exempt entity that has never been subject to federal income tax on an item of income or deduction but that is required to file a Form 990-T solely due to owing a section 6033(e)(2) proxy tax does not have to request consent to change its method for reporting the item.

Adjustments required when changing an accounting method. A taxpayer, including a tax-exempt entity, that changes its accounting method must generally calculate and report an adjustment to ensure that no portion of the item being changed is permanently omitted or duplicated (see section 481(a)). However, depending on the specific method change, the IRS may provide that an adjustment is not required or permitted. An organization must report any adjustment required by section 481(a) in Parts VIII through XI and on Schedule D (Form 990), Parts XI and XII, as applicable, and provide an explanation for the change on Schedule O (Form 990).

CAUTION *Generally, a taxpayer, including a tax-exempt entity, will recognize a positive section 481(a) adjustment (such as an increase to income) ratably over 4 tax years and will recognize a negative section 481(a) adjustment in full in the year of change. See Rev. Proc. 2015-13, as modified by Rev. Proc. 2021-34 and any successor, for general procedures for obtaining consent to change an accounting method.*

However, as discussed above, if a tax-exempt entity has not yet adopted an accounting method for an item, a change in how the entity reports the item for purposes of the Form 990 is not a change in accounting method. In this case, an adjustment under section 481(a) is not required or permitted.

State reporting. Many states that accept Form 990 in place of their own forms require that all amounts be reported based on the accrual method of accounting. If the organization prepares Form 990 for state reporting purposes, it can file an identical return with the IRS even though the return doesn't agree with the books of account, unless the way one or more items are reported on the state return conflicts with the instructions for preparing Form 990 for filing with the IRS.

Example 1. The organization maintains its books on the cash receipts and disbursements method of accounting but prepares a Form 990 return for the state based on the accrual method. It could use that return for reporting to the IRS.

Example 2. A state reporting requirement requires the organization to report certain revenue, expense, or balance sheet items differently from the way it normally accounts for them on its books. A Form 990 prepared for that state is acceptable for IRS reporting purposes if the state reporting requirement doesn't conflict with the Instructions for Form 990.

An organization should keep a reconciliation of any differences between its books of account and the Form 990 that is filed. Organizations with audited financial statements are required to provide such reconciliations on Schedule D (Form 990), Parts XI through XII.

TIP *See Pub. 538, Accounting Periods and Methods, and the instructions for Forms 1128 and 3115, about reporting changes to accounting periods and methods.*

E. When, Where, and How To File

File Form 990 by the 15th day of the 5th month after the organization's accounting period ends (May 15th for a calendar-year filer). If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that isn't a Saturday, Sunday, or legal holiday.

If the organization is liquidated, dissolved, or terminated, file the return by the 15th day of the 5th month after liquidation, dissolution, or termination.

If the return isn't filed by the due date (including any extension granted), provide a reasonable-cause explanation giving the reasons for not filing on time.

Required electronic filing. If you are filing a 2024 Form 990, you are required to file electronically.

For additional information on the electronic filing requirement, including information about when electronic filing ceases to be available for a given tax year, go to IRS.gov/EOefile.

F. Extension of Time To File

Use Form 8868, Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefit Plans, to request an automatic extension of time to file.

G. Amended Return/Final Return

To amend the organization's return for any year, file a new return including any required schedules. Use the version of Form 990 applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box in item B in the heading area of the form. Also, enter on Schedule O (Form 990) which parts and schedules of the Form 990 were amended and describe the amendments.

The organization can file an amended return at any time to change or add to the information reported on a previously filed return for the same period. It must make the amended return available for inspection for 3 years from the date of filing or 3 years from the date the original return was due, whichever is later.

If the organization needs a complete copy of its previously filed return, it can file Form 4506-A, Request for a Copy of Exempt or Political Organization IRS Form.

If the return is a final return, the organization must check the "Final return/terminated" box in item B in the heading area of the form, and complete Schedule N (Form 990), Liquidation, Termination, Dissolution, or Significant Disposition of Assets.

Amended returns and state filing considerations. State law may require that the organization send a copy of an amended Form 990 return (or information provided to the IRS supplementing the return) to the state with which it filed a copy of Form 990 to meet that state's reporting requirement. A state may require an organization to file an amended Form 990 to satisfy state reporting requirements, even if the original return was accepted by the IRS.

H. Failure-To-File Penalties

Against the organization. Under section 6652(c)(1)(A), a penalty of $25 a day, not to exceed the lesser of $12,500 or 5% of the **gross receipts** of the organization for the year, can be charged when a return is filed late, unless the organization shows that the late filing was due to reasonable cause. Organizations with annual **gross receipts** exceeding $1,274,000 are subject to a penalty of $125 for each day failure continues (with a maximum penalty for any one return of $63,500). The penalty applies on each day after the due date that the return isn't filed.

Tax-exempt organizations that are required to file electronically but don't are deemed to have failed to file the return. This is true even if a paper return is submitted.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

- Complete all applicable line items;
- Unless instructed to skip a line, answer each question on the return;
- Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported; and
- Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses can be subject to this penalty.

Use of a paid preparer doesn't relieve the organization of its responsibility to file a complete and accurate return.

Against responsible person(s). If the organization doesn't file a complete return or doesn't furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of $10 a day. The maximum penalty on all persons for failures for any one return shall not exceed $6,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (see sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

Automatic revocation for nonfiling for 3 consecutive years. The law requires most tax-exempt organizations to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N e-Postcard to the IRS. For information on exceptions to this requirement, go to *Annual Exempt Organization Return: Who Must File*. If an organization fails to file an annual return or submit a notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return or notice. Organizations that lose their tax-exempt status may need to file income tax returns and pay income tax, but may apply for reinstatement of exemption. For details, go to *IRS.gov/EO*.

I. Group Return

A central, parent, or similar organization can file a **group return** on Form 990 for two or more subordinate or local organizations that are:

- Affiliated with the central organization at the time its tax year ends,
- Subject to the central organization's general supervision or control,
- Exempt from tax under a **group exemption** letter that is still in effect, and
- Using the same tax year as the central organization.

The central organization can't use a Form 990-EZ for the group return.

A **subordinate organization** may choose to file a separate annual information return instead of being included in the group return.

If the **central organization** is required to file a return for itself, it must file a separate return and can't be included in the group return. See Regulations section 1.6033-2(d)(1). See *General Instructions, Section B*, earlier, for a list of organizations not required to file.

Every year, each subordinate organization must authorize the central organization in writing to include it in the group return and must declare, under penalties of perjury, that the authorization and the information it submits to be included in the group return are true and complete.

The central organization should send the annual information update required to maintain a group exemption ruling (a separate requirement from the annual return) to:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

For special instructions regarding answering certain Form 990 questions about parts or schedules in the context of a group return, see *Appendix E*.

J. Requirements for a Properly Completed Form 990

All organizations filing Form 990 must complete Parts I through XII, Schedule O (Form 990), and any schedules for which a "Yes" response is indicated in Part IV. If an organization isn't required to file Form 990 but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

Public inspection. In general, all information the organization reports on or with its Form 990, including schedules and attachments, will be available for public inspection. Note, however, the special rules for Schedule B (Form 990), a required schedule for certain organizations that file Form 990. Make sure PDF attachments (if any) are clear and legible. For more information on public inspection requirements, see *Appendix D*, and Pub. 557, Tax-Exempt Status for Your Organization.

Signature. A Form 990 isn't complete without a proper signature. For details, see the instructions under *Part II, Signature Block*, later.

Recordkeeping. The organization's records should be kept for as long as they may be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit must be kept for a minimum of 3 years from the date the return is due or filed, whichever is later. Keep records that verify the organization's basis in property for as long as they are needed to figure the basis of the original or replacement property. Applicable law and an organization's policies can require that the organization retain records longer than 3 years. Form 990, Part VI, line 14, asks whether the organization has a document retention and destruction policy.

The organization should also keep copies of any returns it has filed. They help in preparing future returns and in making computations when filing an amended return.

Rounding off to whole dollars. The organization must round off cents to whole dollars on the returns and schedules, unless otherwise noted for particular questions. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the

next dollar. For example, $1.49 becomes $1 and $2.50 becomes $3. If the organization has to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

Completing all lines. Make an entry (including -0- when appropriate) on all lines requiring an amount or other information to be reported. Don't leave any applicable lines blank, unless expressly instructed to skip that line. If answering a line is predicated on a "Yes" answer to the preceding line, and if the organization's answer to the preceding line was "No," then leave the "If Yes" line blank.

All filers must file Schedule O (Form 990). Certain questions require all filers to provide an explanation on Schedule O (Form 990). In general, answers can be explained or supplemented on Schedule O (Form 990) if the allotted space on the form or other schedule is insufficient, or if a "Yes" or "No" answer is required but the organization wishes to explain its answer.

Missing or incomplete parts of the form and/or required schedules may result in the IRS contacting you to obtain the missing information. Failure to supply the information may result in a penalty being assessed to your account. For tips on filing complete returns, go to *IRS.gov/Charities*.

Reporting proper amounts. Some lines request information reported on other forms filed by the organization (such as Forms W-2, 1099, and 990-T). If the organization is aware that the amount actually reported on the other form is incorrect, it must report on Form 990 the information that should have been reported on the other form (in addition to filing an amended form with the proper amount).

In general, don't report negative numbers, but use -0- instead of a negative number, unless the instructions otherwise provide. Report revenue and expenses separately and don't net related items, unless otherwise provided.

Inclusion of activities and items of disregarded entities and joint ventures. An organization must report on its Form 990 all of the revenues, expenses, assets, liabilities, and net assets or funds of a **disregarded entity** of which it is the sole member, and must report on its Form 990 its share of all such items of a **joint venture** or other investment or arrangement treated as a partnership for federal income tax purposes. This includes passive investments. In addition, the organization must generally report activities of a disregarded entity or a **joint venture** on the appropriate parts or schedules of Form 990. For special instructions about the treatment of disregarded entities and joint ventures for various parts of the form, see *Appendix F*.

Reporting information from third parties. Some lines request information that the organization may need to obtain from third parties, such as compensation paid by **related organizations**; family and business relationships between **officers, directors, trustees, key employees**, and certain businesses they own or control; the organization's share of the income and assets of a partnership or joint venture in which it has an ownership interest; and certain transactions between the organization and interested persons. The organization should make reasonable efforts to obtain this information. If it is unable to obtain certain information by the due date for filing the return, it should file Form(s) 8868 to request a filing extension. See *General Instructions, Section F*, earlier. If the organization is unable to obtain this information by the extended due date after making reasonable efforts, and isn't certain of the answer to a particular question, it may make a reasonable estimate, where applicable, and explain on Schedule O.

Assembling Form 990, Schedules, and Attachments

Before filing Form 990, assemble the package of forms, schedules, and attachments in the following order.

1. **Core form** with Parts I through XII completed, filed in numerical order.
2. Schedules, completed as applicable, filed in alphabetical order (see Form 990, Part IV, for required schedules).
3. Attachments, completed as applicable. These include (a) name change amendment to organizing document required by item B on page 1; (b) list of **subordinate organizations** included in a **group return** required by item H on page 1; (c) articles of merger or dissolution, resolutions, and plans of liquidation or merger required by Schedule N (Form 990); and (d) for **hospital organizations** only, a copy of the most recent **audited financial statements**.

Don't attach materials not authorized in the instructions or not otherwise authorized by the IRS.

To facilitate the processing of your return, don't password protect or encrypt PDF attachments. Password protecting or encrypting a PDF file that is attached to an e-filed return prevents the IRS from opening the attachment.

Specific Instructions

Heading. Items A–M

Complete items A through M.

Item A. Accounting period. File the 2024 return for calendar year 2024 and fiscal years that began in 2024 and ended in 2025. For a fiscal year return, fill in the tax year space at the top of page 1. See *General Instructions, Section D*, earlier, for additional information about accounting periods.

Item B. Checkboxes. The following checkboxes are under item B.

Address change. Check this box if the organization changed its address and hasn't reported the change on its most recently filed Form 990; 990-EZ; 990-N; or 8822-B, Change of Address or Responsible Party—Business, or in correspondence to the IRS.

If a change in address occurs after the return is filed, use Form 8822-B to notify the IRS of the new address.

Name change. Check this box if the organization changed its legal name (not its "doing business as" name) and if the organization hasn't reported the change on its most recently filed Form 990 or 990-EZ or in correspondence to the IRS. If the organization changed its name, attach the following documents.

IF the organization is . . .	THEN attach . . .
a corporation	a copy of the amendment to the articles of incorporation and proof of filing with the appropriate state authority.
a trust	a copy of the amendment to the trust instrument, or a resolution to amend the trust instrument, showing the effective date of the change of name and signed by at least one trustee.
an unincorporated association	a copy of the amendment to the articles of association, constitution, or other organizing document, showing the effective date of the change of name and signed by at least two officers, trustees, or members.

Initial return. Check this box if this is the first time the organization is filing a Form 990 and it hasn't previously filed a Form 990-EZ, 990-PF, 990-T, or 990-N.

Final return/terminated. Check this box if the organization has terminated its existence or ceased to be a section 501(a) or section 527 organization and is filing its final return as an exempt organization or section 4947(a)(1) trust. For example, an organization should check this box when it has ceased operations and dissolved, merged into another organization, or has had its exemption revoked by the IRS. An organization that checks this box because it has liquidated, terminated, or dissolved during the tax year must also attach Schedule N (Form 990).

CAUTION *An organization must support any claim to have liquidated, terminated, dissolved, or merged by attaching a certified copy of its articles of dissolution or merger approved by the appropriate state authority. If a certified copy of its articles of dissolution or merger isn't available, the organization must submit a copy of a resolution or resolutions of its governing body approving plans of liquidation, termination, dissolution, or merger.*

Amended return. Check this box if the organization previously filed a return with the IRS for a tax year and is now filing another return for the same tax year to amend the previously filed return. Enter on Schedule O (Form 990) the parts and schedules of the Form 990 that were amended and describe the amendments. See *General Instructions, Section G*, earlier, for more information.

Application pending. Check this box if the organization either has filed a Form 1023, 1023-EZ, 1024, or 1024-A with the IRS and is awaiting a response, or claims tax-exempt status under section 501(a) but hasn't filed Form 1023, 1023-EZ, 1024, or 1024-A to be recognized by the IRS as tax exempt. If this box is checked, the organization must complete all parts of Form 990 and any required schedules. An organization that is required to file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N) for a tax year (see *General Instructions, Section A*, earlier) must do so even if it hasn't yet filed a Form 1023, 1023-EZ, 1024, or 1024-A with the IRS, if it claims tax-exempt status.

To qualify for tax exemption retroactive to the date of its organization or formation, an organization claiming tax-exempt status under section 501(c) (other than 501(c)(29)) must generally file an application for recognition of exemption (Form 1023, 1023-EZ, 1024, or 1024-A) within 27 months of the end of the month in which it was legally organized or formed.

Item C. Name and address. Enter the organization's legal name on the "Name of organization" line. If the organization operates under a name different from its legal name, enter the alternate name on the "Doing Business As" (DBA) line. If multiple DBA names won't fit on the line, enter one on the line and enter the others on Schedule O (Form 990).

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

Include the suite, room, or other unit number after the street address. If the post office doesn't deliver mail to the street address and the organization has a P.O. box, enter the box number instead of the street address.

For foreign addresses, enter the information in the following order: city or town, state or province, the name of the country, and the postal code. Don't abbreviate the country name.

If a change of address occurs after the return is filed, use Form 8822-B to notify the IRS of the new address.

Item D. EIN. Each organization (including a subordinate of a central organization) must have its own EIN. Use the **EIN** provided to the organization for filing its Form 990 and federal tax returns. An organization should never use the EIN issued to another organization, even if the organizations are related. The organization must have only one EIN. If it has more than one and hasn't been advised which to use, notify the:

Department of the Treasury
Internal Revenue Service Center
Ogden, UT 84201-0027

State the numbers the organization has, the name and address to which each EIN was assigned, and the address of the organization's principal office. The IRS will advise the organization which number to use.

TIP *A **subordinate organization** that files a separate Form 990 instead of being included in a group return must use its own EIN, and not that of the **central organization**.*

TIP *A section 501(c)(9) voluntary employees' beneficiary association must use its own EIN and not the EIN of its sponsor.*

Item E. Telephone number. Enter a telephone number of the organization that members of the public and government personnel can use during normal business hours to obtain information about the organization's finances and activities. If the organization doesn't have a telephone number, enter the telephone number of an organization official who can provide such information.

Item F. Name and address of principal officer. The address provided must be a complete mailing address to enable the IRS to communicate with the organization's current (as of the date this return is filed) **principal officer**, if necessary. If the officer prefers to be contacted at the organization's address listed in item C, enter "same as C above." For purposes of this item, "principal officer" means an **officer** of the organization who, regardless of title, has ultimate responsibility for implementing the decisions of the organization's **governing body**, or for supervising the management, administration, or operation of the organization.

TIP *If a change in responsible party occurs after the return is filed, use Form 8822-B to notify the IRS of the new responsible party.*

Item G. Gross receipts. On Form 990, Part VIII, column A , add line 6b (both columns (i) and (ii)), line 7b (both columns (i) and (ii)), line 8b, line 9b, line 10b, and line 12, and enter the total here. See the exceptions from filing Form 990 based on **gross**

receipts and **total assets** as described under *General Instructions, Sections A* and *B*, earlier.

Item H. Group returns. If the organization answers "No" to item H(a), it shouldn't check a box in item H(b). If the organization answers "Yes" to item H(a) but "No" to item H(b), attach a list (not on Schedule O (Form 990)) showing the name, address, and **EIN** of each local or **subordinate organization** included in the **group return**. Additionally, attach a list (not on Schedule O) showing the name, address, and EIN of each subordinate organization not included in the group return. If the organization answers "Yes" to item H(a) and "Yes" to item H(b), attach a list (not on Schedule O) showing the name, address, and EIN of each subordinate organization included in the group return. See Regulations section 1.6033-2(d)(2)(ii). A central or subordinate organization filing an individual return should not attach such a list. Enter in item H(c) the four-digit group exemption number (GEN) if the organization is filing a group return, or if the organization is a central or subordinate organization in a **group exemption** and is filing a separate return. Don't confuse the four-digit GEN with the nine-digit EIN reported in item D of the form's heading. A **central organization** filing a group return must not report its own EIN in item D, but report the special EIN issued for use with the group return.

If attaching a list:

- Enter the form number ("Form 990") and tax year,
- Enter the group exemption name and **EIN**, and
- Enter the four-digit GEN.

Item I. Tax-exempt status. Check the applicable box. If the organization is exempt under section 501(c) (other than section 501(c)(3)), check the second box and insert the appropriate subsection number within the parentheses (for example, "4" for a section 501(c)(4) organization).

Item J. Website. Enter the organization's current address for its primary website, as of the date of filing this return. If the organization doesn't maintain a website, enter "N/A" (not applicable).

Item K. Form of organization. Check the box describing the organization's legal entity form or status under state law in its state of legal domicile. These include corporations, trusts, unincorporated associations, and other entities (for example, partnerships and limited liability companies (LLCs)).

Item L. Year of formation. Enter the year in which the organization was legally created under state or foreign law. If a corporation, enter the year of incorporation.

Item M. State of legal domicile. For a corporation, enter the state of incorporation (country of incorporation for a foreign corporation formed outside the United States). For a trust or other entity, enter the state whose law governs the organization's internal affairs (or the foreign country whose law governs for a foreign organization other than a corporation).

Part I. Summary

TIP *Because Part I generally reports information reported elsewhere on the form,* ***complete Part I after the other parts of the form are completed.*** *See* General Instructions, Section C, *earlier.*

Complete lines 3–5 and 7–22 by using applicable references made in Part I to other items.

Line 1. Describe the organization's mission or its most significant activities for the year, whichever the organization wishes to highlight, on the summary page.

Line 2. Check this box if the organization answered "Yes" on Part IV, line 31 or 32, and complete Schedule N (Form 990), Part I or II.

Line 6. Enter the number of **volunteers**, full-time and part-time, including volunteer members of the organization's governing body, who provided volunteer services to the organization during the reporting year. Organizations that don't keep track of this information in their books and records or report this information elsewhere (such as in annual reports or grant proposals) can provide a reasonable estimate, and can use any reasonable basis for determining this estimate. Organizations can, but aren't required to, provide an explanation on Schedule O (Form 990) of how this number was determined, the number of hours those volunteers served during the tax year, and the types of services or benefits provided by the organization's volunteers.

Line 7b. If the organization isn't required to file a Form 990-T for the tax year, enter "0." If the organization hasn't yet filed Form 990-T for the tax year, provide an estimate of the amount it expects to report on Form 990-T, Part I, line 11, when it is filed.

Lines 8–19. If this is an initial return, or if the organization filed Form 990-EZ or 990-PF in the prior year, leave the "Prior Year" column blank. Use the same lines from the 2023 Form 990 to determine what to report for prior year revenue and expense amounts.

Line 16a. Enter the total of (i) the fees for professional fundraising services reported in Part IX, column (A), line 11e; and (ii) the portion of the amount reported in Part IX, column (A), lines 5 and 6, that comprises fees for professional fundraising services paid to officers, directors, trustees, key employees, and disqualified persons, whether or not such persons are employees of the organization. Exclude the latter amount from Part I, line 15.

Part II. Signature Block

The return must be signed by the current president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as a tax officer) who is authorized to sign as of the date this return is filed. A receiver, trustee, or assignee must sign any return he or she files for a corporation or association. See Regulations section 1.6012-3(b)(4). For a trust, the authorized trustee(s) must sign. The definition of "officer" for purposes of Part II is different from the definition of **officer** (see the *Glossary*) used to determine which officers to report elsewhere on the form and schedules, and from the definition of **principal officer** for purposes of the Form 990 heading (see the *Glossary*).

Paid Preparer

Generally, anyone who is paid to prepare the return must sign the return, list the preparer taxpayer identification number (PTIN), and fill in the other blanks in the *Paid Preparer Use Only* area. An employee of the filing organization isn't a paid preparer.

The paid preparer must:

- Sign the return in the space provided for the preparer's signature;
- Enter the preparer information, including the preparer's PTIN; and
- Give a copy of the return to the organization.

Any paid preparer can apply for and obtain a PTIN online at IRS.gov/PTIN or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal.

CAUTION *Enter the paid preparer's PTIN, not his or her SSN, in the "PTIN" box in the paid preparer's block. The IRS won't redact the paid preparer's SSN if such SSN is entered on the paid preparer's block. Because Form 990 is a publicly disclosable document, any information entered in this block will be publicly disclosed (see* Appendix D*). For more information about applying for a PTIN online, go to IRS.gov/TaxPros.*

Note. A paid preparer may sign original or amended returns by rubber stamp, mechanical device, or computer software program.

Paid Preparer Authorization

On the last line of Part II, check "Yes" if the IRS can contact the paid preparer who signed the return to discuss the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer Use Only* section of Form 990. It doesn't apply to the firm, if any, shown in that section.

By checking "Yes," the organization is authorizing the IRS to contact the paid preparer to answer any questions that arise during the processing of the return. The organization is also authorizing the paid preparer to:

- Give the IRS any information missing from the return;
- Call the IRS for information about processing the return; and
- Respond to certain IRS notices about math errors, offsets, and return preparation.

The organization isn't authorizing the paid preparer to bind the organization to anything or otherwise represent the organization before the IRS.

The authorization will automatically end no later than the due date (excluding extensions) for filing of the organization's 2025 Form 990. If the organization wants to expand the paid preparer's authorization or revoke it before it ends, see Pub. 947, Practice Before the IRS and Power of Attorney.

Check "No" if the IRS should contact the organization or its principal officer listed in item F of the heading on page 1, rather than the paid preparer.

Part III. Statement of Program Service Accomplishments

Check the box in the heading of Part III if Schedule O (Form 990) contains any information pertaining to this part. Part III requires reporting regarding the organization's program service accomplishments. A program service is an activity of an organization that accomplishes its exempt purpose. Examples of program service accomplishments can include:

- A section 501(c)(3) organization's charitable activities such as a hospital's provision of charity care under its charity care policy, a college's provision of higher education to students under a degree program, a disaster relief organization's provision of grants or assistance to victims of a natural disaster, or a nursing home's provision of rehabilitation services to residents;
- A section 501(c)(5) labor union's conduct of collective bargaining on behalf of its members;
- A section 501(c)(6) business league's conduct of meetings for members to discuss business issues; or
- A section 501(c)(7) social club's operation of recreational and dining facilities for its members.

Don't report a fundraising activity as a program service accomplishment unless it is substantially related to the accomplishment of the organization's exempt purposes (other than by raising funds).

Line 1. Describe the organization's mission as articulated in its mission statement or as otherwise adopted by the organization's **governing body**, if applicable. If the organization doesn't have a mission that has been adopted or ratified by its **governing body**, enter "None."

Line 2. Answer "Yes" if the organization undertook any new significant program services prior to the end of the **tax year** that it didn't describe in a prior year's Form 990 or 990-EZ. Describe these items on Schedule O (Form 990). If any are among the activities described on Form 990, Part III, line 4, the organization can reference the detailed description on line 4. If the organization has never filed a Form 990 or 990-EZ, answer "No."

Line 3. Answer "Yes" if the organization made any significant changes prior to the end of the **tax year** in how it conducts its program services to further its exempt purposes, or if the organization ceased conducting significant program services that had been conducted in a prior year. Describe these items on Schedule O (Form 990).

TIP *An organization must report new, significant program services, or significant changes in how it conducts program services on its Form 990, Part III, rather than in a letter to IRS Exempt Organizations Determinations ("EO Determinations"). EO Determinations no longer issues letters confirming the tax-exempt status of organizations that report such new services or significant changes.*

Lines 4a–4c. All organizations must describe their accomplishments for each of their three largest program services, as measured by total expenses incurred (not including donated services or the donated use of materials, equipment, or facilities). If there were three or fewer of such activities, describe each program service activity. The organization can report on Schedule O (Form 990) additional activities that it considers of comparable or greater importance, although smaller in terms of expenses incurred (such as activities conducted with **volunteer** labor).

Code. For the 2024 tax year, leave this blank.

Expenses and grants. For each program service reported on lines 4a–4c, section 501(c)(3) and 501(c)(4) organizations must enter total expenses included in Part IX, line 25, column (B), and total grants and allocations (if any) included within such total expenses that were reported in Part IX, lines 1–3, column (B). For all other organizations, entering these amounts is optional.

Revenue. For each program service, section 501(c)(3) and 501(c)(4) organizations must report any revenue derived directly from the activity, such as fees for services or from the sale of goods that directly relate to the listed activity. This revenue includes program service revenue reported in Part VIII, line 2, column (A), and includes other amounts reported on Part VIII, lines 3–11, as related or exempt function revenue. Also include **unrelated business income** from a business that exploits an exempt function, such as advertising in a journal. For this purpose, charitable contributions and grants (including the charitable contribution portion, if any, of membership dues) reported on Part VIII, line 1, aren't considered revenue derived from program services. For organizations other than section 501(c)(3) and 501(c)(4) organizations, entering these amounts is optional.

Description of program services. For each program service reported, include the following.

- Describe program service accomplishments through specific measurements such as clients served, days of care provided, number of sessions or events held, or publications issued.
- Describe the activity's objective, for both this time period and the longer-term goal, if the output is intangible, such as in a research activity.
- Give reasonable estimates for any statistical information if exact figures aren't readily available. Indicate that this information is estimated.
- Be clear, concise, and complete in the description. Use Schedule O (Form 990) if additional space is needed.

Donated services or use of equipment, materials, or facilities. The organization can report the amount of any donated services, or use of materials, equipment, or facilities it received or used in connection with a specific program service, on the lines for the narrative description of the appropriate program service. However, don't include these amounts in revenue, expenses, or grants reported on Part III, lines 4a–4e,

even if prepared according to **generally accepted accounting principles (GAAP)**.

Public interest law firm. A public interest law firm exempt under section 501(c)(3) or 501(c)(4) must include a list of all the cases in litigation or that have been litigated during the year. For each case:

- Describe the matter in dispute,
- Explain how the litigation will benefit the public generally, and
- Enter the fees sought and recovered.

See Rev. Proc. 92-59, 1992-2 C.B. 411.

Line 4d. Other program services. Enter on Schedule O (Form 990) the organization's other program services. The detailed description required for the three largest program services need not be provided for these other program services. Section 501(c)(3) and 501(c)(4) organizations must report on line 4d their total revenues reported in Part VIII, line 2, column (A), and their total expenses (including grants) reported in Part IX, column (B), that are attributable to these other program services, and must report in Part III, line 4e, their total program service expenses from Part III, lines 4a–4d. For all other organizations, entering these amounts is optional. The organization may report the non-contribution portion of membership dues on line 4d or allocate that portion among lines 4a–4c.

Part IV. Checklist of Required Schedules

For each "Yes" answer to a question on Form 990, Part IV, complete the applicable schedule (or part or line of the schedule). See the *Glossary* and instructions for the pertinent schedules for definitions of terms and explanations that are relevant to questions in this part.

The organization isn't required to answer "Yes" to a question on Form 990, Part IV, or complete the schedule (or part of a schedule) to which the question is directed if the organization isn't required to provide any information in the schedule (or part of the schedule). Thus, a minimum dollar threshold for reporting information on a schedule may be relevant in determining whether the organization must answer "Yes" to a question on Form 990, Part IV.

Line 1. Answer "Yes" if the organization is a section 501(c)(3) organization that isn't a **private foundation**. Answer "Yes" if the organization claims section 501(c)(3) status but hasn't yet filed a Form 1023 or Form 1023-EZ application or received a determination letter recognizing its section 501(c)(3) status. All other organizations answer "No."

Line 2. Answer "Yes" if any of the following are satisfied.

- A section 501(c)(3) organization met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi); checks the box on Schedule A (Form 990), Part II, line 13, 16a, or 16b; and received from any one contributor, during the year, **contributions** of the greater of $5,000 (in money or property) or 2% of the amount on Form 990, Part VIII, line 1h. An organization filing Schedule B (Form 990) can limit the contributors it reports on Schedule B (Form 990) using this greater-than-$5,000/2% threshold only if it checks the box on Schedule A (Form 990), Part II, line 13, 16a, or 16b.
- A section 501(c)(3) organization didn't meet the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received during the year **contributions** of $5,000 or more from any one contributor.
- A section 501(c)(7), 501(c)(8), or 501(c)(10) organization received, during the year, (a) **contributions** of any amount for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals; or (b) contributions of $5,000 or more not exclusively for such purposes from any one contributor.
- Any other organization that received, during the year, contributions of $5,000 or more from any one contributor.

Don't attach substitutes for Schedule B (Form 990).

Line 3. All organizations must answer this question, even if they aren't subject to a prohibition against **political campaign activities**. Answer "Yes" whether the activity was conducted directly or indirectly through a **disregarded entity** or a **joint venture** or other arrangement treated as a partnership for federal income tax purposes and in which the organization is an owner.

Line 4. Complete only if the organization is a section 501(c)(3) organization. Other organizations leave this line blank. Answer "Yes" if the organization engaged in **lobbying activities** or had a section 501(h) election in effect during the **tax year**. All section 501(c)(3) organizations that had a section 501(h) election in effect during the tax year must complete Schedule C (Form 990), Part II-A, whether or not they engaged in lobbying activities during the tax year.

Line 5. Answer "Yes" only if the organization is a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19, 1998-1 C.B. 547. Other organizations answer "No."

Line 6. Answer "Yes" if the organization maintained at any time during the organization's tax year a **donor advised fund** or another similar fund or account (that is, any account over which the donor or a person appointed by the donor had advisory privileges over the use or investment of any portion of the account, but which isn't a **donor advised fund**). Examples of other similar funds or accounts include, but aren't limited to, the types of funds or accounts described as exceptions to the *Glossary* definition of a **donor advised fund**.

Line 7. Answer "Yes" if the organization received or held any **conservation easement** at any time during the year, regardless of how the organization acquired the easement or whether a charitable deduction was claimed by a donor of the easement.

Line 8. Answer "Yes" if, at any time during the year, the organization maintained **collections of works of art, historical treasures, and other similar assets** as described in ASC 958-360-45, whether or not the organization reported revenue and assets related to such collections in its financial statements.

*Organizations that answer "Yes" on line 8 will often answer "Yes" on Part IV, line 30, which addresses current-year **noncash contributions** of such items.*

Line 9. Answer "Yes" if, at any time during the organization's tax year, the organization (1) had an **escrow or custodial account**; (2) provided **credit counseling services** and/or **debt management plan services**, such as credit repair or debt negotiations; or (3) acted as an agent, trustee, custodian, or other intermediary for contributions or other assets not included in Part X.

Line 10. Answer "Yes" if the organization, a **related organization**, or an organization formed and maintained exclusively to further one or more exempt purposes of the organization (such as a foundation formed and maintained exclusively to hold **endowment funds** to provide scholarships and other funds for a college or university described within section 501(c)(3)) held assets in **donor-restricted endowment funds, board designated (quasi)**, or endowment funds at any time during the year, whether or not the organization follows **ASC 958**, or reports endowment funds in Part X, line 31. See the

instructions for Schedule D (Form 990), Part V, for the definitions of these types of endowment funds.

Line 11. Answer "Yes" if the organization reported an amount for land, buildings, equipment, or leasehold improvements on Part X, line 10; reported an amount for other liabilities on Part X, line 25; or if its financial statements for the tax year included a footnote that addresses its liability for uncertain tax positions under FIN 48 (FASB ASC 740) (including a statement that the organization had no liability for uncertain tax positions). Also, answer "Yes" if the organization reported in Part X an amount for investments-other securities, investments-program related, or other assets, on any of line 12,13, or 15, that is 5% or more of the total assets reported on Part X, line 16.

Line 12a. Answer "Yes" if the organization received separate, independent **audited financial statements** for the year for which it is completing this return, or if the organization is reporting for a short year that is included in, but not identical to, the period for which the audited financial statements were obtained. All other organizations answer "No." Answer "No" if the organization was included in consolidated audited financial statements, unless the organization also received separate audited financial statements.

An accountant's **compilation** or **review of financial statements** isn't considered to be an audit and doesn't produce audited financial statements. If the organization answers "No," but has prepared, for the year for which it is completing this return, a financial statement that wasn't audited, the organization can (but isn't required to) provide the reconciliations contained on Schedule D (Form 990), Parts XI–XII.

Line 12b. Answer "Yes" if the organization was included in consolidated, independent **audited financial statements** for the year for which it is completing this return. All other organizations answer "No." Answer "Yes" if the organization is reporting for a short year that is included in, but not identical to, the period for which the audited financial statements were obtained.

Line 13. Answer "Yes" if the organization checked the box on Schedule A (Form 990), Part I, line 2, indicating that it is a **school**.

Lines 14a–14b. Answer "Yes" on line 14a if the organization maintained an office, or had employees or agents, or independent contractors outside the **United States**. Answer "Yes" on line 14b if the organization had aggregate revenue or expenses of more than $10,000 from or attributable to grantmaking, **fundraising activities**, business, investment, and program service activities outside the **United States**, or if the book value of the organization's aggregate investments in foreign partnerships, foreign corporations, and other foreign entities was $100,000 or more at any time during the **tax year**.

In the case of indirect investments made through investment entities, the extent to which revenue or expenses are taken into account in determining whether the $10,000 threshold is exceeded will depend upon whether the investment entity is treated as a partnership or corporation for U.S. tax purposes. For example, an organization with an interest in a foreign partnership would need to take into account its share of the partnership's revenue and expenses in determining whether the $10,000 threshold is exceeded. An organization with an investment in a foreign corporation would need to take into account dividends it receives from the corporation, but wouldn't need to take into account or report any portion of the revenues, expenses, or expenditures of a foreign corporation in which it holds an investment, provided that the corporation is treated as a separate corporation for U.S. tax purposes.

Line 15. Answer "Yes" if the organization reported on Part IX, line 3, column (A), more than $5,000 of **grants and other assistance** to any **foreign organization** or entity (including a **foreign government**), or to a **domestic organization** or **domestic individual** for the purpose of providing grants or other assistance to a designated **foreign organization** or organizations.

Line 16. Answer "Yes" if the organization reported on Part IX, line 3, column (A), more than $5,000 of aggregate **grants and other assistance** to **foreign individuals**, or to **domestic organizations** or **domestic individuals** for the purpose of providing grants or other assistance to a designated foreign individual or individuals.

Lines 17–18. Answer "Yes" on line 17 if the total amount reported for **professional fundraising services** in Part IX (line 11e, plus the portion of the line 6 amount attributable to professional fundraising services) exceeds $15,000.

Answer "Yes" on line 18 if the sum of the amounts reported on lines 1c and 8a of Form 990, Part VIII, exceeds $15,000. An organization that answers "No" should consider whether to complete Schedule G (Form 990) in order to report its **fundraising activities** or **gaming** activities for state or other reporting purposes.

Line 20a. Answer "Yes" if the organization, directly or indirectly through a **disregarded entity** or **joint venture** treated as a partnership for federal income tax purposes, operated one or more **hospital facilities** at any time during the **tax year**. Except in the case of a **group return**, don't include hospital facilities operated by another organization that is treated as a separate taxable or tax-exempt corporation for federal income tax purposes. For group returns, answer "Yes" if any subordinate included in the group return operated such a hospital facility.

Line 20b. If the organization operated one or more **hospital facilities** at any time during the **tax year**, then it must attach a copy of its most recent **audited financial statements**. If the organization was included in consolidated audited financial statements but not separate audited financial statements for the tax year, then it must attach a copy of the consolidated financial statements, including details of consolidation (whether or not audited).

Line 21. Answer "Yes" if the organization reported on Part IX, line 1, column (A), more than $5,000 of **grants and other assistance** to any **domestic organization**, or to any domestic government. For instance, answer "No" if the organization made a $4,000 grant to each of two domestic organizations and no other grants. Don't report grants or other assistance provided to domestic organizations or domestic governments for the purpose of providing grants or other assistance to designated **foreign organizations** or **foreign individuals**.

Section 501(c)(21) trusts. Use Schedule I (Form 990), Grants and Other Assistance to Organizations, Governments, and Individuals in the United States, to report amounts over $5,000 paid by the trust (1) to the Federal Black Lung Disability Trust Fund pursuant to section 3(b)(3) of Public Law 95-227, or (2) for insurance exclusively covering liabilities under sections 501(c)(21)(A)(i)(I) and 501(c)(21)(A)(i)(IV). For details, see Regulations section 1.501(c)(21)-1(d).

Line 22. Answer "Yes" if the organization reported on Part IX, line 2, column (A), more than $5,000 of aggregate **grants and other assistance** to or for **domestic individuals**. Don't report grants or other assistance provided to or for domestic individuals for the purpose of providing grants or other assistance to designated **foreign organizations** or **foreign individuals**.

Section 501(c)(21) trusts. Use Schedule I (Form 990) to report amounts over $5,000 paid by the black lung trust to or for the benefit of miners or their beneficiaries other than amounts included on line 21. Such payments could include direct payment of medical bills, etc., authorized by the Act and

accident and health benefits for retired miners and their spouses and dependents.

Line 23. Answer "Yes" if the organization:

- Listed in Part VII a *former* **officer, director, trustee, key employee**, or **highest compensated employee**; or
- Reported for any person listed in Part VII more than $150,000 of **reportable compensation** and other **compensation.**

Also answer "Yes" if, under the circumstances described in the instructions for Part VII, Section A, line 5, the filing organization had knowledge that any person listed in Part VII, Section A, received or accrued **compensation** from an **unrelated organization** for services rendered to the filing organization.

Line 24. Lines 24a–24d involve questions regarding **tax-exempt bonds.** All organizations must answer "Yes" or "No" on line 24a. Those organizations that answer "Yes" on line 24a must also answer lines 24b through 24d and complete Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds. Those that answer "No" to line 24a can skip to line 25a.

Line 24a. Answer "Yes" and complete Schedule K (Form 990) for each **tax-exempt bond** issued by or for the benefit of the organization after December 31, 2002 (including refunding bonds), with an outstanding principal amount of more than $100,000 as of the last day of the organization's tax year. For this purpose, bonds that have been legally defeased, and as a result are no longer treated as a liability of the organization, aren't considered outstanding.

Line 24b. For purposes of line 24b, the organization need not include the following as investments of proceeds.

- Any investment of proceeds relating to a reasonably required reserve or replacement fund as described in section 148(d).
- Any investment of proceeds properly characterized as replacement proceeds as defined in Regulations section 1.148-1(c).
- Any investment of net proceeds relating to a **refunding escrow** as defined in Regulations section 1.148-1(b).

Temporary period exceptions are described in section 148(c) and Regulations section 1.148-2(e). For example, there is a 3-year temporary period applicable to proceeds spent on expenditures for capital projects and a 13-month temporary period applicable to proceeds spent on working capital expenditures.

Line 24c. For purposes of line 24c, the organization is treated as maintaining an escrow account if such account is maintained by a trustee for **tax-exempt bonds** issued for the benefit of the organization.

Line 24d. Answer "Yes" if the organization has received a letter ruling that its obligations were issued on behalf of a state or local **governmental unit**; meets the conditions for issuing **tax-exempt bonds** as set forth in Rev. Rul. 63-20, 1963-1 C.B. 24 (see Rev. Proc. 82-26, 1982-1 C.B. 476); or is a constituted authority organized by a state or local governmental unit to issue tax-exempt bonds in order to further public purposes (see Rev. Rul. 57-187, 1957-1 C.B. 65). Also answer "Yes" if the organization has outstanding qualified scholarship funding bonds under section 150(d) or bonds of a qualified volunteer fire department under section 150(e).

Lines 25a–25b. Complete lines 25a and 25b only if the organization is a section 501(c)(3), 501(c)(4), or 501(c)(29) organization. If the organization isn't described in section 501(c)(3), 501(c)(4), or 501(c)(29), skip lines 25a and 25b and leave them blank. On line 25b, answer "Yes" if the organization became aware, prior to filing this return, that it engaged in an **excess benefit transaction** with a **disqualified person** in a prior year, and if the transaction hasn't been reported on any of the organization's prior Forms 990 or 990-EZ.

TIP *An **excess benefit transaction** can have serious implications for the **disqualified person** that entered into the transaction with the organization, any **organization managers** that knowingly approved of the transaction, and the organization itself. A section 501(c)(3), 501(c)(4), or 501(c)(29) organization that becomes aware that it may have engaged in an **excess benefit transaction** should obtain competent advice regarding section 4958, pursue correction of any excess benefit, and take other appropriate steps to protect its interests with regard to such transaction and the potential impact it could have on the organization's continued exempt status. See* Appendix G, *later, for a discussion of section 4958; Schedule L (Form 990), Part I; and Form 4720, Schedule I, regarding reporting of excess benefit transactions.*

Lines 26–28. Lines 26 through 28 ask questions about loans and other receivables and payables between the organization and certain interested persons, and certain direct and indirect business transactions between the organization and governance and management officials of the organization or their associated businesses or **family members.** All organizations must answer these questions. The organization should review carefully the instructions for Schedule L (Form 990), Parts II–IV, before answering these questions and completing Schedule L (Form 990).

Line 29. The organization is required to answer "Yes" on line 29 if it received during the year more than $25,000 in **fair market value (FMV)** of donations, gifts, grants, or other **contributions** of property other than cash, regardless of the manner received (such as for use in a charity auction). Don't include **contributions** of services or use of facilities.

Line 30. The organization is required to answer "Yes" on line 30 if during the year it received as a donation, gift, grant, or other **contribution:**

- Any **work of art, historical treasure,** historical artifact, scientific specimen, archaeological artifact, or similar asset, including a fractional interest, regardless of amount or whether the organization maintains collections of such items; or
- Any **qualified conservation contributions** regardless of whether the contributor claimed a charitable contribution deduction for such **contribution.**

See the instructions for Schedule M (Form 990), Noncash Contributions, for definitions of these terms.

Lines 31–32. The organization must answer "Yes" if it liquidated, terminated, dissolved, ceased operations, or engaged in a **significant disposition of net assets** during the year. See the instructions for Schedule N (Form 990) for definitions and explanations of these terms and transactions or events, and a description of articles of dissolution and other information that must be filed with Form 990.

Note that a significant disposition of net assets may result from either an expansion or contraction of operations. Organizations that answer "Yes" on either of these questions must also check the box in Part I, line 2, and complete Schedule N (Form 990), Part I or II.

Lines 33–34. The organization is required to report on Schedule R (Form 990) certain information regarding ownership or control of, and transactions with, its **disregarded entities** and tax-exempt and taxable **related organizations.** An organization that answers "Yes" on line 33 or 34 must enter its disregarded entities and related organizations on Schedule R (Form 990) and provide specified information regarding such organizations.

Report disregarded entities on Schedule R (Form 990), Part I; related tax-exempt organizations on Part II; related organizations taxable as partnerships on Part III; and any related organizations taxable as C or S corporations or trusts on Part IV.

Lines 35a–35b. If an organization was a **controlled entity** of the filing organization under section 512(b)(13) during the **tax year**, the filing organization must answer "Yes" on line 35a. It must answer "Yes" on line 35b and complete Schedule R (Form 990), Part V, line 2, if it either (1) received or accrued from its controlled entity any interest, annuities, royalties, or rent, regardless of amount, during the tax year; or (2) engaged in another type of transaction (see Schedule R (Form 990) for a list of transactions) with the controlled entity, if the amounts involved during the tax year for that type of transaction exceeded $50,000. See the *Glossary* and the Instructions for Schedule R (Form 990).

Controlled entities are a subset of **related organizations**. Answer "No" to line 35a if the organization had no related organizations during the tax year. If the answer to line 35a is "No," leave line 35b blank.

Line 36. Complete line 36 only if the organization is a section 501(c)(3) organization and engaged in a transaction over $50,000 during the **tax year** with a **related organization** that was tax exempt under a section other than section 501(c)(3). All other organizations leave this line blank and go to line 37. See the Instructions for Schedule R (Form 990) for more information on what needs to be reported on Schedule R (Form 990), Part V, line 2.

Line 37. Answer "Yes" if, at any time during the year, the organization conducted more than 5% of its activities, measured by total gross revenue for the tax year or **total assets** of the organization at the end of its **tax year**, whichever is greater, through an **unrelated organization** that is treated as a partnership for federal income tax purposes, and in which the organization was a partner or member at any time during the tax year. The 5% test is applied on a partnership-by-partnership basis, although direct ownership by the organization and indirect ownership through disregarded entities or tiered entities treated as partnerships are aggregated for this purpose. The organization need not report on Schedule R (Form 990), Part VI, either (1) the conduct of activities through an organization treated as a taxable or tax-exempt corporation for federal income tax purposes, or (2) unrelated partnerships that meet both of the following conditions.

- 95% or more of the filing organization's gross revenue from the partnership for the partnership's tax year ending with or within the organization's tax year is described in sections 512(b)(1), 512(b)(2), 512(b)(3), and 512(b)(5), such as interest, dividends, royalties, rents, and capital gains (including unrelated debt-financed income).
- The primary purpose of the filing organization's investment in the partnership is the production of income or appreciation of property and not the conduct of a section 501(c)(3) charitable activity such as program-related investing.

Line 38. Answer "Yes" if the organization completed Schedule O (Form 990).

TIP *Schedule O (Form 990) must be completed and filed by all organizations that file Form 990. All filers must provide narrative responses to certain questions (for example, Part VI, lines 11b and 19) on Schedule O (Form 990). Certain filers must provide narrative responses to other questions (for example, Part III, line 4d; Part V, line 3b; Part VI, lines 2–7b, 9, 12c, and 15a–b, for "Yes" responses; Part VI, lines 8a–b and 10b, for "No" responses; and Part XII, line 3b, for a "No" response). All filers can supplement their answers to other Form 990 questions on Schedule O (Form 990).*

Part V. Statements Regarding Other IRS Filings and Tax Compliance

Check the box in the heading of Part V if Schedule O (Form 990) contains any information pertaining to this part.

TIP *See the* Glossary *for definitions of terms used in the questions in this section.*

TIP *Some questions in this part pertain to other IRS forms. Forms are available by downloading from the IRS website at IRS.gov/OrderForms. Also see* Appendix H. Forms and Publications To File or Use.

Line 1a. The organization must use Form 1096, Annual Summary and Transmittal of U.S. Information Returns, to transmit to the IRS paper Forms 1099, 1098, 5498, and W-2G, which are information returns reporting certain amounts paid or received by the organization. Report all such returns filed for the calendar year ending with or within the organization's **tax year**. If the organization transmits any of these forms electronically, add this number to the total reported. Examples of payments requiring Form 1099 reporting include certain payments to **independent contractors** for services rendered. Report on this line Forms 1099, 1098, 5498, and W-2G filed by reporting agents of the filing organization, including common paymasters and payroll agents, for the calendar year ending with or within the organization's tax year. Enter -0- if the organization didn't file any such forms for the calendar year ending with or within its tax year, or if the organization is filing for a short year and no calendar year ended within its tax year.

Line 1b. Form W-2G pertains to certain gambling winnings.

Line 1c. For more information on backup withholding for missing or incorrect names or taxpayer identification numbers, see Pub. 1281, Backup Withholding for Missing and Incorrect Name/TIN(s). If backup withholding rules didn't apply to the organization because it didn't make a reportable payment to a vendor or provide reportable gaming (gambling) winnings to a prize winner, then leave line 1c blank.

Line 2a. Include on this line the number of the organization's employees (not the number of Forms W-2) reported on a Form W-3, Transmittal of Wage and Tax Statements, by both the filing organization and reporting agents of the filing organization, including common paymasters and payroll agents, for the calendar year ending with or within the filing organization's **tax year**. Enter -0- if the organization didn't have any employees during the calendar year ending with or within its tax year, or if the organization is filing for a short year and no calendar year ended within its tax year.

Line 2b. If the organization reported at least one employee on line 2a, answer whether the organization or reporting agents of the organization filed all required federal employment tax returns (which include Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return; and Form 941, Employer's QUARTERLY Federal Tax Return) relating to such employees. For more information, see the discussion of employment taxes in Pub. 557. The organization may leave line 2b blank if it didn't report any employees on line 2a.

Line 3a. Check "Yes" on line 3a if the organization's total gross income from all of its **unrelated trades or businesses** is $1,000 or more for the tax year. See Pub. 598, Tax on Unrelated Business Income of Exempt Organizations, for a description of **unrelated business income** and the Form 990-T filing requirements for organizations having such income.

Neither Form 990-T nor Form 990 is a substitute for the other. Report on Form 990 items of income and expense that are also required to be reported on Form 990-T when the organization is required to file both forms.

Line 3b. Answer "Yes" if the organization checked "Yes" on line 3a and filed Form 990-T by the time this Form 990 is filed. Check "No" if the organization answered "Yes" on line 3a but hasn't filed Form 990-T by the time this Form 990 is filed, even if the organization has applied for an extension to file Form 990-T. If "No" on line 3b, provide an explanation on Schedule O (Form 990).

*All tax-exempt organizations must pay estimated taxes for their **unrelated business income** if they expect their tax liability to be $500 or more.*

Line 4a. Answer "Yes" if either (1) or (2) below applies.

1. At any time during the calendar year ending with or within the organization's **tax year**, the organization had an interest in, or signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account); and

   a. The combined value of all such accounts was more than $10,000 at any time during the calendar year; and

   b. The accounts weren't with a U.S. military banking facility operated by a U.S. financial institution.

2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

If "Yes," electronically file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), with the Department of the Treasury using FinCEN's BSA E-Filing System. Because FinCEN Form 114 isn't a tax form, don't file it with Form 990.

See FinCEN.gov for more information.

Line 4b. Enter the name of each foreign country in which a foreign account described on line 4a is located. Use Schedule O (Form 990) if more space is needed.

Line 5. Answer "Yes" on line 5a if the organization was party to a prohibited tax shelter transaction as described in section 4965(e) at any time during the organization's **tax year**. A prohibited tax shelter transaction is any listed transaction, within the meaning of section 6707A(c)(2), and any prohibited reportable transaction. A prohibited reportable transaction is a confidential transaction within the meaning of Regulations section 1.6011-4(b)(3), and a transaction with contractual protection within the meaning of Regulations section 1.6011-4(b)(4). For more information on prohibited tax shelter transactions, go to IRS.gov.

An organization that files Form 990 (other than a section 527 political organization) and that is a party to a prohibited tax shelter transaction must file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, and may also have to file Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, and pay an excise tax imposed by section 4965. For more information, see the instructions for Forms 8886-T and 4720.

Line 6. Answer "Yes" on line 6a only if the organization has annual gross receipts that are normally greater than $100,000 and if it solicited contributions not deductible under section 170 during the tax year.

Any fundraising solicitation (including solicitation of member dues) by or on behalf of any section 501(c) or 527 organization that isn't eligible to receive **contributions** deductible as charitable contributions for federal income tax purposes must include an explicit statement that contributions or gifts to it aren't deductible as charitable contributions. The statement must be in an easily recognizable format whether the solicitation is made in written or printed form, by television or radio, or by telephone.

Failure to disclose that contributions aren't deductible could result in a penalty of $1,000 for each day on which a failure occurs. The maximum penalty for failures by any organization, during any calendar year, shall not exceed $10,000. See section 6710 for details. In cases where the failure to make the disclosure is due to intentional disregard of the law, more severe penalties apply. No penalty will be imposed if the failure is due to reasonable cause.

All organizations that qualify under section 170(c) to receive **contributions** that are deductible as charitable contributions for federal income tax purposes (such as domestic section 501(c)(3) organizations other than organizations that test for public safety) should answer "No" on line 6a.

Line 7. Line 7 is directed only to organizations that can receive deductible charitable **contributions** under section 170(c). See Pub. 526, Charitable Contributions, for a description of such organizations. All other organizations should leave lines 7a through 7h blank and go to line 8.

Lines 7a and 7b. If a donor makes a payment in excess of $75 partly as a contribution and partly in consideration for goods or services provided by the organization, the organization must generally notify the donor of the value of goods and services provided.

Example. A donor gives a charity $100 in consideration for a concert ticket valued at $40 (a quid pro quo **contribution**). In this example, $60 would be deductible. Because the donor's payment exceeds $75, the organization must furnish a disclosure statement even though the taxpayer's deductible amount doesn't exceed $75. Separate payments of $75 or less made at different times of the year for separate fundraising events won't be aggregated for purposes of the $75 threshold.

See section 6113 and Notice 88-120, 1988-2 C.B. 454.

Lines 7c and 7d. If the organization is required to file Form 8282, Donee Information Return, to report information to the IRS and to donors about dispositions of certain donated property made within 3 years after the donor contributed the property, it must answer "Yes" and indicate the number of Forms 8282 filed.

Lines 7e and 7f. If, in connection with a transfer to or for the use of the organization, the organization directly or indirectly pays premiums on any personal benefit contract, or there is an understanding or expectation that any person will directly or indirectly pay such premiums, the organization must report on Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, the premiums it paid, and the premiums paid by others but treated as paid by the organization. The organization must report and pay an excise tax, equal to premiums paid, on Form 4720. A personal benefit contract is generally any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor's family, or any other person designated by the transferor (other than an organization described in section 170(c)).

Line 7g. Form 8899, Notice of Income From Donated Intellectual Property, must be filed by certain organizations that received a charitable gift of qualified intellectual property that produces net income. The organization should check "Yes" if it provided all required Forms 8899 for the year for net income produced by donated qualified intellectual property. *Qualified intellectual property* is any patent, copyright (other than certain self-created copyrights), trademark, trade name, trade secret, know-how, software (other than certain "canned" or "off-the-shelf" software or self-created software), or similar property, or applications or registrations of such property. If the

organization didn't receive a contribution of qualified intellectual property, leave line 7g blank.

Line 7h. A donor of (1) a motor vehicle for use on public roads, (2) a boat, or (3) an airplane can't claim a charitable **contribution** deduction in excess of $500 unless the donee organization provides the donor with a Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, for the donation (or a written acknowledgment with the same information). See the instructions for Form 1098-C for more information. If the organization didn't receive a contribution of a car, boat, airplane, or other vehicle, leave line 7h blank.

Line 8. A **sponsoring organization** of a **donor advised fund** must answer "Yes" if any one of its donor advised funds had excess business holdings at any time during the organization's **tax year.** All other organizations should leave this line blank and go to line 9. If "Yes," see the instructions for Schedule C of Form 4720 to determine whether the organization is subject to the excess business holdings tax under section 4943 and is required to file Form 4720.

For purposes of the excise tax on excess business holdings under section 4943, a donor advised fund is treated as a **private foundation.**

Line 9. Line 9 is required to be completed by **sponsoring organizations** maintaining a **donor advised fund.** All other organizations can leave this line blank and go to line 10.

Line 9a. Answer "Yes" if the organization made any taxable distributions under section 4966 during the organization's **tax year.** If "Yes," complete and file Form 4720, Schedule K, to calculate and pay the tax.

Under section 4966, a taxable distribution includes a distribution from a **donor advised fund** to an individual. A taxable distribution also includes a distribution from a donor advised fund to an estate, partnership, association, company, or corporation unless:

- The distribution is for a purpose described in section 170(c)(2)(B) (for example, a charitable purpose), and
- The organization exercises expenditure responsibility for the distribution.

The above doesn't apply to distributions to any organization described in section 170(b)(1)(A) (other than a disqualified **supporting organization,** defined in section 4966(d)(4)), to the sponsoring organization of such donor advised fund, or to any other donor advised fund.

Line 9b. Answer "Yes" if the organization made a distribution from a **donor advised fund** to a donor, **donor advisor,** or related person during the organization's **tax year.** For purposes of this question, a *related person* is any **family member** of the donor or donor advisor and any **35% controlled entity** (as defined in section 4958(f)) of the donor or donor advisor. If "Yes," complete and file Form 4720 and Schedule L (Form 990).

If an organization makes a distribution from a donor advised fund resulting from the advice of a donor, donor advisor, family member, or 35% controlled entity of any of these persons, which distribution directly or indirectly provides a more than incidental benefit to one of such persons, section 4967 imposes a tax on (1) the person upon whose advice the distribution was made, (2) the beneficiary of the distribution, and (3) the fund manager for knowingly agreeing to make the distribution. The persons liable for the section 4967 tax must file Form 4720 to pay the tax. No section 4967 tax will be imposed on a distribution if a tax has been imposed for the distribution under section 4958.

If an organization makes a distribution from a donor advised fund to a donor, donor advisor, family member, or 35% controlled entity of these persons, then the transaction might be a section 4958 transaction. Such transactions include any grant, loan, compensation, or other similar payment to these persons, as well as any other payment resulting in excess benefit.

Line 10. Answer lines 10a and 10b only if the organization is exempt under section 501(c)(7).

A section 501(c)(7) organization isn't exempt from income tax if any written policy statement, including the governing instrument and bylaws, allows discrimination on the basis of race, color, or religion.

However, section 501(i) allows social clubs to retain their exemption under section 501(c)(7) even though their membership is limited (in writing) to members of a particular religion if the social club:

1. Is an auxiliary of a fraternal beneficiary society exempt under section 501(c)(8); and

2. Limits its membership to the members of a particular religion, or the membership limitation is:

a. A good-faith attempt to further the teachings or principles of that religion, and

b. Not intended to exclude individuals of a particular race or color.

Line 10a. Enter the amount of initiation fees, capital contributions, and unusual amounts of income included on Part VIII. *Statement of Revenue*, line 12, *Total revenue*, but not included in the definition of **gross receipts** for section 501(c)(7) exemption purposes as discussed in *Appendix C.* However, if the organization is a college fraternity or sorority that charges membership initiation fees but not annual dues, don't include such initiation fees.

Line 10b. Enter the amount of **gross receipts** included on Part VIII. *Statement of Revenue*, line 12, *Total revenue*, derived from the general public for use of the organization's facilities, that is, from persons other than members or their spouses, dependents, or guests.

Include the amount entered on line 10b of Form 990 on the club's Form 990-T if required to be filed. Investment income earned by a section 501(c)(7) organization isn't tax-exempt income unless set aside for the following purposes: religious, charitable, scientific, literary, educational, or prevention of cruelty to children or animals.

If the combined amount of an organization's gross investment income, and other gross income from unrelated trades or businesses, is $1,000 or more for the tax year, the organization must report the investment income, and other unrelated business income, on Form 990-T.

Line 11. Answer lines 11a and 11b only if the organization is exempt under section 501(c)(12).

One of the requirements that an organization must meet to qualify under section 501(c)(12) is that at least 85% of its gross income consists of amounts collected from members for the sole purpose of meeting losses and expenses. For purposes of section 501(c)(12), the term "gross income" means **gross receipts** without reduction for any cost of goods sold.

Member income for purposes of this 85% Member Income Test is income derived directly from the members to pay for services that form the basis for tax exemption under section 501(c)(12), and includes payments for purchases of water, electricity, and telephone service. Member income doesn't include interest income, gains from asset or security sales, or dividends from another cooperative (unless that cooperative is also a member).

Members are those individuals or entities that have the right to elect the governing board of the organization, are involved in the operations of the organization, and receive a share of its excess operating revenues.

When calculating the member income percentage to determine whether an organization meets the 85% Member Income Test, the organization may exclude specific sources of income from both the numerator and the denominator of the fraction. For example, if an organization is a corporation and it receives an amount that qualifies as a contribution to capital under section 118, then that amount isn't included in either the numerator or the denominator because it isn't considered to be income for tax purposes. However, the payment must meet the following conditions (see Rev. Rul. 93-16, 1993-1 C.B. 26) to qualify as a contribution to capital.

- It must become a permanent part of the organization's working capital.
- It must not be compensation for specific quantifiable services.
- It must be bargained for.
- It must benefit the organization commensurately with its value.
- It must ordinarily be used in or contribute to the production of additional income.

Gross income for mutual or cooperative electric companies is figured by excluding any income received or accrued from the following.

1. Qualified pole rentals.

2. Any provision or sale of electric energy transmission services or ancillary services if the services are provided on a nondiscriminatory, open-access basis under an open-access transmission tariff; approved or accepted by the Federal Energy Regulatory Commission (FERC) or under an independent transmission provider agreement approved or accepted by FERC (other than income received or accrued directly or indirectly from a member).

3. The provision or sale of electric energy distribution services or ancillary services, if the services are provided on a nondiscriminatory, open-access basis to distribute electric energy not owned by the mutual or electric cooperative company:

a. To end-users who are served by distribution facilities not owned by the company or any of its members (other than income received or accrued directly or indirectly from a member), or

b. Generated by a generation facility not owned or leased by the company or any of its members and which is directly connected to distribution facilities owned by such company or any of its members (other than income received or accrued directly or indirectly from a member).

4. From any nuclear decommissioning transaction.

5. From any asset exchange or conversion transaction.

For a mutual or cooperative telephone company, *gross income* doesn't include amounts received or accrued either from another telephone company for completing long distance calls to or from or between the telephone company's members, from qualified pole rentals, from the sale of display listings in a directory furnished to the telephone company's members, or from prepayment of a loan under section 306A, or section 306B, of the Rural Electrification Act of 1936 (as in effect on January 1, 1987).

TIP *If the calculated member income percentage for a section 501(c)(12) organization is less than 85% for the tax year, then the organization fails to qualify for tax-exempt status for that year, and it must file Form 1120, U.S. Corporation Income Tax Return, in lieu of Form 990 or 990-EZ for the year. However, failing the 85% Member Income Test in one year doesn't cause permanent loss of tax-exempt status under section 501(c)(12). So long as the organization's member income percentage is equal to or greater than 85% in any subsequent tax year, the organization may file Form 990 or 990-EZ for that year, even if Form 1120 was filed in a prior year.*

Line 12. All organizations that aren't section 4947(a)(1) trusts are to leave line 12 blank.

If a section 4947(a)(1) **nonexempt charitable trust** has no taxable income under subtitle A, its filing of Form 990 can be used to meet its income tax return filing requirement under section 6012. Such a trust must, if it answers "Yes" on line 12a, report its tax-exempt interest received or accrued (if reporting under the accrual method) during the **tax year** on line 12b.

Section 4947(a)(1) trusts must complete all sections of the Form 990 and schedules that section 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization on the Form 990, schedules, and instructions shall include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990), unless expressly excepted).

Line 13. Answer lines 13a, 13b, and 13c only if the organization has received a loan or grant under the Department of Health and Human Services CO-OP program.

Line 13a. If the organization is licensed to issue qualified health plans in more than one state, check "Yes." If the organization is licensed to issue qualified health plans in only one state, check "No." In either case, report on Schedule O (Form 990) each state in which the organization is licensed to issue qualified health plans, the dollar amount of reserves each state requires the organization to maintain, and the dollar amount of reserves the organization maintains and reports to each state.

Line 13b. Report the highest dollar amount of reserves the organization is required to maintain by any of the states in which the organization is licensed to issue qualified health plans.

Line 13c. Report the highest dollar amount of reserves the organization maintains on hand and reports to a state in which the organization is licensed to issue qualified health plans.

Line 14a. Answer "Yes" on line 14a if the organization received any payments during the year for indoor tanning services. "Indoor tanning services" are services employing any electronic product designed to incorporate one or more ultraviolet lamps and intended for the irradiation of an individual by ultraviolet radiation, with wavelengths in air between 200 and 400 nanometers, to induce skin tanning.

Line 14b. If an organization received a payment for services for indoor tanning services during the year, it must collect from the recipient of the services a tax equal to 10% of the amount paid for such service, whether paid by insurance or otherwise, and remit such tax quarterly to the IRS by filing Form 720, Quarterly Federal Excise Tax Return. If the organization filed Form 720 during the year, it should check "Yes" on line 14b. If it answers "No" on line 14b, it should explain on Schedule O (Form 990) why it didn't file Form 720.

Line 15. See the instructions for Form 4720, Schedule N, to determine if you paid to any covered employee more than $1 million in remuneration or paid an excess parachute payment during the year. Remuneration paid to a covered employee includes any remuneration paid by a related organization.

Line 16. Line 16 applies to private colleges and universities subject to the excise tax on net investment income under section 4968. All other organizations, including state colleges and universities described in the first sentence of section 511(a)(2)(B), aren't subject to this tax, and therefore check the "No" box on line 16, and go to Part VI. A private college or university will be subject to the excise tax on net investment income under section 4968 only if four threshold tests are met.

1. The organization must be an eligible educational institution as defined in section 25A(f)(2). Section 25A(f)(2) defines "eligible educational institution" as an institution that is

described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on August 5, 1997, and is eligible to participate in a program under title IV of such Act (20 USCS sections 1070 et seq.).

2. The organization must have had at least 500 tuition-paying students, based upon a daily average student count, during the preceding tax year.

3. More than 50% of those students must have been located in the United States.

4. The aggregate **FMV**, at the end of the preceding tax year, of the assets not used directly in carrying out the organization's exempt purpose, held by the organization and related organizations, must be at least $500,000 per student.

Use the worksheet below to determine whether the organization meets the last three threshold tests above. Save this worksheet with the organization's records.

Threshold Tests for Section 4968

1. Enter the daily average number of FTE tuition-paying students in all locations. If fewer than 500, check "No" on line 16. If 500 or more, go to line 2.		
2. Enter the daily average number of FTE tuition-paying students in the United States.		
3. Divide line 2 by line 1. If 50% or less, check "No" on line 16. If greater than 50%, go to line 4.		
4. Enter the **FMV** of assets held by the organization but not used directly in carrying out the organization's exempt purpose.	$	
5. Enter the **FMV** of assets held by one or more related organizations.	$	
6. Total. Add lines 4 and 5.		$
7. Divide line 6 by the daily average number of FTE students. If less than $500,000, check "No" on line 16. If $500,000 or more, check "Yes" on line 16.		$

Worksheet line 1. To calculate the number of tuition-paying students during the preceding tax year (including for purposes of determining the number of students at a particular location), enter the daily average number of full-time equivalent (FTE) tuition-paying students attending the institution, taking part-time tuition-paying students into account on a full-time student equivalent basis.

If worksheet line 1 is fewer than 500, the organization is not subject to the section 4968 excise tax on net investment income. The organization should answer "No" on line 16. If worksheet line 1 is 500 or more, continue to line 2.

Worksheet line 2. Enter the number of FTE tuition-paying students included on line 1 who were located in the United States during the preceding tax year and enter it on line 2.

Worksheet line 3. Divide line 2 by line 1. If 50% or less, the organization is not subject to the section 4968 excise tax and the organization should answer "No" on line 16. If greater than 50%, continue to line 4.

Worksheet line 4. Calculate the **FMV** of the organization's assets not used directly in carrying out the organization's exempt purpose as of the end of the preceding tax year. To determine which assets are used directly in carrying out the organization's exempt purpose, under these instructions, follow the principles of section 4942(e)(1)(A) and Regulations section 53.4942(a)-2(c)(3). To determine the FMV of the assets, use any reasonable method as long as such method is consistently used. Under these instructions, the principles of Regulations section 53.4942(a)-2(c)(4) will be considered to provide a reasonable method.

CAUTION *Assets held for the production of income or for investment aren't considered to be used directly for charitable functions even though the income from the assets is used for charitable functions. It is a factual question whether an asset is held for the production of income or for investment rather than used directly by the organization for charitable purposes. For example, an office building used to provide offices for employees engaged in managing endowment funds for the organization isn't considered an asset used for charitable purposes.*

Worksheet line 5. Calculate the **FMV** of the assets of related organizations (as defined below) using the FMV of assets as of the end of the preceding tax year that ends with or within the preceding tax year of the organization.

Section 4968 defines "related organization" to include only:

- Organizations that control or are controlled by the educational institution,
- Organizations that are controlled by one or more of the same persons who control the educational institution,
- Supported organizations (as defined in section 509(f)(3)), and
- Supporting organizations described in section 509(a)(3) that support the educational institution during the tax year.

When calculating the **FMV** of such assets of a related organization, **exclude** (1) assets of any related organization to the extent that such assets are taken into account with respect to another educational institution; and (2) unless the related organization is controlled by the educational institution, or unless the related organization is a supporting organization of the educational institution, omit assets that are not intended, or are not available, for the use or benefit of the educational institution.

Worksheet line 6. Add lines 4 and 5.

Worksheet line 7. Divide line 6 by the daily average number of FTE students.

If line 7 is less than $500,000, the organization is not subject to the section 4968 excise tax on net investment income and the organization should answer "No" on line 16. If line 7 is $500,000 or more, the organization is subject to the section 4968 excise tax on net investment income and the organization should answer "Yes" on line 16.

Line 17. Did the trust, or any disqualified or other person, engage in any activities that would result in the imposition of an excise tax under section 4951, 4952, or 4953? See the Instructions for Form 6069. If "Yes," complete Form 6069.

Part VI. Governance, Management, and Disclosure

Check the box in the heading of Part VI if Schedule O (Form 990) contains any information pertaining to this part. All organizations must complete Part VI. Use Schedule O (Form 990) to provide required supplemental information as described in this part, and to provide any additional information that the organization considers relevant to this part.

Part VI requests information regarding an organization's **governing body** and management, governance policies, and

disclosure practices. Although federal tax law generally doesn't mandate particular management structures, operational policies, or administrative practices, every organization is required to answer each question in Part VI. For example, all organizations must answer lines 11a and 11b, which ask about the organization's process, if any, it uses to review Form 990, even though the governing body isn't required by federal tax law to review Form 990.

Even though the information on policies and procedures requested in Section B generally isn't required under the Code, the IRS considers such policies and procedures to generally improve tax compliance. The absence of appropriate policies and procedures can lead to opportunities for **excess benefit transactions**, inurement, operation for nonexempt purposes, or other activities inconsistent with exempt status. Whether a particular policy, procedure, or practice should be adopted by an organization depends on the organization's size, type, and culture. Accordingly, it is important that each organization consider the governance policies and practices that are most appropriate for that organization in assuring sound operations and compliance with tax law. For more governance information relating to charities, go to *IRS.gov/Charities* and click on *Lifecycle of an Exempt Organization*.

Section A. Governing Body and Management

Line 1a. The **governing body** is the group of one or more persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of **directors** (sometimes referred to as "board of **trustees**") of a corporation or association, or the trustee or trustees of a trust (sometimes referred to as the "board of **trustees**").

Enter the number, as of the end of the organization's tax year, of **members of the governing body** of the organization with power to vote on all matters that come before the governing body (other than when a conflict of interest disqualifies the member from voting). If members of the governing body don't all have the same voting rights, explain material differences on Schedule O (Form 990).

If the organization's governing body or governing documents delegated authority to act on its behalf to an executive committee or similar committee with broad authority to act on behalf of the governing body, and the committee held such authority at any time during the organization's **tax year**, describe on Schedule O (Form 990) the composition of the committee, whether any of the committee's members aren't on the governing body, and the scope of the committee's authority. The organization need not describe on Schedule O (Form 990) delegations of authority that are limited in scope to particular areas or matters, such as delegations to an audit committee, investment committee, or compensation committee of the governing body.

Example. A voluntary employees' beneficiary association (VEBA) is a trust under state law. Bank B is the sole trustee of the trust. In completing line 1a, the VEBA will report one voting member of the governing body.

Line 1b. Enter the number of **independent voting members of the governing body** as of the end of the organization's tax year. A member of the governing body is considered "independent" only if all four of the following circumstances applied at all times during the organization's tax year.

1. The member wasn't compensated as an **officer** or other employee of the organization or of a **related organization** (see the Instructions for Schedule R (Form 990)) except as provided in the religious exception discussed below. Nor was the member compensated by an unrelated organization or individual for services provided to the filing organization or to a related organization, if such compensation is required to be reported in Part VII, Section A.

2. The member didn't receive total **compensation** exceeding $10,000 during the organization's tax year (including a short year, regardless of whether such compensation is reported in Part VII) from the organization and related organizations as an **independent contractor**, other than **reasonable compensation** for services provided in the capacity as a member of the governing body. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a director of the organization doesn't cease to be independent merely because she or he also receives payments of $7,500 from the organization for other arrangements.

3. Neither the member, nor any **family member** of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) that is required to be reported on Schedule L (Form 990) for the organization's tax year.

4. Neither the member, nor any family member of the member, was involved in a transaction with a taxable or tax-exempt related organization (whether directly or indirectly through affiliation with another organization) of a type and amount that would be reportable on Schedule L (Form 990) if required to be filed by the related organization.

Note. The independence standard for purposes of Part VI isn't the same as the "absence of conflict of interest" standard for purposes of the rebuttable presumption under Regulations section 53.4958-6, which focuses on conflicts with respect to a particular transaction.

A member of the governing body isn't considered to lack independence merely because of the following circumstances.

1. The member is a donor to the organization, regardless of the amount of the contribution.

2. Religious exception: The member has taken a bona fide vow of poverty and either (a) receives **compensation** as an agent of a **religious order** or a section 501(d) religious or apostolic organization, but only under circumstances in which the member doesn't receive taxable income (see Rev. Rul. 77-290, 1977-2 C.B. 26; and Rev. Rul. 80-332, 1980-2 C.B. 34); or (b) belongs to a religious order that receives sponsorship or payments from the organization or a related organization that don't constitute taxable income to the member.

3. The member receives financial benefits from the organization solely in the capacity of being a member of the charitable or other class served by the organization in the exercise of its exempt function, such as being a member of a section 501(c)(6) organization, so long as the financial benefits comply with the organization's terms of membership.

Example 1. B is a voting member of the organization's board of directors. B is also a partner with a profits and capital interest greater than 35% in a law firm, C, that charged $120,000 to the organization for legal services in a court case. The transaction between C and the organization must be reported on Schedule L (Form 990) because it is a transaction between the organization and an entity of which B is a more-than-35% owner, and because the payment to C from the organization exceeded $100,000 (see the instructions for Schedule L (Form 990), Part IV, regarding both factors). Accordingly, B isn't an independent member of the governing body because the $120,000 payment must be reported on Schedule L (Form 990) as an indirect business transaction with B. If B were an associate attorney (an employee) rather than a partner with a greater-than-35% interest, and not an officer, director, trustee, or owner of the law

firm, the transaction wouldn't affect B's status as an independent member of the organization's governing body.

Example 2. D is a voting member of both the organization's governing body and the governing body of C, a related organization. D's child, E, received $40,000 in taxable compensation as a part-time employee of C. D isn't an independent member of the governing body, because E received compensation from C, a related organization to D, and the compensation was of a type (compensation to a family member of a member of C's governing body) and amount (over $10,000) that would be reportable on Schedule L (Form 990) if the related organization, C, were required to file Schedule L (Form 990).

Example 3. C was Board Chair of X school during the tax year. X's bylaws designate the following as officer positions: Board Chair, Secretary, and Treasurer. C set the agenda for board of directors meetings, officiated board meetings, coordinated development of board policy and procedure, was an ex-officio member of all committees of the board, conducted weekly staff meetings, and performed teacher and staff evaluations. X compensated C during the tax year for C's services. This compensation was attributable to C's board and committee activities, and to C's non-director activities involving staff meetings and evaluations. Because X compensated C for services as an officer/employee, C isn't an independent member of the governing body. See Rev. Rul. 68-597 and Rev. Rul. 57-246 for a description of the distinction between director services and officer services.

Example 4. The facts are the same as in *Example 3*, except that the Board Chair position wasn't designated as an officer position under X's bylaws, board resolutions, or state law. Nevertheless, because X compensated C for non-director activities involving staff meetings and evaluations during the tax year, C is deemed to have received compensation as an employee—not as a governing body member—for those activities. Therefore, C isn't an independent member of the governing body.

Example 5. The facts are the same as in *Example 3*, except that (1) C conducted only director and committee activities during the tax year; (2) C didn't conduct staff meetings and evaluations; and (3) X compensated C a reasonable amount for C's Board Chair services during the tax year, but didn't provide any other compensation to C in any other capacity. C's independence as a Board member isn't compromised by receiving compensation from X as a Board member (and not as an officer or employee).

Also see *Examples 2* and *3* in the instructions for Part VII, Section A, line 5, later.

Reasonable effort. The organization need not engage in more than a **reasonable effort** to obtain the necessary information to determine the number of **independent voting members of its governing body** and can rely on information provided by such members. For instance, the organization can rely on information it obtains in response to a questionnaire sent annually to each member of the governing body that includes the member's name and title, blank lines for the member's signature and signature date, and the pertinent instructions and definitions for line 1b, to determine whether the member is or isn't independent.

Line 2. Answer "Yes" if any of the organization's current **officers, directors, trustees,** or **key employees,** as reported in Part VII, Section A, had a **family relationship** or business relationship with another of the organization's current officers, directors, trustees, or key employees, as reported in Part VII, Section A, at any time during the organization's **tax year.** For each family and business relationship, identify the persons and describe their relationship on Schedule O (Form 990). It is sufficient to enter "family relationship" or "business relationship" without greater detail.

Business relationship. Business relationships between two persons include any of the following.

1. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a **trustee, director, officer,** or greater-than-35% owner, even if that organization is tax exempt. However, don't report a person's employment by the filing organization as a business relationship.

2. One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of $10,000 in the aggregate during the organization's tax year. *Indirect transactions* are transactions with an organization with which the one person is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions don't include charitable contributions to tax-exempt organizations.

3. The two persons are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization).

Ownership is measured by stock ownership (either voting power or value, whichever is greater) of a corporation, profits or capital interest in a partnership or an LLC (whichever is greater), membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

Privileged relationship exception. For purposes of line 2, a business relationship doesn't include a relationship between an attorney and client, a medical professional (including psychologist) and patient, or a priest/clergy and penitent/communicant.

Example 1. B is an officer of the organization, and C is a member of the organization's governing body. B is C's sister's spouse. The organization must report that B and C have a family relationship.

Example 2. D and E are officers of the organization. D is also a partner in an accounting firm with 300 partners (with a 1/300 interest in the firm's profits and capital) but isn't an officer, director, or trustee of the accounting firm. D's accounting firm provides services to E in the ordinary course of the accounting firm's business, on terms generally offered to the public, and receives $100,000 in fees during the year. The relationship between D and E isn't a reportable business relationship, either because (1) it is in the ordinary course of business on terms generally offered to the public, or (2) D doesn't hold a greater-than-35% interest in the accounting firm's profits or capital.

Example 3. F and G are trustees of the organization. F is the owner and CEO of an automobile dealership. G purchased a $45,000 car from the dealership during the organization's tax year in the ordinary course of the dealership's business, on terms generally offered to the public. The relationship between F and G isn't a reportable business relationship because the transaction was in the ordinary course of business on terms generally offered to the public.

Example 4. H and J are members of the organization's board of directors. Both are CEOs of publicly traded corporations and serve on each other's board. The relationship between H and J is a reportable business relationship because each is a director or officer in the same business entity.

Example 5. K is an officer of the organization, and L is on its board of directors. L is a greater-than-35% partner of a law firm that charged $80,000 during the organization's tax year for legal services provided to K that were worth $600,000 at the law firm's ordinary rates. Thus, the ordinary course of business exception doesn't apply. However, the relationship between K and L isn't a reportable business relationship because of the privileged relationship of attorney and client.

Reasonable effort. The organization isn't required to provide information about a family or business relationship between two **officers**, **directors**, **trustees**, or **key employees** if it is unable to secure the information after making a **reasonable effort** to obtain it. An example of a reasonable effort would be for the organization to distribute a questionnaire annually to each such person that includes the name and title of each person reporting information, blank lines for those persons' signatures and signature dates, and the pertinent instructions and definitions for line 2.

Line 3. Answer "Yes" if, at any time during the organization's tax year, the organization used a management company or other person (other than persons acting in their capacities as **officers**, **directors**, **trustees**, or **key employees**) to perform any management duties customarily performed by or under the direct supervision of **officers**, **directors**, **trustees**, or **key employees**. Such management duties include, but aren't limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; or supervising exempt operations or unrelated trades or businesses of the organization. Management duties don't include administrative services (such as payroll processing) that don't involve significant managerial decision making. Management duties also don't include investment management unless the filing organization conducts investment management services for others.

If "Yes" on Schedule O (Form 990), list the name(s) of the management company or companies or other person(s) performing management duties; describe the services they provided to the organization; list any of the organization's current or former officers, directors, trustees, key employees, and **highest compensated employees** listed in Part VII, Section A, who were compensated by the management company or companies or other person(s) during the calendar year ending with or within the organization's tax year; and list the amounts of reportable and other compensation they received from the management company or companies or other person(s) for services provided to the filing organization and related organizations during that year.

Line 4. The organization must report significant changes to its organizing or enabling document by which it was created (articles of incorporation, association, or organization; trust instrument; constitution; or similar document), and to its rules governing its affairs commonly known as bylaws (or regulations, operating agreement, or similar document). Report significant changes that weren't reported on any prior Form 990, and that were made before the end of the **tax year**. Don't report changes to policies described or established outside of the organizing or enabling document and bylaws (or similar documents), such as adoption of, or change to, a policy adopted by resolution of the **governing body** that doesn't entail a change to the organizing document or bylaws.

Examples of significant changes to the organizing or enabling document or bylaws include changes to:

- The organization's exempt purposes or mission;
- The organization's name (also see the instructions under *Specific Instructions, Item B*, earlier);
- The number, composition, qualifications, authority, or duties of the governing body's voting members;
- The number, composition, qualifications, authority, or duties of the organization's **officers** or **key employees**;
- The role of the stockholders or membership in governance;
- The distribution of assets upon dissolution;
- The provisions to amend the organizing or enabling document or bylaws;
- The quorum, voting rights, or voting approval requirements of the governing body members or the organization's stockholders or membership;
- The policies or procedures contained within the organizing documents or bylaws regarding **compensation** of officers, directors, trustees, or key employees, conflicts of interest, whistleblowers, or document retention and destruction; and
- The composition or procedures contained within the organizing document or bylaws of an audit committee.

Example. Organization X has a written conflicts of interest policy that isn't contained within the organizing document or bylaws. The policy is changed by board resolution. The policy change doesn't need to be reported on line 4.

Examples of insignificant changes made to organizing or enabling documents or bylaws that aren't required to be reported here include changes to the organization's registered agent with the state and to the required or permitted number or frequency of governing body or member meetings.

Describe significant changes on Schedule O (Form 990), but don't attach a copy of the amendments or amended document to Form 990 (or recite the entire amended document verbatim), unless such amended documents reflect a change in the organization's name. See *Specific Instructions, Item B*, earlier, regarding attachments required in the event of a change in the organization's name.

An organization must report significant changes to its organizational documents on Form 990, Part VI, rather than in a letter to EO Determinations. EO Determinations no longer issues letters confirming the tax-exempt status of organizations that report significant changes to their organizational documents, though it will, on request, issue an affirmation letter confirming an organization's name change. The IRS will no longer require a new exemption application from a domestic section 501(c) organization that undergoes certain changes of form or place of organization described in Rev. Proc. 2018-15, 2018-9 I.R.B. 379.

Line 5. Answer "Yes" if the organization became aware during the organization's **tax year** of a significant diversion of its assets, whether or not the diversion occurred during the year. If "Yes," explain the nature of the diversion, dollar amounts and/or other property involved, corrective actions taken to address the matter, and pertinent circumstances on Schedule O (Form 990), although the person or persons who diverted the assets shouldn't be identified by name.

A *diversion of assets* includes any unauthorized conversion or use of the organization's assets other than for the organization's authorized purposes, including but not limited to embezzlement or theft. Report diversions by the organization's **officers**, **directors**, **trustees**, **employees**, **volunteers**, **independent contractors**, grantees (diverting grant funds), or any other person, even if not associated with the organization other than by the diversion. A diversion of assets doesn't include an authorized transfer of assets for **FMV** consideration, such as to a **joint venture** or for-profit subsidiary in exchange for an interest in the joint venture or subsidiary. For this purpose, a diversion is considered significant if the gross value of all diversions (not taking into account restitution, insurance, or similar recoveries) discovered during the organization's tax year exceeds the lesser of (1) 5% of the organization's gross receipts for its tax year, (2) 5% of the organization's total assets as of the end of its tax year, or (3) $250,000.

Note. A diversion of assets can in some cases be inurement of the organization's net earnings. In the case of section 501(c)(3), 501(c)(4), and 501(c)(29) organizations, it can also be an **excess benefit transaction** taxable under section 4958 and reportable on Schedule L (Form 990).

Line 6. Answer "Yes" if the organization is organized as a stock corporation, a joint-stock company, a partnership, a **joint venture**, or an LLC. Also answer "Yes" if the organization is organized as a non-stock, nonprofit, or not-for-profit corporation or association with members. For purposes of Form 990, Part VI, *member* means (without regard to what a person, including a corporation or other legal entity, is called in the governing documents) any person who, pursuant to a provision of the organization's governing documents or applicable state law, has the right to participate in the organization's governance or to receive distributions of income or assets from the organization. Members don't include governing body members. For purposes of Part VI, a membership organization includes members with the following kinds of rights.

1. The members elect the members of the **governing body** (but not if the persons on the governing body are the organization's only members) or their delegates.

2. The members approve significant decisions of the governing body.

3. The members can receive a share of the organization's profits or excess dues or a share of the organization's net assets upon the organization's dissolution.

Describe on Schedule O (Form 990) the classes of members or stockholders with the rights described above.

Line 7a. Answer "Yes" on line 7a if at any time during the organization's tax year there were one or more persons (other than the organization's **governing body** itself, acting in such capacity) that had the right to elect or appoint one or more members of the organization's governing body, whether periodically, or as vacancies arise, or otherwise. If "Yes," describe on Schedule O (Form 990) the class or classes of such persons and the nature of their rights.

Line 7b. Answer "Yes" on line 7b if at any time during the organization's tax year any governance decisions of the organization were reserved to (or subject to approval by) members, stockholders, or persons other than the **governing body**, whether or not any such governance decisions were made during the tax year, such as approval of the governing body's election or removal of members of the governing body, or approval of the governing body's decision to dissolve the organization. If "Yes," describe on Schedule O (Form 990) the class or classes of such persons, the decisions that require their approval, and the nature of their voting rights.

Line 8. Answer "Yes" on lines 8a and 8b if the organization contemporaneously documented by any means permitted by state law every meeting held and written action taken during the organization's tax year by its **governing body** and committees with authority to act on behalf of the governing body (which ordinarily don't include advisory boards). Documentation permitted by state law can include approved minutes, email, or similar writings that explain the action taken, when it was taken, and who made the decision. For this purpose, *contemporaneous* means by the later of (1) the next meeting of the governing body or committee (such as approving the minutes of the prior meeting), or (2) 60 days after the date of the meeting or written action. If the answer to either line 8a or 8b is "No," explain on Schedule O (Form 990) the organization's practices or policies, if any, regarding documentation of meetings and written actions of its governing body and committees with authority to act on its behalf. If the organization had no committees, answer "No" to line 8b.

Line 9. The IRS needs a current mailing address to contact the organization's **officers, directors, trustees,** or **key employees.** The organization can use its official mailing address stated on the first page of Form 990 as the mailing address for such persons. Otherwise, enter on Schedule O (Form 990) the mailing addresses for such persons who are to be contacted at a different address. Such information will be available to the public.

Section B. Policies

Answer "Yes" to any question in this section that asks whether the organization had a particular policy or practice only if the organization's governing body (or a committee of the governing body, if the governing body delegated authority to that committee to adopt the policy) adopted the policy by the end of its **tax year**, and if the policy applied to the organization as a whole. If the policy applied only on a division-wide or department-wide level, answer "No." The organization may explain the scope of such policy on Schedule O (Form 990).

Line 10a. Answer "Yes" if the organization had during its tax year any local chapters, local branches, local lodges, or other similar local units or affiliates over which the organization had the legal authority to exercise direct or indirect supervision and control (whether or not in a **group exemption**) and local units that aren't separate legal entities under state law over which the organization had such authority. An affiliate or unit is considered "local" for this purpose if it is responsible for a smaller geographical area than the filing organization is responsible for. Thus, a regional organization would be considered local for a national organization.

Example 1. X is a national organization dedicated to the reform of K. X has affiliates in 15 states that conduct activities to carry out the purposes of X at the state level. X has the authority to approve the annual budget of each affiliate. X must answer "Yes" on line 10a.

Example 2. Y is a section 170(b)(1)(A)(iii) hospital located in M City. Y appoints a majority of the board of directors of Z, a section 509(a)(3) supporting organization that invests funds and makes grants for the benefit of Y. Although Y controls Z, Z isn't a local affiliate of Y that would require Y to answer "Yes" on line 10a.

Line 10b. Written policies and procedures governing the activities of local chapters, branches, and affiliates to ensure their operations are consistent with the organization's tax-exempt purposes are documents used by the organization and its local units to address the policies, practices, and activities of the local unit. Such policies and procedures can include policies and procedures similar to those described in lines 11–16 of this section, whether separate or included as required provisions in the chapter's articles of organization or bylaws, a manual provided to chapters, a constitution, or similar documents. If "No," explain on Schedule O (Form 990) how the organization ensures that the local unit's activities are consistent with the organization's tax-exempt purposes.

Note. The **central organization** (parent organization) named in a **group exemption** letter is required to have general supervision or control over its **subordinate organizations** as a condition of the group exemption.

Line 11a. Answer "Yes" only if a complete copy of the organization's final Form 990 (including all required schedules), as ultimately filed with the IRS, was provided to each person who was a **voting member of the governing body** at the time the Form 990 was provided, whether in paper or electronic form, before its filing with the IRS. The organization can answer "Yes" if it emailed all of its governing body members a link to a password-protected website on which the entire Form 990 can

be viewed, and noted in the email that the Form 990 is available for review on that site. However, answer "No" if the organization merely informed its governing body members that a copy of the Form 990 is available upon request. Answer "No" if the organization redacted or removed any information from the copy of its final Form 990 that it provided to its governing body members before filing the form. For example, answer "No" if the organization, at the request of a donor, redacted the name and address of that donor from the copy of its Schedule B (Form 990) that it provided to its governing body members. Under those circumstances, the organization may explain on Schedule O (Form 990) why it answered "No" to line 11a.

Line 11b. Describe on Schedule O (Form 990) the process, if any, by which any of the organization's **officers, directors, trustees**, board committee members, or management reviewed the prepared Form 990, whether before or after it was filed with the IRS, including specifics about who conducted the review, when they conducted it, and the extent of any such review. If no review was or will be conducted, enter "No review was or will be conducted."

Example. The return preparer emails a copy of the final version of Form 990 to each Board member before it was filed. However, no Board member undertakes any review of the form either before or after filing. Because such a copy of the final version of the form was provided to each voting member of the organization's governing body before it was filed, the organization can answer "Yes" even though no review took place. The organization must describe its Form 990 review process (or lack thereof) on Schedule O (Form 990).

Line 12a. Answer "Yes" if, as of the end of the organization's tax year, the organization had a written **conflict of interest policy**. A conflict of interest policy defines conflicts of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that can help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person in a position of authority over an organization, such as an **officer, director**, manager, or **key employee** can benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest doesn't include questions involving a person's competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that don't involve a material financial interest of, or benefit to, such person.

Example. B is a member of the governing body of X Charity and of Y Charity, both of which are section 501(c)(3) public charities with different charitable purposes. X Charity has taken a public stand in opposition to a specific legislative proposal. At an upcoming board meeting, Y Charity will consider whether to publicly endorse the same specific legislative proposal. While B may have a conflict of interest in this decision, the conflict doesn't involve a material financial interest of B's merely as a result of Y Charity's position on the legislation.

Line 12b. Answer "Yes" if the organization's **officers, directors, trustees**, and **key employees** are required to disclose or update annually (or more frequently) information regarding their interests and those of their **family members** that could give rise to conflicts of interest, such as a list of family members, substantial business or investment holdings, and other transactions or affiliations with businesses and other organizations and those of family members.

Line 12c. If "Yes," describe on Schedule O (Form 990) the organization's practices for monitoring proposed or ongoing transactions for conflicts of interest and dealing with potential or actual conflicts, whether discovered before or after the transaction has occurred. The description should include an explanation of which persons are covered under the policy, the level at which determinations of whether a conflict exists are made, and the level at which actual conflicts are reviewed. Also explain any restrictions imposed on persons with a conflict, such as prohibiting them from participating in the **governing body**'s deliberations and decisions in the transaction.

Lines 13 and 14. A whistleblower policy encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported. A document retention and destruction policy identifies the record retention responsibilities of staff, **volunteers**, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.

TIP *Certain federal or state laws provide protection against whistleblower retaliation and prohibit destruction of certain documents. For instance, while the federal Sarbanes-Oxley legislation generally doesn't pertain to tax-exempt organizations, it does impose criminal liability on tax-exempt as well as other organizations for (1) retaliation against whistleblowers that report federal offenses, and (2) destruction of records with the intent to obstruct a federal investigation. See 18 U.S.C. sections 1513(e) and 1519. Also note that an organization is required to keep books and records relevant to its tax exemption and its filings with the IRS. Some states provide additional protection for whistleblowers.*

Line 15. Answer "Yes" on line 15a if, during the tax year, the organization (not a **related organization** or other third party) used a process for determining **compensation** (reported on Part II or Schedule J (Form 990), Compensation Information) of the CEO, executive director, or other person who is the **top management official**, that included all of the following elements.

- Review and approval by a **governing body** or compensation committee, provided that persons with a conflict of interest regarding the compensation arrangement at issue weren't involved. For purposes of this question, a member of the governing body or compensation committee has a conflict of interest regarding a compensation arrangement if any of the following circumstances apply.

  1. The member (or a family member of the member) is participating in or economically benefitting from the compensation arrangement.

  2. The member is in an employment relationship subject to the direction or control of any person participating in or economically benefitting from the compensation arrangement.

  3. The member receives compensation or other payments subject to approval by any person participating in or economically benefitting from the compensation arrangement.

  4. The member has a material financial interest affected by the compensation arrangement.

  5. The member approves a transaction providing economic benefits to any person participating in the compensation arrangement, who in turn has approved or will approve a transaction providing economic benefits to the member. See Regulations section 53.4958-6(c)(1)(iii).

- Use of data as to comparable compensation for similarly qualified persons in functionally comparable positions at similarly situated organizations.
- Contemporaneous documentation and recordkeeping for deliberations and decisions regarding the compensation arrangement.

Answer "Yes" on line 15b if the process for determining compensation of one or more **officers** or **key employees** other than the **top management official** included all of the elements listed above.

If the answer was "Yes" on line 15a or 15b, describe the process on Schedule O (Form 990), identify the offices or positions for which the process was used to establish compensation of the persons who served in those offices or positions, and enter the year in which this process was last undertaken for each such person.

If the organization didn't compensate its CEO, executive director, or top management official during the **tax year**, answer "No" to line 15a. If the organization didn't compensate any of its other officers or key employees during the tax year, even if such employees were compensated by a related organization, answer "No" to line 15b.

Line 16. Answer "Yes" on line 16a if, at any time during its tax year, the organization invested in, contributed assets to, or otherwise participated in a joint venture or similar arrangement with one or more taxable persons. For purposes of line 16, a joint venture or similar arrangement (or a "venture or arrangement") means any joint ownership or contractual arrangement through which there is an agreement to jointly undertake a specific business enterprise, investment, or exempt-purpose activity without regard to (1) whether the organization controls the venture or arrangement, (2) the legal structure of the venture or arrangement, or (3) whether the venture or arrangement is treated as a partnership for federal income tax purposes, or as an association, or corporation for federal income tax purposes. Disregard ventures or arrangements that meet both of the following conditions.

1. 95% or more of the venture's or arrangement's income for its tax year ending with or within the organization's **tax year** is described in sections 512(b)(1)–(5) (including unrelated debt-financed income).

2. The primary purpose of the organization's contribution to, or investment or participation in, the venture or arrangement is the production of income or appreciation of property.

Answer "Yes" on line 16b if, as of the end of the organization's tax year, the organization had both:

1. Followed a written policy or procedure that required the organization to negotiate, in its transactions and arrangements with other members of the venture or arrangement, such terms and safeguards as are adequate to ensure that the organization's exempt status is protected; and

2. Taken steps to safeguard the organization's exempt status for the venture or arrangement.

Some examples of safeguards include the following.

- Control over the venture or arrangement sufficient to ensure that the venture furthers the exempt purpose of the organization.
- Requirements that the venture or arrangement give priority to exempt purposes over maximizing profits for the other participants.
- The venture or arrangement not engage in activities that would jeopardize the organization's exemption (such as political intervention or substantial lobbying for a section 501(c)(3) organization).
- All contracts entered into with the organization be on terms that are at arm's length or more favorable to the organization.

Section C. Disclosure

Line 17. List the states with which a copy of this Form 990 is required to be filed, even if the organization hasn't yet filed Form 990 with that state. Use Schedule O (Form 990) if additional space is necessary.

TIP *Some states require or permit the filing of Form 990 to fulfill state exempt organization or charitable solicitation reporting requirements.*

Line 18. Check the box for "Own website" only if the organization posted an exact reproduction (other than for information permitted by law to be withheld from public disclosure, such as the names and addresses of contributors listed on Schedule B (Form 990)) of its Form 990, Form 990-T (for section 501(c)(3) organizations), or application for recognition of exemption (Form 1023, 1023-EZ, 1024, or 1024-A) on its website during its **tax year**. Check the box for "Another's website" only if the organization provided to another individual or organization and that other individual or organization posted on its website, an exact reproduction (other than for information permitted by law to be withheld from public disclosure, such as the names and addresses of contributors listed on Schedule B (Form 990)) of any such forms during the tax year.

If "Other" is checked, explain on Schedule O (Form 990). Also explain on Schedule O (Form 990) if the organization didn't make publicly available upon request any of Forms 1023, 1023-EZ, 1024, 1024-A, 990, or 990-T that are subject to public inspection requirements. Exempt organizations must make available for public inspection their Form 1023, 1023-EZ, 1024, or 1024-A application for recognition of exemption. Applications filed before July 15, 1987, need not be made publicly available unless the organization had a copy on July 15, 1987.

Organizations that file Form 990 must make it publicly available for a period of 3 years from the date it is required to be filed (including extensions) or, if later, is actually filed. Organizations aren't required to make publicly available the names and addresses of contributors (as set forth on Schedule B (Form 990), and on Form 1023, 1023-EZ, 1024, or 1024-A). Section 501(c)(3) organizations that file Form 990-T are also required to make their Forms 990-T publicly available for the corresponding 3-year period for forms filed after August 17, 2006 (unless the form was filed solely to request a refund of telephone excise taxes). See *Appendix D* for more information on public inspection requirements.

Line 19. Explain on Schedule O (Form 990) whether the organization made its governing documents (for example, articles of incorporation, constitution, bylaws, trust instrument), **conflict of interest policy**, and **financial statements** (whether or not audited) available to the general public during the tax year, and, if so, how it made them available to the public (for example, posting on the organization's website, posting on another website, providing copies on request, inspection at an office of the organization, etc.). If the organization didn't make any of these documents available to the public, enter "No documents available to the public."

Federal tax law doesn't require that such documents be made publicly available unless they were included on a form that is publicly available (such as Form 1023, 1023-EZ, 1024, or 1024-A).

Line 20. Provide the name of the person who possesses the organization's books and records, and the business address and telephone number of such person (or of the organization if the books and records are kept by such person at a personal residence). If the books and records are kept at more than one location, provide the name, business address, and telephone number of the person responsible for coordinating the maintenance of the books and records. The organization isn't required to provide the address or telephone number of a personal residence of an individual. If provided, however, such information will be available to the public.

Part VII. Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

Check the box in the heading of Part VII if Schedule O (Form 990) contains any information pertaining to this part.

Overview. Form 990, Part VII, requires the listing of the organization's current or former **officers, directors, trustees, key employees,** and **highest compensated employees,** and current **independent contractors,** and reporting of certain **compensation** information relating to such persons.

All organizations are required to complete Part VII, and when applicable, Schedule J (Form 990), for certain persons. Compensation must be reported for the calendar year ending with or within the organization's **tax year.** In some cases, persons are reported in Part VII or Schedule J (Form 990) only if their **reportable compensation** (as explained below) and "other compensation" (as explained below) from the organization and **related organizations** (as explained in the *Glossary* and in the Instructions for Schedule R (Form 990)) exceeds certain thresholds. In some cases, compensation from an **unrelated organization** must be reported on Form 990. See the instructions for Part VII, Section A, line 5, later. The amount of compensation reported on Form 990, Part VII, for a listed person may differ from the amount reported on Form 990, Part IX, line 5, for that person due to factors such as a different accounting period (calendar vs. **fiscal year**) or a different accounting method.

Form 990, Part VII, relies on definitions of reportable compensation and other compensation. *Reportable compensation* generally refers to compensation reported in box 1 or 5 (whichever amount is greater) of Form W-2, Wage and Tax Statement; box 1 of Form 1099-NEC, Nonemployee Compensation; and box 6 of Form 1099-MISC, Miscellaneous Information. Organizations must also report other compensation in Part VII, as discussed in the instructions for Part VII, Section A, column (F), later.

Organizations must report compensation for both current and former officers, directors, trustees, key employees, and highest compensated employees. The distinction between current and former such persons is discussed below. The determination of "former" uses a 5-year lookback period.

Organizations must report compensation from themselves and from related organizations, which generally consist of parents, subsidiaries, brother/sister organizations, supporting organizations, supported organizations, sponsoring organizations of VEBAs, and contributing employers to VEBAs. See the Instructions for Schedule R (Form 990) for a fuller discussion of related organizations.

Part VII, Section A, requires reporting of officers, directors, trustees, key employees, and up to five of the organization's highest compensated employees. Compensation from related organizations must also be taken into account in determining a person's compensation and reported in Part VII, Section A, columns (E) and (F).

Section B requires reporting of the five highest compensated independent contractors. Section B doesn't require reporting of compensation from related organizations.

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

Overview. Organizations are required to enter in Part VII, Section A, the following **officers, directors, trustees,** and **employees** of the organization whose **reportable compensation** from the organization and **related organizations** (as explained in the *Glossary* and the Instructions for Schedule R (Form 990)) exceeded the following thresholds for the tax year.

- Current officers, directors, and trustees (no minimum compensation threshold).
- Current **key employees** (over $150,000 of reportable compensation).
- Current five highest compensated employees other than officers, directors, trustees, or listed key employees (over $100,000 of reportable compensation).
- Former officers, key employees, and **highest compensated employees** (over $100,000 of reportable compensation, with special rules for former highest compensated employees).
- Former directors and trustees (over $10,000 of reportable compensation in the capacity as a former director or trustee).

Special rules apply to **disregarded entities** of which the organization is the sole member. See *Disregarded Entities*, later.

To determine which persons are current or former officers, directors, trustees, key employees, or highest compensated employees, see the instructions for Part VII, Section A, column (C), later.

Order of reporting. List the persons required to be included in Part VII, Section A, in order from highest to lowest compensation based on the sum of columns (D), (E), and (F) for each person. When the amount of total compensation is the same, list the persons in the following order: individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons.

Fiscal year filers. To determine which persons are listed in Part VII, Section A, the organization must use the calendar year ending with or within the organization's **fiscal year** for some (those whose **compensation** must exceed minimum thresholds in order to be reported) and the fiscal year for others. Report officers, directors, and trustees that served at any time during the fiscal year as "current" **officers, directors,** and **trustees.** Report the following persons based on **reportable compensation** and status for the calendar year ending within the fiscal year.

- Current **key employees** (over $150,000 of **reportable compensation** from the organization and **related organizations**).
- Current five **highest compensated employees** (over $100,000 of reportable compensation from the organization and related organizations), other than current officers, directors, trustees, and key employees.
- Former officers, key employees, and five highest compensated employees (over $100,000 of reportable compensation from the organization and related organizations, with special rules for former highest compensated employees).
- Former directors and trustees (over $10,000 of reportable compensation for services in the capacity as director or trustee of the organization, from the organization and related organizations).

Report compensation on Form 990, Part VII, for the calendar year ending within the organization's **fiscal year,** including that of current officers, directors, and trustees, even if the fiscal year is used to determine which such persons must be listed in Part VII.

Director or trustee. A director or trustee is a member of the organization's **governing body**, but only if the member has voting rights. A director or trustee that served at any time during the organization's **tax year** is deemed a current director or trustee. Members of advisory boards that don't exercise any governance authority over the organization aren't considered directors or trustees.

An "institutional trustee" is a trustee that isn't an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

Officer. An **officer** is a person elected or appointed to manage the organization's daily operations. An officer that served at any time during the organization's **tax year** is deemed a current officer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its **governing body**, or as otherwise designated consistent with state law, but, at a minimum, include those officers required by applicable state law. Officers can include a president, vice president, secretary, treasurer, and, in some cases, a Board Chair. In addition, for purposes of Form 990, including Part VII, Section A, and Schedule J (Form 990), treat as an officer the following persons, regardless of their titles.

1. *Top management official.* The person who has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization, for example, the organization's president, CEO, or executive director.

2. *Top financial official.* The person who has ultimate responsibility for managing the organization's finances, for example, the organization's treasurer or chief financial officer.

If ultimate responsibility resides with two or more individuals (for example, co-presidents or co-treasurers), who can exercise such responsibility in concert or individually, then treat all such individuals as officers.

Key employee. For purposes of Form 990, a current **key employee** is an **employee** of the organization (other than an **officer**, **director**, or **trustee**) who meets all three of the following tests, applied in the following order.

1. *$150,000 Test:* Receives **reportable compensation** from the organization and all **related organizations** in excess of $150,000 for the **calendar year** ending with or within the organization's **tax year**.

2. *Responsibility Test:* At any time during the calendar year ending with or within the organization's **tax year**:

   a. Has responsibilities, powers, or influence over the organization as a whole that is similar to those of officers, directors, or trustees;

   b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

   c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for **employees**.

3. *Top 20 Test:* Is one of the 20 employees other than officers, directors, and trustees who satisfy the *$150,000 Test* and *Responsibility Test* with the highest reportable compensation from the organization and **related organizations** for the calendar year ending with or within the organization's **tax year**.

If the organization has more than 20 individuals who meet the *$150,000 Test* and *Responsibility Test*, report as **key employees** only the 20 individuals who have the highest reportable compensation from the organization and related organizations. Note that any others, up to five, might be reportable as current **highest compensated employees**, with over $100,000 in reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current key employees.

An individual that isn't an employee of the organization (or of a **disregarded entity** of the organization) is nonetheless treated as a key employee if she or he serves as an officer or director of a disregarded entity of the organization and otherwise meets the standards of a key employee set forth above. See *Disregarded Entities*, later, for treatment of certain employees of a disregarded entity as key employees of the organization.

If an employee is a key employee of the organization for only a portion of the year, that person's entire compensation for the calendar year ending with or within the organization's tax year, from both the filing organization and related organizations, should be reported in Part VII, Section A.

Management companies and similar entities that are **independent contractors** shouldn't be reported as key employees. The organization's **top management official** and **top financial official** are deemed officers rather than key employees.

In the examples set forth below, assume the individual involved is an employee that satisfies the *$150,000 Test* and *Top 20 Test* and isn't an **officer**, **director**, or **trustee**.

Example 1. T is a large section 501(c)(3) university. L is the dean of the law school of T, which generates more than 10% of the revenue of T, including contributions from alumni and foundations. Although L doesn't have ultimate responsibility for managing the university as a whole, L meets the *Responsibility Test* and is reportable as a key employee of T.

Example 2. S chairs a small academic department in the College of Arts and Sciences of the same university, T, described above. As department chair, S supervises faculty in the department, approves the course curriculum, and oversees the operating budget for the department. The department represents less than 10% of the university's activities, assets, income, expenses, capital expenditures, operating budget, and employee compensation. Under these facts and circumstances, S doesn't meet the *Responsibility Test* and isn't a key employee of T.

Example 3. U is a large acute-care section 501(c)(3) hospital. U employs X as a radiologist. X gives instructions to staff for the radiology work X conducts, but X doesn't supervise other U employees, manage the radiology department, or have or share authority to control or determine 10% or more of U's capital expenditures, operating budget, or employee compensation. Under these facts and circumstances, X doesn't meet the *Responsibility Test* and isn't a key employee of U.

Example 4. W is a cardiologist and head of the cardiology department of the same hospital, U, described above. The cardiology department is a major source of patients admitted to U and consequently represents more than 10% of U's income, as compared to U as a whole. As department head, W manages the cardiology department. Under these facts and circumstances, W meets the *Responsibility Test* and is a key employee of U.

Five highest compensated employees. The organization is required to enter its current five **highest compensated employees** whose **reportable compensation** combined from the organization and **related organizations** is greater than $100,000 for the calendar year ending with or within the organization's **tax year** and who aren't also current **officers**, **directors**, **trustees**, or **key employees** of the organization. Such individuals are the "current" five highest compensated employees. These can include persons who meet some but not all of the tests for key employee status. The organization isn't

required to enter more than the top five such persons, ranked by amount of reportable compensation. Use the calendar year ending with or within the organization's tax year for determining the organization's current five highest compensated employees.

Example. X is an employee of Y University and isn't an officer, director, or trustee. X's reportable compensation for the calendar year exceeds $150,000, and X meets the *Responsibility Test*. X would qualify as a key employee of Y, except that 20 employees had higher reportable compensation and otherwise qualify as key employees. Therefore, those 20 are listed as the organization's key employees. X has the highest reportable compensation from the organization and related organizations of all employees other than the 20 key employees. X must be listed as one of the organization's five highest compensated employees.

$10,000 exceptions for reporting compensation. Report compensation paid or accrued by the filing organization and **related organizations.** Special rules apply for reporting **reportable compensation** and other compensation.

All reportable compensation paid by the filing organization must be reported. Reportable compensation paid by a related organization isn't required to be reported unless (1) it is $10,000 or more for the calendar year ending with or within the organization's tax year (the "$10,000-per-related-organization exception"), or (2) it is paid for past services to the filing organization in the person's capacity as a former director or trustee.

A particular item of other compensation (such as listed in the compensation table, later) paid or accrued by the filing organization isn't required to be reported unless (1) it is $10,000 or more for the calendar year ending with or within the organization's tax year (the "$10,000-per-item exception"), or (2) it is one of the five types of compensation (generally constituting deferred compensation (including retirement plan benefits) and health benefits) that must be reported regardless of amount (see the instructions for column (F)). The same principles apply to items of other compensation paid or accrued by a related organization (applied separately to each related organization).

The $10,000 exceptions don't apply to reporting compensation on Schedule J (Form 990), Part II.

Reportable compensation. Reportable compensation consists of:

- For **officers** and other **employees**, amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater) (as well as in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC if the officer or employee is also compensated as an independent contractor of the filing organization or a related organization);
- For **directors** and individual **trustees**, amounts required to be reported in box 1 of Form 1099-NEC; and/or in box 6 of Form 1099-MISC for director and other independent contractor services to the organization or a related organization, plus amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater) if also compensated as an officer or employee of the filing organization or a related organization; and
- For **institutional trustees**, fees for services paid pursuant to a contractual agreement or statutory entitlement. While the compensation of institutional trustees must be reported on Form 990, Part VII, it need not be reported on Schedule J (Form 990).

If the organization didn't file a Form 1099-NEC or 1099-MISC because the amounts paid were below the threshold reporting requirement, then include and report the amount actually paid. For a full definition of **reportable compensation**, see the *Glossary*.

*Corporate **officers** are considered **employees** for purposes of Form W-2 reporting, unless they perform no services as officers, or perform only minor services and neither receive nor are entitled to receive, directly or indirectly, any **compensation**. Corporate **directors** are considered **independent contractors**, not employees, and director compensation, if any, is generally required to be reported on Form 1099-NEC. See Regulations section 31.3401(c)-1(f).*

For certain kinds of employees and for retirees, the amount in box 5 of Form W-2 can be zero or less than the amount in box 1 of Form W-2. For instance, recipients of disability pay, certain members of the clergy, and religious workers who aren't subject to social security and Medicare taxes as employees can receive compensation that isn't reported in box 5. In that case, the amount required to be reported in box 1 of Form W-2 must be reported as reportable compensation.

If an officer, director, trustee, key employee, or highest compensated employee of the organization is a foreign person who received U.S. source income during the calendar year ending with or within the organization's **tax year** from the filing organization or a **related organization**, and if such income was reported in box 2 of Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, then treat this income as **reportable compensation** and report it in Part VII, Section A, column (D) or (E). For foreign persons for whom compensation reporting on Form W-2, Form 1099-NEC, Form 1099-MISC, or Form 1042-S isn't required, treat as reportable compensation in column (D) or (E) the total value of the compensation paid in the form of cash or property during the calendar year ending with or within the organization's tax year. Report other compensation from foreign organizations as "other compensation" in column (F).

To determine whether an individual received more than $100,000 (or $150,000) in reportable compensation in the aggregate from the filing organization (and, as discussed later, certain third parties such as common paymasters, payroll/reporting agents, and certain **unrelated organizations**, compensation from which is considered compensation from the filing organization) and **related organizations**, add the following amounts.

- The amount reported in box 1 or 5 of Form W-2 (whichever amount is greater), in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC, issued to the individual by the organization.
- Amounts reported in box 1 or 5 of Form W-2 (whichever amount is greater), in box 1 of Form 1099-NEC, or in box 6 of Form 1099-MISC, issued to the individual by each related organization that reported $10,000 or more.

To determine whether an individual received solely in his or her capacity as a former trustee or director of the organization more than $10,000 in reportable compensation for the calendar year ending with or within the organization's **tax year**, in the aggregate, from the organization and all related organizations (and thus must be reported on Form 990, Part VII, and Schedule J (Form 990), Part II), add the amounts reported in box 1 of all Forms 1099-NEC, box 6 of all Forms 1099-MISC, and, if relevant, box 1 or 5 of all Forms W-2 (whichever amount is greater) issued to the individual by the organization and all related organizations for the calendar year ending with or within the organization's tax year. Report such amounts only to the extent that such amounts relate to the individual's past services as a trustee or director of the organization, and don't disregard any payments from a related organization if below $10,000, for such purpose.

Other compensation. Other compensation includes **compensation** other than **reportable compensation**, including **deferred compensation** not currently reportable in box 1 or 5 of Form W-2, box 1 of Form 1099-NEC, or box 6 of Form

1099-MISC, and certain nontaxable benefits, as discussed in detail in the instructions for Schedule J (Form 990), Part II. See the instructions for other compensation reported in column (F), later, which includes a table to show where and how to report certain types of compensation in Part VII, Section A, and Schedule J (Form 990).

Note. Don't report the same item of compensation in more than one column of Part VII, Section A, for the tax year.

Disregarded entities. Disregarded entities (such as an LLC that is wholly owned by the organization and not treated as a separate entity for federal tax purposes) are generally treated as part of the organization rather than as **related organizations** for purposes of Form 990, including Part VII and Schedule J (Form 990). A person isn't considered an **officer** or **director** of the organization by virtue of being an officer or director of a disregarded entity, but he or she can qualify as a **key employee** or **highest compensated employee** of the organization. An officer, director, or employee of a disregarded entity is a key employee of the organization if she or he meets the *$150,000 Test* and *Top 20 Test* for the filing organization as a whole, and if, for the *Responsibility Test*, the person has responsibilities, powers, or influence over a discrete segment or activity of the disregarded entity that represents at least 10% of the activities, assets, income, or expenses of the filing organization as a whole, or has or shares authority to control or determine the disregarded entity's capital expenditures, operating budget, or compensation for employees that is at least 10% of the filing organization's respective items as a whole. If an officer or director of a disregarded entity also serves as an officer, director, trustee, or key employee of the organization, report this individual as an officer, director, trustee, or key employee, as applicable, of the organization, and add the compensation, if any, paid by the disregarded entity to this individual to the compensation, if any, paid directly by the organization to this individual. Report the total aggregate amount in column (D).

TIP *A disregarded entity must generally use the **EIN** of its sole member. An exception applies to employment taxes: for wages paid to **employees** of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).*

Management companies. Management companies, as **independent contractors**, are reported on Form 990, Part VII (if at all), only in Section B. Independent Contractors, and aren't reported on Schedule J (Form 990), Part II. If a current or former **officer, director, trustee,** or **key employee** has a relationship with a management company that provides services to the organization, then the relationship may be reportable on Schedule L (Form 990), Part IV. A key employee of a management company must be reported as a current officer of the filing organization if he or she is the filing organization's **top management official** or **top financial official** or is designated as an officer of the filing organization. However, that person doesn't qualify as a key employee of the filing organization solely on the basis of being a key employee of the management company. If a current or former officer, director, trustee, key employee, or **highest compensated employee** received **compensation** from a management company that provided services to the organization and was a **related organization** during the **tax year**, then the individual's compensation from the management company must be reported on Form 990, Part VII, Section A, columns (E) and (F). If the management company wasn't a related organization during the tax year, the individual's compensation from the management company isn't reportable in Part VII, Section A. Questions pertaining to management companies also appear on Form 990, Part VI, line 3; and Schedule H (Form 990), Hospitals, Part IV.

Employee leasing companies and professional employer organizations. In some cases, instead of hiring a management company, an exempt organization "leases" one or more employees from another company, which may be in the business of leasing employees. Alternatively, the organization may enter into an agreement with a professional employer organization to perform some or all of the federal employment tax withholding, reporting, and payment functions related to workers performing services for the organization. The organization should treat employees of an employee leasing company, a professional employer organization (whether or not certified under the new *Certified Professional Employer Organization*), or a management company as the organization's own employees if such persons have the status of employees of the filing organization under the usual common law rules applicable in determining the employer-employee relationship or who are treated as employees of the filing organization for federal employment tax purposes under section 3121(d). See Pub. 1779, Independent Contractor or Employee, for more information. Otherwise, the compensation paid to leasing companies and professional employer organizations should be treated like compensation to a management company for purposes of Form 990 compensation reporting.

Compensation from common paymasters, payroll/reporting agents, and unrelated organizations or individuals (except for compensation from **management companies** or leasing companies, and compensation described in *Taxable organization employee exception*, later) must be treated as reportable compensation in determining whether the dollar thresholds are met for reporting (1) current or former employees as current or former key employees or highest compensated employees; or (2) former officers, directors, or trustees, on Form 990, Part VII, Section A. If the Form 990, Part VII, thresholds for reporting are met, then the compensation from the common paymaster, payroll/reporting agent, or unrelated organization or individual must be reported as compensation from the filing organization in Part VII. The compensation may also need to be reported on Schedule J (Form 990), Part II (see the instructions for Form 990, Part VII, Section A, line 5).

CAUTION *The use of a leasing company, common paymaster, payroll/reporting agent, or other payroll service provider doesn't relieve an employer of its obligation for employment tax liabilities. The IRS strongly suggests that the organization doesn't change its address to that of its payroll service provider or other third-party payer. Doing so could limit the organization's ability to stay informed of tax matters, because the IRS sends correspondence regarding problems with an employer's account to the employer's address of record. Alternatively, an employer may grant permission for a third-party payer to receive copies of IRS correspondence by using Form 8822-B; Form 2848, Power of Attorney and Declaration of Representative; or Form 8655, Reporting Agent Authorization, as appropriate.*

Compensation from unrelated organizations or individuals. If a current or former **officer, director, trustee, key employee,** or **highest compensated employee** received or accrued compensation or payments from an **unrelated organization** (other than from **management companies** or leasing companies, as discussed above) or an individual for services rendered to the filing organization in that person's capacity as an officer, director, trustee, or employee of the filing organization, then the filing organization must report (subject to the *Taxable organization employee exception* next) such amounts as **compensation** from the filing organization if it has knowledge of the arrangement, whether or not the unrelated organization or the individual treats the amounts as compensation, grants, contributions, or otherwise. Report such compensation from unrelated organizations in Section A, columns (D) and (F), as

appropriate. If the organization can't distinguish between reportable compensation and other compensation from the unrelated organization, report all such compensation in column (D).

Taxable organization employee exception. Don't report as compensation any payments from an unrelated taxable organization that employs the individual and continues to pay the individual's regular compensation while the individual provides services without charge to the filing organization, but only if the unrelated organization doesn't treat the payments as a charitable contribution to the filing organization.

Column (A). For each person required to be listed, enter the name on the top of each row and the person's title or position with the organization on the bottom of the row. If more than one title or position, list all. List persons in the order described under *Order of reporting*, earlier. List each person on only one line.

Column (B). For each person listed in column (A), estimate the average hours per week devoted to the organization during the year. Entry of a specific number is required for a complete answer. Enter "-0-" if applicable. Don't include statements such as "as needed," "as required," or "40+." If the average is less than 1 hour per week, then the organization can enter a decimal rounded to the nearest tenth (for example, 0.2 hours per week).

For each person listed in column (A), list below the dotted line an estimate of the average hours per week (if any) devoted to related organizations.

Column (C). For each person listed in column (A), check the box that reflects the person's position with the organization during the tax year. Don't check more than one box, unless the person was both an officer and a director/trustee of the organization during the tax year. For a former **officer, director, trustee, key employee,** or **highest compensated employee,** check only the "Former" box and indicate the former status in the person's title.

"Current" officers, directors, trustees, key employees, and highest compensated employees. A "current" **officer, director,** or **trustee** is a person that was an officer, director, or trustee at any time during the organization's **tax year.** A "current" **key employee** or **highest compensated employee** is a person who was an employee at any time during the calendar year ending with or within the organization's tax year, and was a key employee or highest compensated employee for such calendar year.

If the organization files Form 990 based on a **fiscal year,** use the fiscal year to determine the organization's "current" officers, directors, and trustees. Whether or not the organization files Form 990 based on a **fiscal year,** use the calendar year ending with or within the organization's **tax year** to determine the organization's "current" **key employees** and five highest compensated employees.

Don't check the "Former" box if the person was a current officer, director, or trustee at any time during the organization's tax year, or a current key employee or among the five highest compensated employees for the calendar year ending with or within the organization's tax year. A current employee (other than a current officer, director, trustee, key employee, or highest compensated employee) can be reported on Form 990, Part VII, and Schedule J (Form 990), Part II, as (1) a former director or trustee because she or he served as a director or trustee within the last 5 years, and received more than $10,000 in **reportable compensation** for the calendar year ending with or within the organization's tax year in his or her capacity as a former director or trustee; or (2) a former officer or key employee (but not as a former highest compensated employee) because he or she served as an officer or key employee within the last 5 years and received more than $100,000 of reportable compensation for the calendar year ending with or within the organization's tax year. In such a case, indicate the individual's former position in his or her title (for example, "former president").

"Former" officers, directors, trustees, key employees, and highest compensated employees. Check the "Former" box for former officers, directors, trustees, and key employees only if both conditions below apply.

- The organization reported (or should have reported, applying the instructions in effect for such years) an individual on any of the organization's Forms 990, 990-EZ, or 990-PF for any 1 or more of the 5 prior years in one or more of the following capacities: officer, director, trustee, or key employee.
- The individual received **reportable compensation,** from the organization and/or **related organizations,** in the calendar year ending with or within the organization's current **tax year** in excess of the threshold amount ($100,000 for former officers and key employees; $10,000 paid to former directors and trustees for services rendered in their former capacity as directors or trustees).

If a person was reported (or should have been reported) as an officer, director, trustee, or key employee on any of the organization's prior five Forms 990, 990-EZ, or 990-PF, and if the person was still employed at any time during the organization's tax year either (1) by the organization in a lesser capacity other than as an officer, director, trustee, key employee, or highest compensated employee; or (2) by a related organization in any capacity, but not by the filing organization, and if the person received reportable compensation that exceeded the threshold amount described above, then check only the "Former" box. For example, don't check both the "Former" and "Officer" boxes for a former president of the organization who wasn't an officer of the organization during the tax year.

Whether or not the organization files Form 990 based on a **fiscal year,** use the calendar year ending within the organization's tax year to determine all "former" officers, directors, trustees, key employees, and five highest compensated employees (because their status depends on their reportable compensation, which is reported for the calendar year).

Check the "Former" box for the former five highest compensated employees only if all four conditions below apply.

1. The individual wasn't an **employee** of the organization at any time during the calendar year ending with or within the organization's tax year.
2. The individual was reported (or should have been reported, under the instructions in effect for such years) on any of the organization's Forms 990, 990-EZ, or 990-PF for 1 or more of the 5 prior years as one of the five highest compensated employees.
3. The individual's reportable compensation exceeded $100,000 for the calendar year ending with or within the organization's tax year.
4. The amount of the individual's reportable compensation for such year would place him or her among the organization's current five highest compensated employees if the individual were an employee during the calendar year ending with or within the organization's tax year.

Example 1. X was reported as one of Y Charity's five highest compensated employees on one of Y's Forms 990, 990-EZ, or 990-PF from 1 of its 5 prior tax years. During Y's **tax year,** X wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y. X wasn't an employee of Y during the calendar year ending with or within Y's tax year. During this calendar year, X received reportable compensation in excess of $100,000 from Y for past services and would be among Y's five highest compensated employees if X were a current employee. Y must report X as a former highest

compensated employee on Y's Form 990, Part VII, Section A, for Y's tax year.

Example 2. T was reported as one of Y Charity's five highest compensated employees on one of Y's Forms 990, 990-EZ, or 990-PF from 1 of its 5 prior tax years. During Y's **tax year**, T wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y, although T was still an employee of Y during the calendar year ending with or within Y's tax year. T received reportable compensation in excess of $100,000 from Y and related organizations for such calendar year. T isn't reportable as a former highest compensated employee on Y's Form 990, Part VII, Section A, for Y's tax year because T was an employee of Y during the calendar year ending with or within Y's tax year.

Example 3. Z was reported as one of Y Charity's key employees on Y's Form 990 filed for 1 of its 5 prior **tax years**. During Y's tax year, Z wasn't a current officer, director, trustee, key employee, or highest compensated employee of Y. For the calendar year ending with or within Y's tax year, Z received reportable compensation of $90,000 from Y as an employee (and no reportable compensation from related organizations). Because Z received less than $100,000 reportable compensation for the calendar year ending with or within Y's tax year from Y and its related organizations, Y isn't required to report Z as a former key employee on Y's Form 990, Part VII, Section A, for Y's tax year.

Columns (D) and (E). Enter the amounts required to be reported (whether or not actually reported) in box 1 or 5 of Form W-2 (whichever is greater), box 1 of Form 1099-NEC, and/or box 6 of Form 1099-MISC, issued to the person for the calendar year ending with or within the organization's **tax year**. Enter an amount for each person in each of columns (D) and (E). Enter "-0-" if the person received no **reportable compensation**. For **institutional trustees** that don't receive a Form 1099-NEC or 1099-MISC, enter the amount that the organization would have reported in box 1 of Form 1099-NEC or box 6 of Form 1099-MISC if the form(s) had been required.

Reportable compensation paid to the person by a **related organization** at any time during the entire calendar year ending with or within the filing organization's tax year should be reported in column (E). If the related organization was related to the filing organization for only a portion of the tax year, then the filing organization may choose to report only compensation paid or accrued by the related organization during the time it was actually related. If the filing organization reports compensation on this basis, it must explain on Schedule O (Form 990) and state the period during which the related organization was related.

$10,000-per-related-organization exception. For purposes of column (E), the organization need not include payments from a single related organization if it is less than $10,000 for the calendar year ending with or within the organization's tax year, except to the extent paid to a former **director** or former **trustee** of the filing organization for services as a director or trustee of the organization. For example, if an officer of the organization received **compensation** of $8,000, $15,000, and $50,000 from three separate related organizations for services provided to those organizations, the organization needs to report only $65,000 in column (E) for the officer.

Volunteer exception. The organization need not report in column (E) or (F) compensation from a related organization paid to a **volunteer officer, director,** or **trustee** of the filing organization if the related organization is a for-profit organization; isn't owned or controlled, directly or indirectly, by the organization or one or more related tax-exempt organizations; and doesn't provide management services for a fee to the organization.

Bank or financial institution trustee. If the organization is a trust with a bank or financial institution trustee that is also a trustee of another trust, it need not report in column (E) or (F) compensation from the other trust for services provided as the trustee to the other trust, because the other trust isn't a related organization (see the *Glossary* definition of **related organization**).

Reasonable effort. The organization isn't required to report compensation from a **related organization** to a person listed on Form 990, Part VII, Section A, if the organization is unable to secure the information on compensation paid by the related organization after making a **reasonable effort** to obtain it, and if it is unable to make a reasonable estimate of such compensation. If the organization makes reasonable efforts but is unable to obtain the information or provide a reasonable estimate of compensation from a related organization in column (E) or (F), then it must report the efforts undertaken on Schedule O (Form 990). An example of a reasonable effort is for the organization to distribute a questionnaire annually to each of its current and former officers, directors, trustees, key employees, and highest compensated employees that includes the name and title of each person reporting information, blank lines for those persons' signatures and signature dates, and the pertinent instructions and definitions for Form 990, Part VII, Section A, columns (E) and (F).

Short year and final returns. For a short year return in which there is no calendar year that ends with or within the short year, leave columns (D) and (E) blank, and don't report any **key employees, highest compensated employees,** or **highest compensated independent contractors** (because such persons are determined according to compensation received in the calendar year ending with or within the tax year for which the return is filed), unless the return is a final return. If the return is a final return, report the compensation that is reportable compensation on Forms W-2 and 1099 for the short year, from both the filing organization and related organizations, whether or not Forms W-2 or 1099 have been filed yet to report such compensation.

Column (F). Other compensation generally includes compensation not currently reportable in box 1 or 5 of Form W-2, in box 1 of Form 1099-NEC, or in box 6 of Form 1099-MISC, including nontaxable benefits other than disregarded benefits, as discussed under *Disregarded benefits*, later, and in the instructions for Schedule J (Form 990), Part II. Treat amounts paid or accrued under a **deferred compensation** plan, or held by a deferred compensation trust, that is established, sponsored, or maintained by the organization (or a **related organization**) as paid, accrued, or held directly by the organization (or the related organization). Deferred compensation to be reported in column (F) includes compensation that is earned or accrued in one year and deferred to a future year, whether or not funded, vested, qualified or nonqualified, or subject to a substantial risk of forfeiture. But don't report in column (F) a deferral of compensation that causes an amount to be deferred from the calendar year ending with or within the tax year to a date that isn't more than 2½ months after the end of the calendar year ending with or within the tax year if such compensation is currently reported as reportable compensation.

Enter an amount in column (F) for each person listed in Part VII, Section A. (Enter "-0-" if applicable.) Report a reasonable estimate if actual numbers aren't readily available.

Other compensation paid to the person by a **related organization** at any time during the calendar year ending with or within the filing organization's tax year should be reported in column (F). If the related organization was related to the filing organization for only a portion of the tax year, then the filing organization may choose to report only other compensation paid

or accrued by the related organization during the time it was actually related. If the filing organization reports compensation on this basis, it must explain on Schedule O (Form 990) and state the period during which the related organization was related.

The following items of compensation provided by the filing organization and related organizations must be reported as "other compensation" in column (F) in all cases regardless of the amount, to the extent they aren't included in column (D).

1. Tax-deferred contributions by the employer to a qualified defined contribution retirement plan.

2. The annual increase or decrease in actuarial value of a qualified defined benefit plan, whether or not funded or vested.

3. The value of health benefits provided by the employer, or paid by the employee with pre-tax dollars, that aren't included in reportable compensation. For this purpose, health benefits include (1) payments of health benefit plan premiums, (2) medical reimbursement and flexible spending programs, and (3) the value of health coverage (rather than actual benefits paid) provided by an employer's self-insured or self-funded arrangement. Health benefits include dental, optical, drug, and medical equipment benefits. They don't include disability or long-term care insurance premiums or allocated benefits for this purpose.

4. Tax-deferred contributions by the employer and employee to a funded nonqualified defined contribution plan, and deferrals under an unfunded nonqualified defined contribution plan, whether or not such plans are vested or subject to a substantial risk of forfeiture. See the examples in the Schedule J (Form 990), Part II, instructions.

5. The annual increase or decrease in actuarial value of a nonqualified defined benefit plan, whether or not funded, vested, or subject to a substantial risk of forfeiture.

$10,000-per-item exception. Except for the five items listed above, neither the organization nor a **related organization** is required to report on Form 990, Part VII, Section A, any item of "other compensation" (as set forth in the compensation table beginning later) if its total value is less than $10,000 for the calendar year ending with or within the organization's tax year.

Amounts excluded under the two separate $10,000 exceptions (the $10,000-per-related-organization and $10,000-per-item exceptions) are to be excluded from **compensation** in determining whether an individual's total **reportable compensation** and other compensation exceeds the thresholds set forth on Form 990, Part VII, Section A, line 4. If the individual's total compensation exceeds the relevant threshold, then the amounts excluded under the $10,000 exceptions are included in the individual's compensation reported on Schedule J (Form 990). Thus, the total amount of compensation reported on Schedule J (Form 990) can be higher than the amount reported on Form 990, Part VII, Section A.

The $10,000-per-item exception applies separately for each item of other compensation from the organization and from each related organization.

Example 1. Organization X provides the following compensation to its current officer.

$110,000	Reportable compensation (including pre-tax employee contributions of $5,000 to a qualified defined contribution retirement plan and $2,500 to a qualified health benefit plan)
5,000	Tax-deferred employer contribution to qualified defined contribution retirement plan
5,000	Nontaxable employer contributions to health benefit plan
4,000	Nontaxable dependent care assistance
500	Nontaxable group life insurance premium

Organization Y, a related organization, also provides compensation to the officer as follows.

$21,000	Reportable compensation (including $1,000 pre-tax employee contribution to qualified defined contribution retirement plan)
1,000	Tax-deferred employer contribution to qualified defined contribution retirement plan
5,000	Nontaxable tuition assistance

The officer receives no compensation in the capacity as a former director or trustee of X, and no unrelated organization pays the officer for services provided to X. The organization can disregard as other compensation (a) the $4,500 in dependent care and group life insurance payments from the organization (under the $10,000-per-item exception), and (b) the $5,000 in tuition assistance from the related organization (under the $10,000-per-item exception) in determining whether the officer's total reportable and other compensation from the organization and related organizations exceeds $150,000. In this case, total reportable compensation is $131,000, and total other compensation (excluding the excludable items below $10,000) is $11,000. Under these circumstances, the officer's dependent care, group life, and tuition assistance items need not be reported as other compensation on Form 990, Part VII, Section A, column (F), and the officer's total reportable and other compensation ($142,000) isn't reportable on Schedule J (Form 990). If, instead, the officer's reportable compensation from Y were $30,000 rather than $21,000, then the officer's total reportable and other compensation ($151,000) would be reportable on Schedule J (Form 990), including the dependent care, group life, and tuition assistance items, even though these items wouldn't have to be reported as other compensation on Form 990, Part VII.

Example 2. Organization S provides health benefits to B (its CEO) under a self-insured medical reimbursement plan. The value of the plan benefits for the tax year is $10,000, which represents the estimated cost of providing coverage for the year if the employer paid a third-party insurer for similar benefits, as determined on an actuarial basis. The actual benefits paid for B and B's family for the year are $30,000. If the benefits aren't reportable compensation to B, then Organization S must report the $10,000 value of plan benefits as other compensation to B on Form 990, Part VII, Section A, column (F).

Disregarded benefits. Disregarded benefits under Regulations section 53.4958-4(a)(4) need not be reported in column (F). Disregarded benefits generally include fringe benefits excluded from gross income under section 132. These benefits include:

- No-additional cost service,
- Qualified employee discount,
- Working condition fringe,
- De minimis fringe,
- Qualified transportation fringe,
- Qualified retirement planning services, and
- Qualified military base realignment and closure fringe.

For descriptions of each of these disregarded benefits, see the Instructions for Schedule J (Form 990).

Short year and final returns. For a short year return in which there is no calendar year that ends with or within the short year, leave column (F) blank, unless the return is a final return. If the return is a final return, report the other compensation for the short year from both the filing organization and related organizations.

Compensation table for reporting on Part VII, Section A; or Schedule J (Form 990), Part II. The following table may be useful in determining how and where to report items of **compensation** on Form 990, Part VII, Section A, and on Schedule J (Form 990), Part II. The list isn't comprehensive but covers most items for most organizations. Many items of compensation may or may not be taxable or currently taxable, depending on the plan or arrangement adopted by the organization and other circumstances. The list attempts to take into account these varying facts and circumstances. The list is merely a guideline to report amounts for those persons required to be listed. In all cases, items included in box 1 or 5 of Form W-2 (whichever is greater), in box 1 of Form 1099-NEC, and/or in box 6 of Form 1099-MISC are required to be reported on Part VII, Section A, and, for applicable persons, Schedule J (Form 990), Part II, column (B). Items listed as "taxable" or "taxable in current year" are currently includible in reportable compensation, but aren't necessarily subject to federal income tax in the current year.

Any item listed in the following compensation table that isn't followed by a star (x) or asterisk (*) in any column shouldn't be reported on Part VII, Section A; or in Schedule J (Form 990), Part II.

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Base salary/wages/fees paid	x				
Base salary/wages/fees deferred (taxable)	x				
Base salary/wages/fees deferred (nontaxable)				x	
Bonus paid (including signing bonus)		x			
Bonus deferred (taxable in current year)		x			
Bonus deferred (not taxable in current year)				x	
Incentive compensation paid		x			
Incentive compensation deferred (taxable in current year)		x			
Incentive compensation deferred (not taxable in current year)				x	
Severance or change of control payments made			x		
Sick pay paid by employer	x				
Third-party sick pay			x		
Other compensation amounts deferred (taxable in current year)		x			
Other compensation amounts deferred (not taxable in current year)				x	
Tax gross-ups paid			x		
Vacation/sick leave cashed out			x		
Stock options at time of grant				x	
Stock options at time of exercise			x		
Stock awards paid by taxable organizations substantially vested			x		
Stock awards paid by taxable organizations not substantially vested				x	
Stock equivalents paid by taxable organizations substantially vested			x		
Stock equivalents paid by taxable organizations not substantially vested				x	
Loans—forgone interest or debt forgiveness			x		
Contributions (employer) to qualified retirement plan				x	
Contributions (employee deferrals) to section 401(k) plan	x				
Contributions (employee deferrals) to section 403(b) plan	x				
Qualified or nonqualified retirement plan defined benefit accruals (reasonable estimate of increase or decrease in actuarial value)				x	
Qualified retirement (defined contribution) plan investment earnings or losses (not reportable or other compensation)					
Taxable distributions from qualified retirement plan, including section 457(b) eligible governmental plan (reported on Form 1099-R but not reportable or other compensation on Form 990)					

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Distributions from nongovernmental section 457(b) plan			x		
Amounts includible in income under section 457(f)			x		
Amounts deferred by employer or employee (plus earnings) under section 457(b) plan (substantially vested)			x		
Amounts deferred by employer or employee under section 457(b) or 457(f) plan (not substantially vested)				x	
Amounts deferred under nonqualified defined contribution plans (substantially vested)			x		
Amounts deferred under nonqualified defined contribution plans (not substantially vested)				x	
Earnings or losses of nonqualified defined contribution plan (substantially vested)			x		
Earnings or losses of nonqualified defined contribution plan (not substantially vested)					
Scholarships and fellowship grants (taxable)			x		
Health benefit plan premiums paid by employer (taxable)	x				
Health benefit plan premiums paid by the employee (taxable)	x				
Health benefit plan premiums (nontaxable)					x
Medical reimbursement and flexible spending programs (taxable)			x		
Medical reimbursement and flexible spending programs (nontaxable)					x
Other health benefits (taxable)			x		
Other health benefits (nontaxable)					x
Life, disability, or long-term-care insurance (taxable)			x		
Life, disability, or long-term-care insurance (nontaxable)					*
Split-dollar life insurance (see Notice 2002-8, 2002-1 C.B. 398)			x		
Housing provided by employer or ministerial housing allowance (taxable)			x		
Housing provided by employer or ministerial housing allowance (nontaxable) (but see Schedule J instructions regarding working condition fringes)					*
Personal legal services (taxable)			x		
Personal legal services (nontaxable)					*
Personal financial services (taxable)			x		
Personal financial services (nontaxable)					*
Dependent care assistance (taxable)			x		
Dependent care assistance (nontaxable)					*
Adoption assistance (taxable)			x		
Adoption assistance (nontaxable)					*
Tuition assistance for family (taxable)			x		

Type of Compensation	Where To Report				
	Form 990, Part VII, Section A, column (D) or (E)			Form 990, Part VII, Section A, column (F)	
	Schedule J (Form 990), Part II, column B(i)	Schedule J (Form 990), Part II, column B(ii)	Schedule J (Form 990), Part II, column B(iii)	Schedule J (Form 990), Part II, column C	Schedule J (Form 990), Part II, column D
Tuition assistance for family (nontaxable)					*
Cafeteria plans (nontaxable health benefit)					x
Cafeteria plans (nontaxable benefit other than health)					*
Liability insurance (taxable)			x		
Employer-provided automobile (taxable)			x		
Employer-subsidized parking (taxable)			x		
Travel (taxable)			x		
Moving (taxable)			x		
Meals and entertainment (taxable)			x		
Social club dues (taxable)			x		
Spending account (taxable)			x		
Gift cards			x		
Disregarded benefits under Regulations section 53.4958-4(a)(4) (see Schedule J, Part II, instructions)					

Note. Items marked with an asterisk (*) instead of a star (x) are excludable from Form 990, Part VII, Section A, column (F), if below $10,000.

Line 1b. Report the subtotals of compensation from the Section A, line 1a, table in line 1b, columns (D), (E), and (F).

Line 1c. Report the subtotals of compensation from duplicate Section A tables for filers that report more than 25 persons in the Section A, line 1a, table in line 1c, columns (D), (E), and (F).

Line 1d. Add the totals of lines 1b and 1c in line 1d for columns (D), (E), and (F).

Line 2. Report the total number of individuals, both those listed in the Part VII, Section A, table, and those not listed, to whom the filing organization (not **related organizations**) paid over $100,000 in **reportable compensation** during the **tax year**.

Line 3. Complete Schedule J (Form 990) for each of the following persons.

- Each individual listed in Part VII, Section A, as a former **officer**, former **key employee**, or former **highest compensated employee**. To determine whether an individual received more than $100,000 in **reportable compensation** in the aggregate from the organization and **related organizations**, add the amounts reported in box 1 or 5 of all Forms W-2 (whichever is greater), in box 1 of all Forms 1099-NEC, and/or in box 6 of all Forms 1099-MISC issued to the individual by the organization and all related organizations (disregarding amounts from a related organization if below $10,000) for the **calendar year** ending with or within the organization's **tax year**.
- Each individual that received, solely in the capacity as a former **director** or former **trustee** of the organization, more than $10,000 of reportable compensation (Part VII, Section A, columns (D) and (E)) during the year from the organization or related organizations. To determine whether an individual received or accrued more than $10,000 in reportable compensation solely in the capacity as a former trustee or director of the organization, add the amounts reported in box 1 of all Forms 1099-NEC, and, if applicable, box 1 or 5 of all Forms W-2 (whichever is greater), and/or issued to the individual by the organization and all related organizations, to the extent that such amounts relate to the individual's past services as a trustee or director of the organization and not of a related organization. The $10,000-per-related-organization exception doesn't apply for this purpose.

Line 4. Complete Schedule J (Form 990) for each individual listed in Section A who received or accrued more than $150,000 of reportable and other compensation from the organization and related organizations. To determine whether any listed individual received or accrued more than $150,000 of reportable and other compensation, add all **compensation** included in Part VII, Section A, columns (D), (E), and (F), but disregard any decreases in the actuarial value of defined benefit plans.

The following chart explains which **officers, directors, trustees, key employees,** and **highest compensated employees** must be reported on Form 990, Part VII, Section A, and on Schedule J (Form 990). See also *Line 5* next for additional individuals who must be reported on Schedule J (Form 990), Part II.

Matrix for Part VII, Section A, Lines 3 and 4

Position	Current or former	Enter on Form 990, Part VII, Section A . . .	Enter on Schedule J (Form 990), Part II . . .
Directors and Trustees	Current	All	If reportable and other compensation is greater than $150,000 in the aggregate from organization and related organizations (don't report institutional trustees)
	Former	If reportable compensation in capacity as former director or trustee is greater than $10,000 in the aggregate from organization and related organizations	If listed on Form 990, Part VII, Section A (don't report institutional trustees)
Officers	Current	All	If reportable and other compensation is greater than $150,000 in the aggregate from organization and related organizations
	Former	If reportable compensation is greater than $100,000 in the aggregate from organization and related organizations	If listed on Form 990, Part VII, Section A
Key Employees	Current	All	All
	Former	If reportable compensation is greater than $100,000 in the aggregate from organization and related organizations	If listed on Form 990, Part VII, Section A
Other Five Highest Compensated Employees	Current	If reportable compensation is greater than $100,000 in the aggregate from organization and related organizations	If reportable and other compensation is greater than $150,000 in the aggregate from organization and related organizations
	Former	If reportable compensation is greater than $100,000 in the aggregate from organization and related organizations	If listed on Form 990, Part VII, Section A

Line 5. Complete Schedule J (Form 990) for any individual listed on Form 990, Part VII, Section A, if the person receives or accrues **compensation** from an **unrelated organization** (other than from management companies and leasing companies, as discussed earlier) for services rendered to the filing organization in the person's capacity as an **officer**, **director**, **trustee**, or **employee** of the filing organization. Also, specify on Schedule J (Form 990), Part III, the name of the unrelated organization, the type and amount of compensation it paid or accrued, and the person receiving or accruing such compensation. See *Compensation from unrelated organizations or individuals*, earlier.

For purposes of line 5, disregard:

1. Payments from a **deferred compensation** trust or plan established, sponsored, or maintained by the organization (or a related organization), and deferred compensation held by such trust or plan;

2. Payments from a common paymaster for services provided to the organization (or to a related organization); or

3. Payments from an unrelated taxable organization that employs the individual and continues to pay the individual's regular compensation while the individual provides services without charge to the filing organization, but only if the unrelated organization doesn't treat the payments as a charitable contribution to the filing organization.

Example 1. A is the CEO (and the **top management official**) of the organization. In addition to compensation paid by the organization to A, A receives payments from B, an unrelated corporation (using the definition of relatedness on Schedule R (Form 990)), for services provided by A to the organization. B also makes rent payments for A's personal residence. The organization is aware of the compensation arrangement between A and B, and doesn't treat the payments as paid by the organization for Form W-2 reporting purposes. A, as the top management official of the organization, must be listed as an officer of the organization in Part VII, Section A. However, the amounts paid by B to A require that the organization answer "Yes" on line 5 and complete Schedule J (Form 990) about A.

Example 2. C is an attorney employed by a law firm that isn't a related organization to the organization. The organization and the law firm enter into an arrangement where C serves the organization, a section 501(c)(3) legal aid society pro bono, on a full-time basis as its vice president and as a board member while continuing to receive her regular compensation from the law firm. The organization doesn't provide any compensation to C for the services provided by C to the organization, and doesn't report C's compensation on Form W-2, Form 1099-NEC, or Form 1099-MISC. The law firm doesn't treat any part of C's compensation as a charitable contribution to the legal aid society. Under these circumstances, the amounts paid by the law firm to C don't require that the organization answer "Yes" on line 5 about C. Also, nothing in these facts would prevent C from qualifying as an independent member of the organization's governing body for purposes of Form 990, Part VI, line 1b.

Example 3. D, a volunteer director of the organization, is also the sole owner and CEO of M management company (an unrelated organization), which provides management services to the organization. The organization pays M an annual fee of $150,000 for management services. Under the circumstances, the amounts paid by M to D (in the capacity as owner and CEO of M) don't require that the organization answer "Yes" on line 5 regarding D. However, the organization must report the transaction with M, including the relationship between D and M, on Schedule L (Form 990), Part IV. Also, D doesn't qualify as an independent member of the organization's governing body because D receives indirect financial benefits from the organization through M that are reportable on Schedule L (Form 990), Part IV.

Section B. Five Highest Compensated Independent Contractors

Complete this table for the five highest compensated **independent contractors** that received more than $100,000 in compensation for services, whether professional or other services, from the organization. Independent contractors include organizations as well as individuals and can include professional fundraisers, law firms, accounting firms, publishing companies, **management companies**, and investment management companies. Don't report public utilities or insurance providers as independent contractors. See Pub. 1779, and Pub. 15-A, Employer's Supplemental Tax Guide, for distinguishing **employees** from independent contractors.

Column (C). Enter the amount the organization paid, whether reported in box 1 of Form 1099-NEC, in box 6 of Form 1099-MISC, or paid under the parties' agreement or applicable state law, for the calendar year ending with or within the organization's tax year.

For a short year return in which there is no calendar year that ends with or within the short year, don't report any information in columns (A) through (C), unless the return is a final return. If the return is a final return, report the compensation paid to the independent contractor(s) under the parties' agreement during the short year or the compensation that is reportable compensation on Form 1099 for the short year, whether or not Form 1099 has been filed yet to report such compensation.

Compensation includes fees and similar payments to independent contractors but not reimbursement of expenses unless incidental to providing the service. However, for this purpose, the organization must report gross payments to the **independent contractor** that include expenses and fees if the expenses aren't separately reported to the organization.

TIP *Form 1099-NEC and/or Form 1099-MISC may be required to be issued for payments to an independent contractor, with compensation reported in box 1 of Form 1099-NEC and/or box 6 of Form 1099-MISC.*

Part VIII. Statement of Revenue

Check the box in the heading of Part VIII if Schedule O (Form 990) contains any information pertaining to this part.

Column (A). All organizations must complete column (A), reporting their **gross receipts** for all sources of revenue. All organizations (except section 527 political organizations) must complete columns (B) through (D), which must add up to the amount in column (A) for each line in Part VIII. Refer to the specific instructions in this part for completing each column.

TIP *If the organization enters an amount in column (A) for lines 2a through 2e or lines 11a through 11c, it must also enter a corresponding business activity code from* Business Activity Codes, *later. If none of the listed codes, or other 6-digit codes listed on the North American Industry Classification System (NAICS) website at 2022 NAICS Census Chart, accurately describe the activity, enter "900099." Use of these codes doesn't imply that the business activity is unrelated to the organization's exempt purpose. For nonstore retailers, select the principal business activity (PBA) code by the primary product that your establishment sells. For example, establishments primarily selling prescription and non-prescription drugs, select PBA code 456110* Pharmacies and drug retailers.

Column (B). In column (B), report all revenue from activities substantially related to the organization's exempt purposes. Use of revenue for the organization's exempt purposes doesn't make the activity that produced the income (for example, fundraising activity) substantially related to the organization's exempt purposes. Also report here any revenue that is excludable from gross income other than by section 512, 513, or 514, such as interest on state and local bonds that is excluded from tax by section 103.

Column (C). In column (C), report any **unrelated business** revenue received by the organization during the **tax year** from an **unrelated trade or business**, unless that revenue is reportable in Part VIII, column (D). See Pub. 598 and the Instructions for Form 990-T for more information.

TIP *A section 501(c)(3) organization that is an S corporation shareholder must treat all allocations of income from the S corporation as **unrelated business income**. Gain on the disposition of stock is also treated as unrelated business income. See section 512(e).*

Column (D). In column (D), report any revenue excludable from **unrelated business income** by section 512, 513, or 514. Examples of such revenue include receipts from the sale of donated merchandise, interest (unless debt-financed), and receipts from **bingo** games.

Neither Form 5500 nor DOL Forms LM-2 or LM-3, Labor Organization Annual Report, should be substituted for the Form 990, Part VIII or IX.

Line 1. In General

On lines 1a through 1f, report cash and noncash amounts received as voluntary **contributions**, gifts, grants, or other similar amounts from the general public, **governmental units**, foundations, and other exempt organizations. The general public includes individuals, corporations, trusts, estates, and other entities. Voluntary contributions are payments, or the part of any payment, for which the payer (donor) doesn't receive **FMV** from the recipient (donee) organization. Contributions are reported on line 1 regardless of whether they are deductible by the contributor. The noncash portion of contributions reported on lines 1a through 1f is also reported on line 1g.

Report gross amounts of contributions collected in the organization's name by fundraisers.

Report all expenses of raising contributions on Part IX, column (D), *Fundraising expenses*. The organization must enter on Part IX, line 11e, fees for **professional fundraising services** relating to the gross amounts of contributions collected in the organization's name by professional fundraisers.

Report on line 1 assets contributed to the organization by another entity in the course of the entity's liquidation, dissolution, or termination.

Report the value of **noncash contributions** at the time of the donation. For example, report the **FMV** of a donated car at the time the car was received as a donation.

Don't net losses from uncollectible pledges from prior years, refunds of contributions and service revenue from prior years, or reversal of grant expenses from prior years on line 1. Rather, report any such items as "Other changes in net assets or fund balances" on Part XI, line 9, and explain on Schedule O (Form 990).

The organization must report any contributions of **conservation easements** and other **qualified conservation contributions** consistently with how it reports revenue from such contributions in its books, records, and financial statements.

Reporting on line 1 according to **ASC 958** is generally acceptable (though not required) for Form 990 purposes, but the value of donated services or use of materials, equipment, or facilities may not be reported. An organization that receives a grant to be paid in future years should, according to ASC 958,

report the grant's present value on line 1. Accruals of present value increments to the unpaid grant should be reported on line 1 in future years.

Contributions don't include the following.

- Grants, fees, or other support from **governmental units**, foundations, or other exempt organizations that represent a payment for a service, facility, or product that primarily gives some economic or physical benefit to the payer.
- The portion of any fundraising solicitation representing payment for goods, services, or anything else at retail value.
- Unreimbursed expenses of **officers, employees**, or **volunteers**. (See the explanations of charitable contributions and employee business expenses in Pub. 526 and Pub. 463, Travel, Gift, and Car Expenses, respectively.)
- Payments received from employers for welfare benefits under plans described in sections 501(c)(9), (17), and (18). Report these amounts on line 2, *Program Service Revenue*.
- Donations of services such as the value of donated advertising space, broadcast air time (including donated public service announcements), or discounts on services or donations of use of materials, equipment, or facilities, even though reporting donated services and facilities as items of revenue and expense is called for in certain circumstances by GAAP. The optional reporting of donated services and facilities is discussed in the instructions for Form 990, Part III.

Example 1. A hotel in a city's entertainment district donates 100 "right to use" certificates covering 15 hotel rooms a night to disaster relief organization B. B then uses these certificates as emergency housing in furtherance of its exempt purposes. B shouldn't report the value of this contribution on line 1 (or on any other line in Part VIII), because this is a donation of services and use of facilities to B. Similarly, if B were to auction off the certificates as part of a fundraising event, B shouldn't report the value of the contributed certificates on line 1 (or on any other line in Part VIII). Rather, it should report gross income from the auction on Part VIII, line 8a.

Example 2. Organization C purchases 100 "right to use" certificates (as described in *Example 1* above) from the hotel, then contributes them to disaster relief organization B and designates that they be used for disaster relief purposes. B should report the **FMV** of these certificates on line 1. If B were to auction off the certificates as part of a fundraising event, then use the proceeds for disaster relief purposes, B should report the gross income from the auction on Part VIII, line 8a; report the FMV of the contributed certificates on line 8b; and report the difference between lines 8a and 8b on line 8c.

Line 1a. Enter on line 1a the total amount of **contributions** received indirectly from the public through solicitation campaigns conducted by federated fundraising agencies and similar fundraising organizations (such as from a United Way organization). Federated fundraising agencies normally conduct fundraising campaigns within a single metropolitan area or some part of a particular state, and allocate part of the net proceeds to each participating organization on the basis of the donors' individual designations and other factors.

TIP *Federated fundraising agencies must, like all other filers, identify the sources of contributions made to them on lines 1a through 1g.*

Line 1b. Report on line 1b membership dues and assessments that represent **contributions** from the public rather than payments for benefits received or payments from affiliated organizations.

Example. M is an organization whose primary purpose is to support the local symphony orchestra. Members have the privilege of purchasing subscriptions to the symphony's annual concert series before they go on sale to the general public, but must pay the same price as any other member of the public. They are also entitled to attend a number of rehearsals each season without charge. Under these circumstances, M's receipts from members are contributions reported on line 1b. Membership dues that aren't contributions because they compare reasonably with available benefits are reported on line 2, *Program Service Revenue*.

Membership dues can consist of both contributions and payment for goods and services. In that case, the portion of the membership dues that is a payment for goods or services should be reported on line 2, *Program Service Revenue*. The portion that exceeds the **FMV** of the goods or services provided should be reported on line 1b.

The portion of membership dues attributable to certain membership benefits that are considered to be insubstantial (for example, low-cost articles, free or discounted admission to the organization's activities, discounts on purchases from the organization's gift shop, free or discounted parking) may be reported as contributions on line 1, rather than as payments for goods or services on line 2. See Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements, for more information on insubstantial membership benefits that need not be valued or reported.

Line 1c. Enter the total amount of **contributions** received from **fundraising events**, which includes, but isn't limited to, dinners, auctions, and other events conducted for the sole or primary purpose of raising funds for the organization's exempt activities. Report contributions received from **gaming** activities on line 1f, not on line 1c.

Example. An organization holds a dinner, charging $400 per person for the meal. The dinner has a retail value of $160. A person who purchases a ticket is really purchasing the dinner for $160 and making a contribution of $240. The contribution of $240, which is the difference between the buyer's payment and the retail value of the dinner, would be reported on line 1c and again on line 8a (within parentheses). The revenue received ($160 retail value of the dinner) would be reported in the right-hand column on line 8a.

If a contributor gives more than $160, that person would be making a contribution of the difference between the dinner's retail value of $160 and the amount actually given. Rev. Rul. 67-246, 1967-2 C.B. 104, as distinguished by Rev. Rul. 74-348, 1974-2 C.B. 80, explains this principle in detail. See also the instructions for lines 8a through 8c and Pub. 526.

Organizations that report more than $15,000 total on lines 1c and 8a must also answer "Yes" on Part IV, line 18, and complete Part II of Schedule G (Form 990).

Line 1d. Enter on line 1d amounts contributed to the organization by **related organizations**. Don't report amounts reportable on line 1a.

Line 1e. Enter the total amount of **contributions** in the form of grants or similar payments from local, state, or federal government sources, as well as foreign governments. Include grant amounts from **U.S. territories**.

Whether a payment from a **governmental unit** is labeled a "grant" or a "contract" doesn't determine where the payment should be reported on Part VIII. Rather, a grant or other payment from a governmental unit is reported here if its primary purpose is to enable the organization to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the governmental unit. In other words, the payment is recorded on line 1e if the general public receives the primary and direct benefit from the payment and any benefit to the governmental unit is indirect and insubstantial as compared to the public benefit.

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1e.

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public.
- Payments by a governmental unit to nursing homes to provide care to their residents (but not Medicare/Medicaid or similar payments made on behalf of the residents).
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

Line 1f. Enter all other **contributions**, gifts, and similar amounts the organization received from sources not reported separately on lines 1a through 1e. This amount includes contributions from **donor advised funds** (unless the **sponsoring organization** is a **related organization**) and from **gaming** activities. For a section 501(c)(21) trust, enter the total contributions received under section 192 from the coal mine operator who established the trust. Contributions to the trust must be in cash or property of the type in which the trust is permitted to invest (for example, public debt securities of the United States, obligations of a state or local government that are not in default as to principal or interest, or time and demand deposits in a bank or insured credit union as described in section 501(c)(21)(D)(ii)).

Line 1g. Enter on line 1g the value of **noncash contributions** included on lines 1a through 1f. If this amount exceeds $25,000, the organization must answer "Yes" on Part IV, line 29, and complete and attach Schedule M (Form 990).

Noncash contributions are anything other than cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization. Value noncash donated items, like cars and **securities**, as of the time of their receipt, even if they were sold immediately after they were received.

Example. A charity receives a gift of stock from an unrelated donor. The stock is delivered to the charity's broker, who sells it on the same day and remits the sales proceeds, net of commissions, to the charity. The value of the stock at the time of the contribution must be reported on line 1f and also on line 1g. The sale of the stock, and the related sales expenses (including the amounts reported on lines 1f and 1g), must be reported on lines 7a through 7d.

TIP *Museums and other organizations that elect not to capitalize their collections (according to ASC 958-360-45) shouldn't report an amount on line 1g for* ***works of art*** *and other collection items donated to them.*

For more information on **noncash contributions**, see the instructions for Schedule M (Form 990).

Line 1h. Enter on line 1h the total of lines 1a through 1f (but not line 1g).

TIP *The organization may also need to attach Schedule B (Form 990) to report certain contributors and their* ***contributions****. See the instructions for Schedule B (Form 990) for more information.*

Line 2. On lines 2a through 2e, enter the organization's five largest sources of program service revenue. Program services are primarily those that form the basis of an organization's exemption from tax. For a more detailed description of program service revenue, refer to the instructions for Part IX, column (B).

On line 2f, enter the total received from all other sources of program service revenue not listed individually on lines 2a through 2e. On line 2g, enter the total of column (A), lines 2a through 2f.

Program service revenue. Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. Program service revenue also includes tuition received by a school; revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; interest income on loans a credit union makes to its members; payments received by a section 501(c)(9) organization from participants or employers of participants for health and welfare benefits coverage; insurance premiums received by a fraternal beneficiary society; and registration fees received in connection with a meeting or convention.

Program-related investments. Program service revenue also includes income from **program-related investments**. These investments are made primarily to accomplish an exempt purpose of the investing organization rather than to produce income. Examples are scholarship loans and low-interest loans to charitable organizations, indigents, or victims of a disaster.

Rental income from an exempt function is another example of program-related investment income. For purposes of this return, report all rental income from an affiliated organization on line 2.

Unrelated trade or business activities. Unrelated trade or business activities (not including any **fundraising events** or **fundraising activities**) that generate fees for services can also be program service activities. A social club, for example, should report as program service revenue the fees it charges both members and nonmembers for the use of its tennis courts and golf course.

Sales of inventory items by hospitals, colleges, and universities. Books and records maintained according to GAAP for hospitals, colleges, and universities are more specialized than books and records maintained according to those accounting principles for other types of organizations that file Form 990. Accordingly, **hospitals**, colleges, and universities can report, as program service revenue on line 2, sales of inventory items otherwise reportable on line 10a. In that event, enter the applicable cost of goods sold as program service expenses in column (B) of Part IX. No other organizations should report sales of inventory items on line 2.

Common types of program service revenue.

- Medicare and Medicaid payments, and other government payments made to pay or reimburse the organization for medical services provided to individuals who qualify under a government program for the services provided, and who select the service provider. See Rev. Rul. 83-153, 1983-2 C.B. 48.
- Payments for medical services by patients and their guarantors.
- Fees and contracts from government agencies for a service, facility, or product that primarily benefited the government agencies.

Example 1. A payment by a governmental agency to a medical clinic to provide vaccinations to the general public is a contribution reported on line 1e. A payment by a governmental agency to a medical clinic to provide vaccinations to employees of the agency is program service revenue reported on line 2.

Example 2. A payment by a governmental agency to an organization to provide job training and placement for disabled individuals is a contribution reported on line 1e. A payment by a governmental agency to the same organization to operate the agency's internal mail delivery system is program service revenue reported on line 2.

- Income from program-related investments. Report interest, dividends, and other revenues from those investments made primarily to accomplish the organization's exempt purposes

rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that borrowed the funds to pursue the filing organization's exempt function.

- Membership dues and assessments received that compare reasonably with the membership benefits provided by the organization. Organizations described in section 501(c)(5), (6), or (7) generally provide benefits that have a reasonable relationship with dues.

Examples of membership benefits include:

- Subscriptions to publications,
- Newsletters (other than one only about the organization's activities),
- Free or reduced-rate admissions to events sponsored by the organization,
- Use of the organization's facilities, and
- Discounts on articles or services that members and nonmembers can buy.

For each amount entered on lines 2a through 2e, the organization must also enter a corresponding business activity code from Business Activity Codes, *later. If you don't see a code for the activity you are trying to categorize, select the appropriate code from the NAICS website at 2022 NAICS Census Chart. Select the most specific 6-digit code available that describes the activity producing the income. Note that most codes describe more than one type of activity. Avoid using codes that describe the organization rather than the income-producing activity. For example, a credit union reporting income from consumer lending activities should use code 522291. Sales revenue from a museum gift shop should be reported with code 459420. An organization providing credit counseling services should use code 541990. If none of the listed codes accurately describe the activity, enter "900099." Use of these codes doesn't imply that the activity is unrelated to the organization's exempt purpose.*

Line 3. Enter the gross amount of interest income from savings and temporary cash investments, dividend and interest income from equity and debt **securities** (stocks and bonds), and amounts received from payments on securities loans, as defined in section 512(a)(5), as well as interest from notes and loans receivable. Don't include unrealized gains and losses on investments carried at **FMV**. Don't deduct investment management fees from this amount, but report these fees on Part IX, line 11f.

Section 501(c)(21) trusts. Use line 3 to report income from "qualified investments" as defined in section 501(c)(21)(D)(ii) (public debt securities of the United States; obligations of a state or local government which are not in default as to principal or interest; and time or demand deposits in a bank (as defined in section 581) or an insured credit union (within the meaning of section 101(7) of the Federal Credit Union Act, 12 U.S.C. 1752(7)) located in the United States).

Line 4. Enter all investment income actually or constructively received from investing the **proceeds** of a tax-exempt **bond issue**, which are under the control of the organization. For this purpose, don't include any investment income received from investing proceeds that are technically under the control of the **governmental issuer**. For example, proceeds deposited into a **defeasance escrow** that is irrevocably pledged to pay the principal and interest (debt service) on a bond issue isn't under the control of the organization.

Line 5. Enter on line 5 royalties received by the organization from licensing the ongoing use of its property to others. Typically, royalties are received for the use of intellectual property, such as patents and trademarks. Royalties also include payments to the owner of the property for the right to exploit natural resources on the property, such as oil, natural gas, or minerals.

Line 6a. Enter on line 6a the rental income received for the year from investment property and any other real property rented by the organization. Allocate revenue to real property and personal property in the spaces provided. Don't include on line 6a rental income related to the filing organization's exempt function (program service). Report such income on line 2. For example, an exempt organization whose exempt purpose is to provide low-rental housing to persons with low income would report that rental income as program service revenue on line 2.

Only for purposes of completing this return, the filing organization must report any rental income received from an affiliated exempt organization as program service revenue on line 2.

Rental revenue can be from an activity that is related or unrelated to the organization's exempt purpose. In general, rents from real property are excluded in computing **unrelated business income**, while rental income from personal property is included. There are special rules when rents are received from personal property leased with real property (a mixed lease). In general, rental revenue from real property is excluded from unrelated business revenue when:

- The determination of the amount of such rents isn't based on income or net profits derived by any person from the property leased other than an amount based on a fixed percentage of the gross receipts or sales;
- The lease doesn't include personal services other than customary ones such as trash removal and cleaning of public areas;
- Any portion attributable to personal property is 10% or less of the total rent; and
- The real property isn't debt-financed within the meaning of section 512, 513, or 514. (Rent from debt-financed real property is generally includible in unrelated business income, but there can be exceptions based on use of the property. See Pub. 598.)

Rent received from leased personal property is generally taxable except when leased with real property, and the rent attributable to the personal property doesn't exceed 10% of the total rents from all leased property.

Line 6b. Enter on line 6b the expenses paid or incurred for the income reported on line 6a. Include interest related to rental property and depreciation if it is recorded in the organization's books and records. If the organization reported on line 2 any rental income reportable as program service revenue, report any rental expense allocable to such activity on the applicable lines of Part IX, column (B).

Line 6c. Subtract line 6b from line 6a for both columns (i) and (ii) and enter on line 6c. Show any loss in parentheses.

Line 6d. Add line 6c, columns (i) and (ii), and enter on line 6d. Show any loss in parentheses.

Lines 7a through 7d. Enter on lines 7a through 7c all sales of **securities** in column (i). Use column (ii) to report sales of all other types of investments (such as real estate, royalty interests, or partnership interests) and all other non-inventory assets (such as program-related investments and fixed assets used by the organization in its related and unrelated activities).

On line 7a, for each column, enter the total gross sales price of all such assets. Total the cost or other basis (less depreciation) and selling expenses and enter the result on line 7b. On line 7c, enter the gain or loss. Show any loss in parentheses.

On lines 7a and 7c, also report capital gains dividends, the organization's share of capital gains and losses from a **joint venture**, and capital gains distributions from trusts.

Combine the gain or loss figures reported on line 7c, columns (i) and (ii), and report that total on line 7d. Show any loss in

parentheses. Don't include any unrealized gains or losses on **securities** carried at **FMV** in the books of account.

For reporting sales of securities on Form 990, the organization can use the more convenient average cost basis method to figure the organization's gain or loss. When a security is sold, compare its sales price with the average cost basis of the particular security to determine gain or loss. However, for reporting sales of securities on Form 990-T, don't use the average cost basis to determine gain or loss.

The organization should maintain books and records to substantiate information about any securities or other assets sold for which market quotations weren't published or weren't otherwise readily available. The recorded information should include:

- A description of the asset;
- Date acquired;
- Whether acquired by donation or purchase;
- Date sold and to whom sold;
- Gross sales price;
- Cost, other basis, or, if donated, value at time acquired;
- Expense of sale and cost of improvements made after acquisition; and
- Depreciation since acquisition, if depreciable property.

Line 8a. Enter in the line 8a box the gross income from fundraising events, not including the amount of contributions from fundraising events reported on line 1c. Report the line 1c amount in the line 8a parenthetical. If the sum of the amounts reported on line 1c and the line 8a box exceeds $15,000, then the organization must answer "Yes" on Part IV, line 18, and complete Schedule G (Form 990), Part II. If gaming is conducted at a fundraising event, the income and expenses must be allocated between the gaming and the fundraising event on Form 990, Part VIII; report all income from gaming on line 9a.

Compute the organization's gross income from fees, ticket sales, or other revenue from **fundraising events**.

Fundraising events include:	**Fundraising events don't include:**
• Dinners/dances,	• Sales or gifts of goods or services of only nominal value,
• Door-to-door sales of merchandise,	• Raffles or lotteries in which prizes have only nominal value, and
• Concerts,	• Solicitation campaigns that generate only **contributions**.
• Carnivals,	
• Sports events, and	Proceeds from these activities are considered contributions and should be reported on line 1f.
• Auctions.	

Fundraising events don't include events or activities that substantially further the organization's exempt purpose even if they also raise funds. Revenue from such program service activities is reported on line 2.

Example. An organization formed to promote and preserve folk music and related cultural traditions holds an annual folk music festival featuring concerts, handcraft demonstrations, and similar activities. Because the festival directly furthers the organization's exempt purpose, income from ticket sales should be reported on line 2 as program service revenue.

Fundraising events sometimes generate both **contributions** and income, such as when an individual pays more than the retail value for the goods or services furnished. Report in parentheses the total amount from fundraising events that represents contributions rather than payment for goods or services. Treat the following as contributions.

- Amounts paid in excess of retail value of goods or services furnished. See *Example*, earlier, under *Line 1c*.
- Amounts received from fundraising events when the organization gives items of only nominal value to recipients. See Pub. 1771.

Example. In return for a contribution of any amount, donors receive a keychain with the organization's logo. All amounts received should be reported as contributions on line 1f and all associated expenses on the appropriate lines in Part IX, column (D). In such a case, no amounts would be reported on line 8.

Line 8b. Enter on this line both the cost or other basis of any items sold at the events and the expenses that relate directly to the production of the revenue portion of the fundraising activity, whether incurred before, during, or after the event. In the line 1c dinner example referred to earlier, the cost of the food and beverages served and invitation to the dinner would be among the items reported on line 8b. Indirect fundraising expenses, such as certain advertising expenses associated with raising these **contributions**, must be reported on the appropriate lines in Part IX, column (D), and not on line 8b.

Line 8c. Enter on line 8c the difference between lines 8a and 8b. Show any loss in parentheses. The organization must report net income from **fundraising events** as unrelated business revenue (column (C)) or as revenue excluded from tax under section 512, 513, or 514 (column (D)).

Example 1. If an organization receives a donation of a home theater system with an **FMV** of $5,000 at the time of donation; sells the system for $7,500 at an auction, after having displayed the system and its FMV (which remains $5,000) at and before auction so that its value was known to the bidders; and incurs $500 in costs related to selling the system at auction, it should report the following amounts in Part VIII.

Line 1c (**contributions** from fundraising events):	$2,500
Line 1f (all other contributions):	$5,000
Line 1g (noncash contributions):	$5,000
Line 8a (gross income from fundraising events):	$5,000
Line 8a parenthetical (contributions reported on line 1c):	$2,500
Line 8b (direct expenses: $5,000 **FMV** on donation date + $500 in auction costs):	$5,500
Line 8c (net income from fundraising event, line 8a minus line 8b):	($500)

Example 2. If the home theater system in *Example 1* sold at auction for $2,500 instead of $7,500, and all other facts in *Example 1* remain the same, then the organization should report the following amounts in Part VIII.

Line 1c (**contributions** from fundraising events):	$0
Line 1f (all other contributions):	$5,000
Line 1g (noncash contributions):	$5,000
Line 8a (gross income from fundraising events):	$2,500
Line 8a parenthetical (contributions reported on line 1c):	$0
Line 8b (direct expenses: $5,000 FMV on donation date + $500 in auction costs):	$5,500
Line 8c (net income from fundraising event, line 8a minus line 8b):	($3,000)

In both *Example 1* and *Example 2*, the organization would need to report the $5,000 value of this contribution on Schedule M (Form 990) if it received over $25,000 in total noncash contributions during the **tax year**.

Line 9a. Line 9a should include only gross income from **gaming** activities. It shouldn't include **contributions** from gaming activities, which should be reported on line 1f. Organizations that report more than $15,000 on line 9a must also answer "Yes" on Part IV, line 19, and complete Part III of Schedule G (Form 990).

Types of gaming include, but aren't limited to:	
- **Bingo**	- Nevada Club tickets
- **Pull tabs**	- Certain Casino nights
- **Instant bingo**	- Certain Las Vegas nights
- Raffles	- Coin-operated gambling devices including:
- Scratch-offs	• Slot machines
- Charitable **gaming** tickets	• Electronic video slot or line games
- Break-opens	• Video poker
- Hard cards	• Video blackjack
- Banded tickets	• Video keno
- Jar tickets	• Video **bingo**
- Pickle cards	• Video **pull tab** games

Many games of chance are taxable. Income from **bingo** games isn't generally subject to the tax on unrelated business income if the games meet the legal definition of bingo. For a game to meet the legal definition of bingo, wagers must be placed, winners must be determined, and prizes or other property must be distributed in the presence of all persons placing wagers in that game.

A wagering game that doesn't meet the legal definition of bingo doesn't qualify for the exclusion, regardless of its name. For example, **instant bingo**, in which a player buys a pre-packaged bingo card with **pull tabs** that the player removes to determine if she or he is a winner, doesn't qualify. See Pub. 598.

Line 9b. Enter on this line the expenses that relate directly to the production of the revenue portion of the **gaming** activity.

Direct expenses of gaming include:

- Cash prizes;
- Noncash prizes;
- Compensation to **bingo** callers and workers;
- Rental of gaming equipment; and
- Cost of gaming supplies such as **pull tabs**, bingo cards, etc.

Line 9c. Enter the difference between lines 9a and 9b. Show any loss in parentheses.

Line 10a. Enter the organization's gross income from sales of inventory items, less returns and allowances. Sales of inventory items reportable on line 10a are sales of items that are donated to the organization, that the organization makes to sell to others, or that it buys for resale. Sales of inventory don't, however, include the sale of goods related to a **fundraising event**, which must be reported on line 8. Sales of investments on which the organization expected to profit by appreciation and sale aren't reported here. Report sales of investments on line 7.

The organization must report the sales revenue regardless of whether the sales activity is an exempt function of the organization or an **unrelated trade or business**.

Line 10b. Enter the cost of goods sold related to the sales of inventory. The usual items included in cost of goods sold are direct and indirect labor, materials and supplies consumed, freight-in, and a portion of overhead expenses. Marketing and distribution costs aren't included in the cost of goods sold but are reported as expenses in Part IX. For purposes of Part VIII, the organization may include as cost of donated goods their **FMVs** at the time of acquisition.

Line 10c. Enter in the appropriate columns (A) through (D) the net income or (loss) from the sale of inventory items. Show any loss in parentheses.

Line 11. Enter all other types of revenue not reportable on lines 1 through 10. Enter the three largest sources on lines 11a through 11c and all other revenue on line 11d.

For each amount entered on lines 11a, 11b, and 11c, the organization must also enter a corresponding business activity code from Business Activity Codes, *later. If you don't see a code for the activity you are trying to categorize, select the appropriate code from the NAICS website at 2022 NAICS Census Chart. Select the most specific 6-digit code available that describes the activity producing the income. Note that most codes describe more than one type of activity. Avoid using codes that describe the organization rather than the income-producing activity. If none of the listed codes accurately describe the activity, enter "900099." Use of these codes doesn't imply that the activity is unrelated to the organization's exempt purpose.*

Line 12. For column (A), add lines 1h, 2g, 3 through 5, 6d, 7d, 8c, 9c, 10c, and 11e. For columns (B) through (D), add lines 2a through 2f, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11a through 11d. The amounts reported on line 12 in columns (B), (C), and (D), plus the amount reported on line 1h, should equal line 12, column (A).

Part IX. Statement of Functional Expenses

Check the box in the heading of Part IX if Schedule O (Form 990) contains any information pertaining to this part.

Use the organization's normal accounting method to complete this section. If the organization's accounting system doesn't allocate expenses, the organization can use any reasonable method of allocation. The organization must report amounts accurately and document the method of allocation in its records. Report any expense described on lines 1–23 on the appropriate line; don't report such expense on line 24. Don't report in Part IX expenses that must be reported on line 6b, 7b, 8b, 9b, or 10b in Part VIII.

Column (A)—Total

Section 501(c)(3) and 501(c)(4) organizations must complete columns (A) through (D).

All other organizations must complete column (A) but can complete columns (B), (C), and (D).

State reporting requirements can be different from IRS reporting requirements applicable to Part IX.

Column (B)—Program Services

Program services are mainly those activities that further the organization's exempt purposes. Fundraising expenses shouldn't be reported as program service expenses even though one of the organization's purposes is to solicit **contributions**.

Include **lobbying** expenses in this column if the lobbying is directly related to the organization's exempt purposes.

Example. Foundation M, an organization exempt under section 501(c)(3), has the exempt purpose of improving health care for senior citizens. Foundation M operates in State N. The legislature of State N is considering legislation to improve funding of health care for senior citizens. Foundation M lobbies

state legislators in support of the legislation. Because this lobbying is directly related to Foundation M's exempt purpose, it would be considered an exempt function expense and would be included under column (B).

Program services can also include the organization's **unrelated trade or business** activities. Publishing a magazine is a program service even though the magazine contains both editorials and articles that further the organization's exempt purpose as well as advertising, the income from which is taxable as **unrelated business income**.

Also include costs to secure a grant, or contract, to conduct research, produce an item, or perform a program service, if the activities are conducted to meet the grantor's or other contracting party's specific needs. Don't report these costs as fundraising expenses in column (D). Costs to solicit restricted or unrestricted grants to provide services to the general public should be reported in column (D).

Column (C)—Management and General

Use column (C) to report expenses that relate to the organization's overall operations and management, rather than to **fundraising activities** or program services. Overall management usually includes the salaries and expenses of the organization's CEO and his or her staff, unless a part of their time is spent directly supervising program services or fundraising activities. In that case, their salaries and expenses should be allocated among management, fundraising, and program services.

Expenses incurred to manage investments must be reported in column (C). **Lobbying** expenses should be reported in this column if they don't directly relate to the organization's exempt purposes.

Organizations must also report the following in column (C): costs of board of directors meetings; committee meetings and staff meetings (unless they involve specific program services or fundraising activities); general legal services; accounting (including patient accounting and billing); general liability insurance; office management; auditing, human resources, and other centralized services; preparation, publication, and distribution of an annual report; and management of investments.

However, report expenses related to the production of program-related income in column (B) and expenses related to the production of rental income on Part VIII, line 6b. Rental expenses incurred for the organization's office space or facilities are reported on line 16.

Don't use this column to report costs of special meetings or other activities that relate to fundraising or specific program services.

Column (D)—Fundraising

Fundraising expenses are the expenses incurred in soliciting cash and noncash **contributions**, gifts, and grants. Report as fundraising expenses all expenses, including allocable overhead costs, incurred in (a) publicizing and conducting fundraising campaigns; and (b) soliciting bequests and grants from individuals, foundations, other organizations, or **governmental units** that are reported on Part VIII, line 1. This includes expenses incurred in participating in federated fundraising campaigns; preparing and distributing fundraising manuals, instructions, and other materials; and preparing to solicit or receive contributions. Report direct expenses of fundraising events on Part VIII, line 8b, rather than in Part IX, column (D). However, report indirect expenses of fundraising events, such as certain advertising expenses, in Part IX, column (D), rather than on Part VIII, line 8b.

Example. For an employee who works on fundraising 40% of the time and program management 60% of the time, an organization must allocate that employee's salary 40% to fundraising and 60% to program service expenses. It can't report the 100% of salary as program expenses simply because the employee spent over 50% of his time on program management.

Allocating Indirect Expenses

Direct costs are expenses that can be identified specifically with an organization's activity or project, and can be assigned to an activity or project with a high degree of accuracy. Indirect costs are costs that can't be identified specifically with an activity or project. For example, a computer bought by a university specifically for a research project is a direct cost. In contrast, the costs of software licensing for programs that run on all the university's computers are indirect costs.

Colleges, universities, hospitals, and other organizations that incur indirect expenses in various cost centers (such as organizational memberships, books and subscriptions, and regular telecommunications costs) can allocate and report such expenses in the following manner.

1. Report the expenses of all indirect cost centers in column (C), lines 5 through 24.

2. As a separate line item of line 24, enter "Allocation of [name of indirect cost center] expenses."

a. If any of the cost center's expenses are allocated to expenses listed in Part VIII, such as the expenses attributable to **fundraising events** and activities, enter such expenses as a negative figure in columns (A) and (C).

b. Allocate expenses to column (B) or (D) as positive amounts.

c. Add the amounts in columns (B) and (D) and enter the sum as a negative offsetting amount in column (C). Don't make any entries in column (A) for these offsetting entries.

Example. An organization reports in column (C) $50,000 of its actual management and general expenses and $100,000 of expenses of an indirect cost center that are allocable in part to other functions. The total of lines 5 through 24 of column (C) would be $150,000 before the indirect cost center allocations were made. Assume that of the $100,000 total expenses of the cost center, $10,000 was allocable to fundraising; $70,000 to various program services; $15,000 to management and general functions; and $5,000 to special events and activities. To report this in Part IX under this optional method:

1. Indicate the cost center, the expenses of which are being allocated, on line 24 as "Allocation of [specify the indirect cost center] expenses";

2. Enter a decrease of $5,000 on the same line in column (A), *Total expenses*, representing the fundraising event expenses that were already reported in Part VIII, line 8b;

3. Enter $70,000 on the same line in column (B), *Program service expenses*;

4. Enter $10,000 on the same line in column (D), *Fundraising expenses*; and

5. Enter a decrease of $85,000 on the same line in column (C), *Management and general expenses*, to represent the allocations to functional areas other than management and general.

After making these allocations, the column (C), line 25, total functional expenses would be $65,000, consisting of the $50,000 actual management and general expense amount and the $15,000 allocation of the aggregate cost center expenses to management and general.

The above is an example of a one-step allocation that shows how to report the allocation in Part IX. This reporting method would actually be more useful to avoid multiple-step allocations involving two or more cost centers. Without this optional reporting method, the total expenses of the first cost center would be allocated to the other functions and might include an allocation of part of these expenses to another cost center. The expenses of the second cost center would then be allocated to other functions and, perhaps, to other cost centers, and so on. The greater the number of these cost centers that are allocated out, the more difficult it is to preserve the object classification identity of the expenses of each cost center (for example, salaries, interest, supplies, etc.). Using the reporting method described above avoids this problem.

CAUTION *The intent of the above instructions is only to facilitate reporting indirect expenses by both object classification and function. These instructions don't authorize the allocation to other functions of expenses that should be reported as management and general expenses.*

Grants and Other Assistance to Governments, Organizations, and Individuals

Organizations should report the amount of **grants and other assistance** on lines 1 through 3. Report expenses incurred in selecting recipients or monitoring compliance with the terms of a grant or award on lines 5 through 24. See the following instructions.

Note. Organizations can report this information according to **ASC 958** but aren't required to do so. For example, an organization that follows **ASC 958** and makes a grant during the **tax year** to be paid in future years should report the grant's present value on this year's Form 990 and report accruals of additional value increments in future years.

Line 1. Enter the amount that the organization, at its own discretion, paid in grants to domestic organizations and domestic governments. United Way and similar federated fundraising organizations should report grants to member or participating agencies on line 1. Organizations must report voluntary grants to state or local affiliates for specific (restricted) purposes or projects on line 1.

If the organization reported on line 1 more than $5,000 of **grants or other assistance** to any **domestic organization** or to any **domestic government**, the organization must complete Parts I and II of Schedule I (Form 990).

Section 501(c)(21) trusts. Use line 1 to report amounts paid by the trust to:

- The Federal Black Lung Disability Trust Fund pursuant to section 3(b)(3) of Public Law 95-227, or
- For insurance exclusively covering liabilities under sections 501(c)(21)(A)(i)(I) and 501(c)(21)(A)(i)(IV). For details, see Regulations section 1.501(c)(21)-1(d).

Line 2. Enter the amount paid by the organization to **domestic individuals** in the form of scholarships, fellowships, stipends, research grants, and similar payments and distributions.

Also include **grants and other assistance** paid to third-party providers for the benefit of specified **domestic individuals.** For example, a grant payment to a **hospital** to cover the medical expenses of a specific patient must be reported on line 2. By comparison, a grant to the same hospital to provide services to the general public or to unspecified charity patients must be reported on line 1.

If line 2 exceeds $5,000, the organization must complete Parts I and III of Schedule I (Form 990).

Section 501(c)(21) trusts. Use line 2 to report amounts paid by the trust to or for the benefit of miners or their beneficiaries.

Line 3. The organization must enter the total amount of **grants and other assistance** made to foreign organizations, foreign governments, and foreign individuals, and to **domestic organizations** or **domestic individuals** for the purpose of providing grants or other assistance to designated **foreign organizations** or **foreign individuals.**

If line 3 exceeds $5,000, the organization may have to complete Part II and/or Part III of Schedule F (Form 990), Statement of Activities Outside the United States. See the Instructions for Schedule F (Form 990) for more information.

Line 4. Enter the payments made by the organization to provide benefits to members (such as payments made by an organization exempt under section 501(c)(8), 501(c)(9), or 501(c)(17) to obtain insurance benefits for members, or patronage dividends paid by section 501(c)(12) organizations to their members). Don't report on this line the cost of employment-related benefits such as health insurance, life insurance, or disability insurance provided by the organization to its **officers, directors, trustees, key employees,** and other **employees.** Report such costs for officers, directors, trustees, and key employees on Part IX, line 5; report such costs for other disqualified persons on Part IX, line 6; and report such costs for other employees on Part IX, lines 8 and 9.

Line 5. Enter the total **compensation** paid to current **officers, directors, trustees,** and **key employees** (as defined under *Part VII*, earlier) for the organization's **tax year.** Compensation includes all forms of income and other benefits earned or received from the filing organization, common paymasters, and payroll/reporting agents in return for services rendered to the filing organization, including compensation reported on Forms W-2 and 1099, pension plan contributions and accruals, and other employee benefits, but doesn't include non-compensatory expense reimbursements or allowances. Report all compensation amounts relating to such an individual, including those related to services performed in a capacity other than as an officer, director, trustee, or key employee.

Allocating Indirect Expenses—Example

Line	(A)	(B)	(C)	(D)
5–24a	$150,000	-	$150,000	-
24b Allocation of $100,000 indirect cost center expenses reported in column (C)	(5,000)	70,000	(85,000)	10,000
25	$145,000	$70,000	$65,000	$10,000

TIP ***Compensation*** *for Part IX is reported based on the accounting method and* ***tax year*** *used by the organization, rather than the definitions and calendar year used to complete Part VII or Schedule J (Form 990) regarding compensation of certain* ***officers, directors, trustees,*** *and other* ***employees****.*

Note. To the extent the following examples discuss allocation of expenses in columns (B), (C), and (D), they apply only to filers required to complete those columns.

Line 6. Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must report the total **compensation** and other distributions provided to **disqualified persons** and persons described in section 4958(c)(3)(B) to the extent not included on line 5. See *Appendix G*.

Compensation includes all forms of income and other benefits earned or received from the filing organization, common paymasters, and payroll/reporting agents in return for services rendered to the filing organization, including compensation reported on Forms W-2 and 1099, pension plan contributions and accruals, and other employee benefits, but doesn't include non-compensatory expense reimbursements or allowances.

Line 7. Enter the total amount of **employee** salaries, wages, fees, bonuses, severance payments, and similar amounts paid or provided from the filing organization, common paymasters, and payroll/reporting agents in return for services rendered to the filing organization that aren't reported on line 5 or 6.

Line 8. Enter the employer's share of contributions to, or accruals under, qualified and nonqualified pension and deferred compensation plans for the year. The organization should include contributions made by the filing organization, common paymasters, and payroll/reporting agents to the filing organization's sections 401(k) and 403(b) pension plans on behalf of **employees**. However, it shouldn't include contributions to qualified pension, profit-sharing, and stock bonus plans under section 401(a) solely for the benefit of current or former **officers, directors, trustees, key employees,** or **disqualified persons,** which are reportable on line 5 or 6.

TIP *Complete Form 5500 for the organization's plan and file it as a separate return. If the organization has more than one pension plan, complete a Form 5500 for each plan. File the form by the last day of the 7th month after the plan year ends.*

Line 9. Other employee benefits. Enter contributions by the filing organization, common paymasters, and payroll/reporting agents to the filing organization's employee benefit programs (such as insurance, health, and welfare programs that aren't an incidental part of a pension plan included on line 8), and the cost of other employee benefits.

For example, report expenses for employee events such as a picnic or holiday party on line 9. Don't include **contributions** on behalf of current or former **officers, directors, trustees, key employees**, or other persons that were included on line 5 or 6.

Line 10. Payroll taxes. Enter the amount of federal, state, and local payroll taxes for the year but only those taxes that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, the federal unemployment tax (FUTA), state unemployment compensation taxes, and other state and local payroll taxes. Don't include on line 10 taxes withheld from employees' salaries and paid to various governmental units such as federal, state, and local income taxes and the employees' shares of social security and Medicare taxes. Such withheld amounts are reported as compensation.

Line 11. Fees for services paid to nonemployees (independent contractors). Enter on lines 11a through 11g amounts for services provided by **independent contractors** for management, legal, accounting, lobbying, **professional fundraising services**, investment management, and other services, respectively. Include amounts whether or not a Form 1099 was issued to the **independent contractor**. Don't include on line 11 amounts paid to or earned by **employees**, officers, directors, trustees, or disqualified persons for these types of services, which must be reported on lines 5 through 7.

If the organization is able to distinguish between fees paid for independent contractor services and expense payments or reimbursements to the contractor(s), report the fees paid for services on line 11 and the expense payments or reimbursements on the applicable lines in Part IX (including line 24 if no other line is applicable). If the organization is unable to distinguish between service fees and expense payments or reimbursements, report all such amounts on line 11.

Line 11a. Management fees. Enter the total fees charged for management services provided by outside firms and individuals.

Line 11b. Legal fees. Enter the total legal fees charged by outside firms and individuals. Don't include any penalties, fines, settlements, or judgments imposed against the organization as a result of legal proceedings. Report those expenses on line 24. Report any amounts for lobbying services provided by attorneys on line 11d.

Line 11c. Accounting fees. Enter the total accounting and auditing fees charged by outside firms and individuals.

Line 11d. Lobbying fees. Enter amounts for activities intended to influence foreign, national, state, or local legislation, including direct **lobbying** and grassroots lobbying.

Line 11e. Professional fundraising fees. Enter amounts paid for **professional fundraising services**, including solicitation campaigns and advice or other consulting services supporting in-house fundraising campaigns. If the organization is able to distinguish between fees paid for professional fundraising services and amounts paid for fundraising expenses such as printing, paper, envelopes, postage, mailing list rental, and equipment rental, then fees paid for professional fundraising services should be reported on line 11e and amounts paid for fundraising expenses should be reported on line 24 as other expenses. If the organization is unable to distinguish between these amounts, it should report all such fees and amounts on line 11e.

Line 11f. Investment management fees. Enter amounts for investment counseling and portfolio management. Monthly account service fees are considered portfolio management expenses and must be reported here. Don't include transaction costs such as brokerage fees and commissions, which are considered sales expenses and are included on Part VIII, line 7b.

Line 11g. Other fees for services. Enter amounts for other **independent contractor** services not listed on lines 11a through 11f. For example, amounts paid to an independent contractor for advocacy services that don't constitute lobbying should be reported here. For health care organizations, payments to health care professionals who are independent contractors are reported on line 11g. Report on line 11g payments to payroll agents, common paymasters, and other third parties for services provided by those third parties to the filing organization. Report on lines 5–10, as appropriate, payments that reimburse third parties for compensation to the organization's **officers, directors, trustees, key employees**, or other **employees**. Report payments to contractors for information technology services on line 14, rather than on line 11g.

If the amount on line 11g exceeds 10% of the amount in line 25, column (A), the organization must list the type and amount of each line 11g expense on Schedule O (Form 990).

Line 12. Advertising and promotion expenses. Enter amounts paid for advertising. Include amounts for print and electronic media advertising. Also include Internet site link costs, signage costs, and advertising costs for the organization's in-house fundraising campaigns. Include fees paid to independent contractors for advertising, except for fees paid to **independent contractors** for conducting **professional fundraising services** or campaigns, which are reported on line 11e.

Line 13. Office expenses. Enter amounts for supplies (office, classroom, or other supplies); telephone (cell phones and landlines) and facsimile; postage (overnight delivery, parcel delivery, trucking, and other delivery expenses) and mailing expenses; shipping materials; equipment rental; bank fees; and other similar costs. Also include printing costs of a general nature. Printing costs that relate to conferences or conventions must be reported on line 19.

Line 14. Information technology. Enter amounts for information technology, including hardware, software, and support services such as maintenance, help desk, and other technical support services. Also include expenses for infrastructure support, such as website design and operations, virus protection and other information security programs and services to keep the organization's website operational and secured against unauthorized and unwarranted intrusions, and other information technology contractor services. Report payments to information technology employees on lines 5 through 10. Report depreciation/amortization related to information technology on line 22.

Line 15. Royalties. Enter amounts for royalties, license fees, and similar amounts that allow the organization to use intellectual property such as patents and copyrights.

Line 16. Occupancy. Enter amounts for the use of office space or other facilities, including rent; heat, light, power, and other utilities expenses; property insurance; real estate taxes; mortgage interest; and similar occupancy-related expenses. Don't include on line 16 expenses reported as office expenses (such as telephone expenses) on line 13.

Don't net any rental income received from leasing or subletting rented space against the amount reported on line 16 for occupancy expenses. If the tenant's activities are related to the organization's exempt purpose, report rental income as program service revenue on Part VIII, line 2, and allocable occupancy expenses on line 16. However, if the tenant's activities aren't program related, report the rental income on Part VIII, line 6a, and related rental expenses on Part VIII, line 6b.

Don't include employee salaries or depreciation as occupancy expenses. These expenses are reported on lines 5 through 7 and 22, respectively.

Line 17. Travel. Enter the total travel expenses, including transportation costs (fares, mileage allowances, and automobile expenses), meals and lodging, and per diem payments. Travel costs include the expenses of purchasing, leasing, operating, and repairing any vehicles owned by the organization and used for the organization's activities. However, if the organization leases vehicles on behalf of its executives or other employees as part of an executive or employee compensation program, the leasing costs are considered employee compensation and are reported on lines 5 through 7.

Line 18. Payments of travel or entertainment expenses for any federal, state, or local public officials. Enter total amounts for travel or entertainment expenses (including reimbursement for such costs) for any federal, state, or local public officials (as determined under section 4946(c)) and their family members (as determined under section 4946(d)). Report amounts for a particular public official only if aggregate expenditures for the year relating to such official (including family members of such official) exceed $1,000 for the year.

For expenditures that aren't specifically identifiable to a particular individual, the organization can use any reasonable allocation method to estimate the cost of the expenditure to an individual. Amounts not described above can be included in the reported total amount for line 18 or can be reported on line 24. The organization is responsible for keeping records of all travel and entertainment expenses related to a **government official** whether or not the expenses are reported on line 18 or line 24.

Line 19. Conferences, conventions, and meetings. Enter the total expenses incurred by the organization in conducting meetings related to its activities. Include such expenses as facility rentals, speakers' fees and expenses, and printed materials. Include the registration fees (but not travel expenses) paid for sending any of the organization's staff to conferences, conventions, and meetings conducted by other organizations. Travel expenses incurred by **officers, directors,** and **employees** attending such conferences, conventions, and meetings must be reported on line 17.

Line 20. Interest. Enter the total interest expense for the year. Don't include any interest attributable to rental property (reported on Part VIII, line 6b) or any mortgage interest (reported as an occupancy expense on line 16).

Line 21. Payments to affiliates. Enter certain types of payments to organizations affiliated with (closely related to) the filing organization.

Payments to affiliated state or national organizations. Dues paid by a local organization to its affiliated state or national (parent) organization are reported on line 21. Report on this line predetermined quota support and dues (excluding membership dues of the type described below) by local agencies to their state or national organizations for unspecified purposes, that is, general use of funds for the national organization's own program and support services.

Purchases from affiliates. Purchases of goods or services from affiliates aren't reported on line 21 but are reported as expenses in the usual manner.

Expenses for providing goods or services to affiliates. In addition to payments made directly to affiliated organizations, expenses for providing goods or services to affiliates can be reported on line 21 if:

- The goods or services provided aren't related to the program services conducted by the organization furnishing them (for example, when a local organization incurs expenses in the production of a solicitation film for the state or national organization); and
- The costs involved aren't connected with the management and general or fundraising functions of the filing organization. For example, when a local organization gives a copy of its mailing list to the state or national organization, the expense of preparing the copy provided can be reported on line 21, but not the expenses of preparing and maintaining the local organization's master list.

Voluntary awards or grants to affiliates. Don't report on line 21 voluntary awards or grants made by the organization to its state or national organizations for specified purposes.

Membership dues paid to other organizations. Report membership dues paid to obtain general membership benefits from other organizations, such as regular services, publications, and other materials, on line 24. This is the case if a charitable organization pays dues to a trade association comprised of otherwise unrelated members.

TIP *Properly distinguishing between payments to affiliates and grants and allocations is especially important if the organization uses Form 990 for state reporting purposes. If the organization uses Form 990 only for reporting to the IRS, payments to affiliated or national organizations that don't represent membership dues reportable as miscellaneous expenses on line 24 can be reported on either line 21 or line 1.*

Line 22. Depreciation, depletion, and amortization. If the organization records depreciation, depletion, amortization, or similar expenses, enter the total on line 22. Include any depreciation or amortization of leasehold improvements and intangible assets. An organization isn't required to use the Modified Accelerated Cost Recovery System (MACRS) to compute depreciation reported on Form 990. For an explanation of acceptable methods for computing depreciation, see Pub. 946, How To Depreciate Property. If an amount is reported on this line, the organization is required to maintain books and records to substantiate any amount reported.

Line 23. Insurance. Enter total insurance expenses other than insurance attributable to rental property (reported on Part VIII, line 6b). Don't report on this line payments made by organizations exempt under section 501(c)(8), (9), or (17) to obtain insurance benefits for members. Report those expenses on line 4. Don't report on this line the cost of employment-related benefits such as health insurance, life insurance, or disability insurance provided by the organization to or for its **officers, directors, trustees, key employees,** and other **employees.** Report the costs for officers, directors, trustees, and key employees on Part IX, line 5; report the costs for other disqualified persons on Part IX, line 6; and report the costs for other employees on Part IX, line 9. Report the costs for members on Part IX, line 4, not on Part IX, line 23. Don't report on this line property or occupancy-related insurance. Report those expenses on line 16.

Line 24. Other expenses. Enter the types and amounts of expenses which weren't reported on lines 1 through 23. Include expenses for medical supplies incurred by health care/medical organizations. Include payments by the organization to professional fundraisers of fundraising expenses such as printing, paper, envelopes, postage, mailing list rental, and equipment rental, if the organization is able to distinguish these expense amounts from fees for professional fundraising services reportable on line 11e. Enter the four largest dollar amounts on lines 24a through 24d and the total of all remaining miscellaneous expenses on line 24e. Don't include a separate entry for "miscellaneous expenses," "program expenses," "other expenses," or a similar general category on lines 24a–d. If the amount on line 24e exceeds 10% of the amount on line 25, column (A), the organization must list the type and amount of each line 24e expense on Schedule O (Form 990).

The organization must separately report the amount, if any, of **unrelated business income** taxes that it paid or accrued during the **tax year** on line 24.

Line 25. Total functional expenses. Section 501(c)(3) and 501(c)(4) organizations. Add lines 1 through 24e and enter the totals on line 25 in columns (A), (B), (C), and (D).

All other organizations. Add lines 1 through 24e and enter the total on line 25 in column (A).

Line 26. Joint costs. Organizations that included in program service expenses (column (B) of Part IX) any joint costs from a combined educational campaign and fundraising solicitation must disclose how the total joint costs of all such combined activities were allocated in Part IX between education and fundraising. For instance, if the organization spent $100,000 on joint costs and allocated 10% to education, it would report $100,000 in line 26, column (A); $10,000 in column (B); and $90,000 in column (D). Any costs reported here aren't to be deducted from the other lines in Part IX on which they are reported. Don't check the box unless the organization followed Statement of Position 98-2 (SOP 98-2), Accounting for Costs of Activities of Not-for-Profit Organizations and State and Local Governmental Entities That Include Fundraising (FASB ASC 958-720), in allocating such costs.

An organization conducts a combined educational campaign and fundraising solicitation when it solicits **contributions** (by mail, telephone, broadcast media, or any other means) and includes, with the solicitation, educational material or other information that furthers a bona fide non-fundraising exempt purpose of the organization.

Expenses attributable to providing information regarding the organization itself, its use of past contributions, or its planned use of contributions received are fundraising expenses and must be reported in column (D). Don't report such expenses as program service expenses in column (B).

Any method of allocating joint costs between columns (B) and (D) must be reasonable under the facts and circumstances of each case. Most states with reporting requirements for charitable organizations and other organizations that solicit contributions either require or allow reporting of joint costs under AICPA SOP 98-2, now codified in FASB ASC 958-720.

Part X. Balance Sheet

Check the box in the heading of Part X if Schedule O (Form 990) contains any information pertaining to this part.

Section 501(c)(21) trusts. Use Schedule O (Form 990) to report the **FMV** of the trust's assets at the beginning of the mine operator's tax year within which the trust's tax year begins.

All organizations must complete Part X. No substitute balance sheet will be accepted. All references to Schedule D are to Schedule D (Form 990).

Column (A)—Beginning of year. In column (A), enter the amount from the preceding year's Form 990, column (B). If the organization was excepted from filing Form 990 for the preceding year, enter amounts the organization would have entered in column (B) for that year. If this is the organization's first year of existence, enter zeros on lines 16, 26, 32, and 33 in column (A).

Column (B)—End of year. When Schedule D (Form 990) reporting is required for any item in Part X, it is only for the end-of-year balance sheet figure reported in column (B). If this is the organization's final return, enter zeros on lines 16, 26, 32, and 33 in column (B).

Line 1. Cash (non-interest-bearing). Enter the total funds that the organization has in cash, including amounts held as "petty cash" at its offices or other facilities, and amounts held in banks in non-interest-bearing accounts. Don't include cash balances held in an investment account with a financial institution and reported on lines 11 through 13.

Line 2. Savings and temporary cash investments. Enter the combined total of amounts held in interest-bearing checking and savings accounts, deposits in transit, temporary cash investments (such as money market funds, commercial paper, and certificates of deposit), and U.S. Treasury bills or other governmental obligations that mature in less than a year. Don't include cash balances held in an investment account with a financial institution and reported on lines 11 through 13. Don't include advances to **employees** or **officers** or refundable deposits paid to suppliers or other **independent contractors.** Report the income from these investments on Part VIII, line 3.

Line 3. Pledges and grants receivable, net. Enter the total of (a) all pledges receivable, less any amounts estimated to be uncollectible, including pledges made by **officers, directors,**

trustees, key employees, and **highest compensated employees**; and (b) all grants receivable.

Organizations that follow **ASC 958** can report the present value of the grants receivable as of each balance sheet date.

Line 4. Accounts receivable, net. Enter the organization's total accounts receivable (reduced by any allowance for doubtful accounts) from the sale of goods and the performance of services. Report claims against vendors or refundable deposits with suppliers or others here, if not significant in amount. Otherwise, report them on line 15, Other assets. Report the net amount of all receivables due from **officers, directors, trustees,** or **key employees** on line 5. Report receivables (including loans and advances) due from other disqualified persons on line 6. Receivables (including loans and advances) from **employees** who aren't current or former officers, directors, trustees, key employees, or **disqualified persons** must be reported on line 7.

Lines 5 and 6. Loans and other receivables from current and former officers, directors, trustees, key employees, and creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons. Report on line 5 loans and other receivables due from current or former **officers, directors, trustees, key employees,** and **creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons.** Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must also report on line 6 receivables due from other **disqualified persons** (for purposes of section 4958, see *Appendix G*), and from persons described in section 4958(c)(3)(B). Include all amounts owed on secured and unsecured loans made to such persons. Report interest from such receivables on Part VIII, line 11. Don't report on line 5 or 6 (a) pledges or grants receivable, which are to be reported on line 3; or (b) receivables that are excepted from reporting on Schedule L (Form 990), Part II (except for **excess benefit transactions** involving receivables). If the organization must report loans and other receivables on either line 5 or 6, it must answer "Yes" on Part IV, line 26.

Line 7. Notes and loans receivable, net. Enter the net amount of all notes receivable and loans receivable not listed on lines 5 and 6, including receivables from unrelated third parties. The term "unrelated third parties" includes **independent contractors** providing goods or services and **employees** who aren't current or former **officers, directors, trustees, key employees, highest compensated employees,** or **disqualified persons.** Don't include the following.

- Receivables reported on line 4.
- Program-related investments reported on line 13.
- Notes receivable acquired as investments reported on line 12.

Line 8. Inventories for sale or use. Enter the amount of materials, goods, and supplies held for future sale or use, whether purchased, manufactured by the organization, or donated.

Line 9. Prepaid expenses and deferred charges. Enter the amount of short-term and long-term prepayments of expenses attributable to one or more future accounting periods. Examples include prepayments of rent, insurance, or pension costs, and expenses incurred for a solicitation campaign to be conducted in a future accounting period.

Line 10a. Land, buildings, equipment, and leasehold improvements. Enter the cost or other basis of all land, buildings, equipment, and leasehold improvements held at the end of the year. Include both property held for investment purposes and property used for the organization's exempt functions. If an amount is reported here, answer "Yes" on Part IV, line 11a, and complete Schedule D (Form 990), Part VI. The amount reported on line 10a must equal the total of Schedule D, Part VI, columns (a) and (b).

Line 10b. Accumulated depreciation. Enter the total amount of accumulated depreciation for the assets reported on line 10a. The amount reported on line 10b must equal the total of Schedule D (Form 990), Part VI, column (c).

Line 10c. Column (A)—Beginning of year. Enter the cost or other basis of land, buildings, and equipment, net of any accumulated depreciation, as of the beginning of the year.

Line 10c. Column (B)—End of year. Enter line 10a minus line 10b. The amount reported must equal the total of Schedule D (Form 990), Part VI, column (d).

Line 11. Investments—publicly traded securities. Enter the total value of **publicly traded securities** held by the organization as investments. Publicly traded securities include common and preferred stocks, bonds (including governmental obligations such as bonds and Treasury bills), and mutual fund shares that are listed and regularly traded in an over-the-counter market or an established exchange and for which market quotations are published or are otherwise readily available. Report dividends and interest from these **securities** on Part VIII, line 3.

Don't report on line 11 publicly traded stock for which the organization holds 5% or more of the outstanding shares of the same class or publicly traded stock in a corporation that comprises more than 5% of the organization's **total assets.** Report these investments on line 12.

Line 12. Investments—other securities. Enter on this line the total value of all **securities,** partnerships, or funds that aren't publicly traded. This includes stock in a closely held company whose stock isn't available for sale to the general public or which isn't widely traded. Other securities reportable on line 12 also include publicly traded stock for which the organization holds 5% or more of the outstanding shares of the same class, and publicly traded stock in a corporation that comprises more than 5% of the organization's **total assets.** Don't include program-related investments.

If an amount is reported on this line that is 5% or more of the amount reported on Part X, line 16, answer "Yes" on Part IV, line 11b, and complete Schedule D (Form 990), Part VII. The amount reported in Part X, line 12, column (B), must equal the total of Schedule D (Form 990), Part VII, column (b).

Line 13. Program-related investments. Report here the total book value of all investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization's exempt function.

If the amount reported on this line is 5% or more of the amount reported on Part X, line 16, answer "Yes" on Part IV, line 11c, and complete Part VIII of Schedule D (Form 990). The amount reported in Part X, line 13, column (B), must equal the total of Schedule D (Form 990), Part VIII, column (b).

Line 14. Intangible assets. Report on this line the total value of all non-monetary, non-physical assets such as copyrights, patents, trademarks, mailing lists, or goodwill.

Line 15. Other assets. Report on this line the total book value of all assets held and not reported on lines 1 through 14.

If an amount is reported on this line that is 5% or more of the amount reported on Part X, line 16, answer "Yes" on Part IV, line 11d, and complete Schedule D (Form 990), Part IX. The amount reported in Part X, line 15, column (B), must equal the total of Schedule D, Part IX, column (b).

Line 16. Total assets. Add the totals in columns (A) and (B) of lines 1 through 15. The amounts on line 16 must equal the amounts on line 33 for both the beginning and end of the year. The organization must enter a zero or a dollar amount on this line.

Line 17. Accounts payable and accrued expenses. Enter the total of accounts payable to suppliers, service providers, property managers, and other **independent contractors**, plus accrued expenses such as salaries payable, accrued payroll taxes, and interest payable.

Section 501(c)(21) trusts. Include accrued trustee fees, etc. Do not include the present value of payments for approved claims, or the estimated liability for future claims.

Line 18. Grants payable. Enter the unpaid portion of grants and awards that the organization has committed to pay other organizations or individuals, whether or not the commitments have been communicated to the grantees.

Section 501(c)(21) trusts. Include payments for approved black lung claims that are due but not paid. Do not include amounts for black lung claims being contested.

Line 19. Deferred revenue. Report revenue that the organization has received but not yet earned as of the balance sheet date under its method of accounting.

Line 20. Tax-exempt bond liabilities. Enter the amount of **tax-exempt bonds** (or other obligations) for which the organization has a direct or indirect liability that were either issued by the organization on behalf of a state or local governmental unit, or by a state or local governmental unit on behalf of the organization, and for which the organization has a direct or indirect liability. Tax-exempt bonds include state or local bonds and any obligations, including direct borrowing from a lender, or certificates of participation, the interest on which is excluded from the gross income of the recipient for federal income tax purposes under section 103.

See also Part IV, line 24a, and Schedule K (Form 990).

Line 21. Escrow or custodial account liability. Enter the amount of funds or other assets held in an **escrow or custodial account** for other individuals or organizations. Enter these amounts only if the related assets (such as cash) are reported on lines 1 through 15 of this part. If an amount is reported on this line, the organization must also answer "Yes" on Part IV, line 9, and complete Schedule D (Form 990), Part IV. If the organization has signature authority over, or another interest in, an **escrow or custodial account** for which it doesn't report the assets or liabilities, it must also answer "Yes" on Part IV, line 9, and complete Schedule D, Part IV.

Example. A credit counseling organization collects amounts from debtors to remit to creditors and reports the amounts temporarily in its possession as cash on line 1 of the balance sheet. It must then report the corresponding liability (the amounts to be paid to the creditors on the debtors' behalf) on line 21.

Lines 22–24. Enter on line 22 the unpaid balance of loans and other payables (whether or not secured) to current and former **officers, directors, trustees, key employees, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons**, and persons described in section 4958(c)(3)(B). If the organization reports a loan payable on this line, it must answer "Yes" on Part IV, line 26. Don't report on line 22 accrued but unpaid **compensation** owed by the organization. Don't report on line 22 loans and payables excepted from reporting on Schedule L (Form 990), Part II (except for **excess benefit transactions** involving receivables).

On line 23, enter the total amount of secured mortgages and notes payable to unrelated third parties that are secured by the organization's assets as of the end of the **tax year.** Report on line 25 (and not line 23) any secured mortgages and notes payable to **related organizations.**

On line 24, enter the total amount of notes and loans that are payable to unrelated third parties but aren't secured by the organization's assets. Report on line 25 (and not line 24) any unsecured payables to related organizations.

Line 25. Other liabilities. Enter the total amount of all liabilities not properly reportable on lines 17 through 24. Items properly reported on this line include federal income taxes payable and secured or unsecured payables to **related organizations.** The organization must also answer "Yes" on Part IV, line 11e, and complete Schedule D (Form 990), Part X.

Line 26. Total liabilities. Add the totals in columns (A) and (B), lines 17 through 25. The organization must enter a zero or a dollar amount on this line.

Net Assets and Fund Balances

FASB Accounting Standards Codification 958, Not-for-Profit Entities **(ASC 958)** provides standards for external financial statements certified by an independent accountant for certain types of nonprofit organizations. ASC 958-10-15-5 doesn't apply to credit unions, VEBAs, supplemental unemployment benefit trusts, section 501(c)(12) cooperatives, and other member benefit or mutual benefit organizations.

While some states may require reporting according to FASB ASC 958, the IRS doesn't. However, a Form 990 return prepared according to ASC 958 will be acceptable to the IRS.

Organizations that follow ASC 958. If the organization follows ASC 958, check the box above line 27, and complete lines 27 through 28, and lines 32 and 33. Classify and report net assets in two groups in Part X (unrestricted, donor-restricted) based on the existence or absence of donor-imposed restrictions and the nature of those restrictions. Enter the sum of the two classes of net assets on line 32. On line 33, add the amounts on lines 26 and 32 to show total liabilities and net assets. The amount on line 33 must equal the amount on line 16.

Effective for reporting years ending after December 15, 2017, ASC 958-205, Not-for-Profit Entities—Presentation of Financial Statements ***(ASC 958)****, addresses reporting of* ***donor-restricted endowments*** *and* ***board-designated (quasi) endowments****. Further, most states have enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). If the organization is subject to UPMIFA or* ***ASC 958****, it may affect the amounts reported on lines 27 through 28.*

Line 27. Net assets without donor restrictions. Enter the balance per books of net assets without donor restrictions. All funds without donor-imposed restrictions must be reported on line 27, regardless of the existence of any board designations or appropriations.

Line 28. Net assets with donor restrictions. Enter the balance per books of **net assets with donor restrictions.** Donors' restrictions may require that resources be used after a specified date (time restrictions), or that resources be used for a specified purpose (purpose restrictions), or both. Donors may also stipulate that assets, such as land or works of art, be used for a specified purpose, be preserved, and not be sold or donated with stipulations that they be invested to provide a permanent source of income.

Organizations that don't follow ASC 958. If the organization doesn't follow **ASC 958**, check the box above line 29 and complete lines 29 through 33. Report capital stock, trust principal, or current funds on line 29. Report paid-in capital surplus or land, building, or equipment funds on line 30. Report

retained earnings, endowment, accumulated income, or other funds on line 31.

Line 29. Capital stock or trust principal, or current funds. For corporations, enter the balance per books of capital stock accounts. Show par or stated value (or for stock with no par or stated value, total amount received on issuance) of all classes of stock issued and not yet canceled. For trusts, enter the amount in the trust principal or corpus. For organizations using the fund method of accounting, enter the fund balances for the organization's current restricted and unrestricted funds.

Line 30. Paid-in or capital surplus, or land, building, and equipment fund. Enter the balance of paid-in capital in excess of par or stated value for all stock issued and not yet canceled, as recorded on the corporation's books. If stockholders or others made donations that the organization records as paid-in capital, include them here. Enter the fund balance for the land, building, and equipment fund on this line.

Line 31. Retained earnings, endowment, accumulated income, or other funds. For corporations, enter the balance of retained earnings as recorded on the corporation's books, or similar account, minus the cost of any corporate treasury stock. For trusts, enter the balance in the accumulated income or similar account. For those organizations using the fund method of accounting, enter the total of the fund balances for the **net assets without donor restrictions** funds, and the **net assets with donor restrictions** funds, as well as balances of any other funds not reported on lines 29 and 30.

Line 32. Total net assets or fund balances. For organizations that follow **ASC 958**, enter the total of lines 27 through 28. For all other organizations, enter the total of lines 29 through 31. All filers must enter a zero or a dollar amount on this line.

Line 33. Total liabilities and net assets/fund balances. Enter the total of line 26 and line 32. This amount must equal the amount on line 16. The organization must enter a zero or a dollar amount on this line.

Part XI. Reconciliation of Net Assets

Check the box in the heading of Part XI if Schedule O (Form 990) contains any information pertaining to this part.

Line 1. Enter the amount of total revenue reported in Part VIII, line 12, column (A).

Line 2. Enter the amount of total expenses reported in Part IX, line 25, column (A).

Line 3. Enter the difference between lines 1 and 2.

Line 4. Enter the amount of net assets or fund balances at the beginning of year reported in Part X, line 32, column (A). This amount should be the same amount reported in Part X, line 32, column (B), for the prior year's return.

Line 5. Report the net unrealized gains or losses on investments reported in the organization's audited financial statements (or other financial statements). This amount represents the change in market value of investments that weren't sold or exchanged during the tax year.

Line 6. Report the value of services or use of facilities donated to the organization (net of services or use of facilities donated by the organization) reported as income or expense in the financial statements.

Line 8. Report the net prior period adjustments during the tax year reported in the financial statements. Prior period adjustments are corrections of errors in financial statements of prior years, or changes in accounting principles applied to such years. The errors may include math errors, mistakes in applying accounting principles, or oversight or misuse of facts that existed at the time the financial statements were prepared.

Line 9. Enter the total amount of other changes in net assets or fund balances during the year. Amounts to report here include losses on uncollectible pledges, refunds of contributions and program service revenue, reversal of grant expenses, any difference between **FMV** and book value of property given as an award or grant, and any other changes in net assets or fund balances not listed on lines 5–8. Itemize these changes on Schedule O (Form 990) and check the box in the heading of Part XI.

Line 10. Combine the amounts on lines 3 through 9. The total must equal the amount reported in Part X, line 32, column (B).

Part XII. Financial Statements and Reporting

Check the box in the heading of Part XII if Schedule O (Form 990) contains any information pertaining to this part.

Line 1. Accounting method. Indicate the method of accounting used in preparing this return. See *General Instructions, Section D,* earlier. Provide an explanation on Schedule O (Form 990) (1) if the organization changed its method of accounting from a prior year, or (2) if the organization checked the "Other" accounting method box.

Line 2. Financial statements and independent accountant. Answer "Yes" or "No" to indicate on line 2a or line 2b whether the organization's **financial statements** for the **tax year** were **compiled, reviewed,** or **audited** by an independent accountant. An accountant is independent if he or she meets the standards of independence set forth by the American Institute of Certified Public Accountants (AICPA), the Public Company Accounting Oversight Board (PCAOB), or another similar body that oversees or sets standards for the accounting or auditing professions.

If "Yes" on either line 2a or 2b, answer "Yes" or "No" on line 2c to indicate whether the organization has a committee that is responsible under its governing documents or through delegation by its governing body for (i) overseeing the compilation, review, or audit of the financial statements; and (ii) the selection of an independent accountant that compiled, reviewed, or audited the statements. Answer "Yes" only if both (i) and (ii) apply. If this process has changed from the prior year, describe on Schedule O (Form 990).

Line 3a. Uniform Guidance, 2 C.F.R. Part 200, Subpart F. Answer "Yes" if, during the year, the organization was required under the Uniform Guidance, 2 C.F.R. Part 200, Subpart F, to undergo an audit or audits because of its receipt of federal contract awards. The Uniform Guidance, 2 C.F.R. Part 200, Subpart F, requires states, local governments, and nonprofit organizations that spend $750,000 or more of federal awards in a year to obtain an annual audit.

Line 3b. Required audits. If "Yes" on line 3a, indicate whether the organization has undergone the required audit or audits. Answer "Yes" if the audit was completed or in progress during the organization's tax year. If the answer to line 3b is "No," explain on Schedule O (Form 990) why the organization hasn't undergone any required audits and describe any steps taken to undergo such audits.

Paperwork Reduction Act Notice. We ask for the information on these forms to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to

allow us to figure and collect the right amount of tax. You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by section 6103. However, certain returns and return information of tax-exempt organizations and trusts are subject to public disclosure and inspection, as provided by section 6104.

Estimates of taxpayer burden. The following table shows burden estimates based upon current statutory requirements as of December 1, 2024 for taxpayers filing a 2024 return. These include forms in the 990 series and attachments and Forms 1023, 1024, 1028, 5578, 5884-C, 8038, 8038-B, 8038-CP, 8038-G, 8038-GC, 8038-R, 8038-T, 8038-TC, 8328, 8718, 8282, 8453-TE, 8453-X, 8868, 8870, 8871, 8872, 8879-TE, 8886-T, and 8899 and their schedules; and all the forms tax-exempt organizations attach to their tax returns. Time spent and out-of-pocket costs are presented separately. Time burden includes the time spent preparing to file and to file, with recordkeeping representing the largest component. Out-of-pocket costs include any expenses incurred by taxpayers to prepare and submit their tax returns. Examples include tax return preparation and submission fees, postage and photocopying costs, and tax preparation software costs. Note that these estimates don't include burden associated with post-filing activities. IRS operational data indicate that electronically prepared and filed returns have fewer arithmetic errors, implying lower post-filing burden.

Reported time and out-of-pocket cost burdens are national averages and include all associated forms and schedules, across all preparation methods and taxpayer activities. As a result, the averages don't necessarily reflect a "typical" case. Most taxpayers experience lower-than-average burden, with taxpayer burden varying considerably by taxpayer type.

Fiscal Year 2025 Form 990 Series Taxpayer Compliance Cost Estimates

Table 1—Fiscal Year 2025 Form 990 Series Taxpayer Compliance Cost Estimates

	Type of Return				
	Form 990	**Form 990-EZ**	**Form 990-PF**	**Form 990-T**	**Form 990-N**
Projections of the Number of Returns to be Filed with IRS	355,200	216,400	131,900	222,800	785,600
Estimated Average Total Time (Hours)	107	69	53	42	5
Estimated Average Total Out-of-Pocket Costs	$2,900	$800	$2,200	$2,200	$20
Estimated Average Total Monetized Burden	$9,900	$1,700	$4,600	$5,800	$100
Estimated Total Time (Hours)	38,140,000	15,000,000	7,010,000	9,370,000	3,920,000
Estimated Total Out-of-Pocket Costs	$1,035,000,000	$131,400,000	$295,000,000	$496,400,000	$15,400,000
Estimated Total Monetized Burden	$3,507,500,000	$368,600,000	$606,100,000	$1,297,700,000	$78,500,000

Note. Amounts above are for FY2025. Reported time and cost burdens are national averages and do not necessarily reflect a "typical" case. Most taxpayers experience lower-than-average burden, with taxpayer burden varying considerably by taxpayer type. Detail may not add due to rounding.

Comments and suggestions. We welcome your comments concerning the accuracy of these time estimates or suggestions for future editions. You can send us comments through *IRS.gov/FormComments*. Or you can write to the Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can't respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don't** send your return to the above address. Instead, see *General Instructions, Section E*, earlier, for the location for filing your return.

Business Activity Codes

The codes listed in this section are a selection from the North American Industry Classification System (NAICS) that should be used in completing Form 990, Part VIII, lines 2 and 11. If you don't see a code for the activity you are trying to categorize, select the appropriate code from the NAICS website at *2022 NAICS Census Chart*. Select the most specific 6-digit code available that describes the activity producing the income being reported. Note that most codes describe more than one type of activity. Avoid using codes that describe the organization rather than the income-producing activity.

Business Activity Codes

Agriculture, Forestry, Fishing and Hunting

Code	
110000	Agriculture, forestry, fishing and hunting
111000	Crop production

Mining

Code	
211100	Oil and gas extraction
211120	Crude petroleum extraction
211130	Natural gas extraction
212000	Mining (except oil and gas)

Utilities

Code	
221000	Utilities

Construction

Code	
230000	Construction
236000	Construction of buildings

Manufacturing

Code	
310000	Manufacturing
323100	Printing and related support activities
339110	Medical equipment and supplies manufacturing

Wholesale Trade

Code	
423000	Merchant wholesalers, durable goods
424000	Merchant wholesalers, nondurable goods

Retail Trade

Code	
441100	Automobile dealers
444100	Building material and supplies dealers
445100	Grocery and convenience retailers
445200	Specialty food retailers
449100	Furniture and home furnishings retailers
449210	Electronics and appliance retailers (including computers)
455000	General merchandise retailers
456110	Pharmacies and drug retailers
456199	All other health and personal care retailers
458000	Clothing, clothing accessories, shoe, and jewelry retailers
459110	Sporting goods retailers
459120	Hobby, toy, and game retailers
459130	Sewing, needlework, and piece goods retailers
459140	Musical instrument and supplies retailers
459210	Book retailers and news dealers (including newsstands)
459310	Florists
459410	Office supplies and stationery retailers
459420	Gift, novelty, and souvenir retailers
459510	Used merchandise retailers
459900	Other miscellaneous retailers

Note

Note for Nonstore Retailers

Nonstore retailers sell all types of merchandise using such methods as Internet, mail-order catalogs, interactive television, or direct sales. These types of retailers should select the PBA associated with their primary line of products sold. For example, establishments primarily selling prescription and non-prescription drugs, select PBA code ***456110 Pharmacies and drug retailers.***

Transportation and Warehousing

Code	
480000	Transportation
485000	Transit and ground passenger transportation
493000	Warehousing and storage

Information

Code	
512000	Motion picture and sound recording industries
513110	Newspaper publishers
513120	Periodical publishers
513130	Book publishers
513140	Directory and mailing list publishers
513190	Other publishers
516100	Radio and television broadcasting stations
516210	Media streaming, social networks, and other content providers
517000	Telecommunications (including wired, wireless, satellite, cable and other program distribution, resellers, agents, other telecommunications, and internet service providers)

Data Processing, Web Search Portals, and Other Information Services

Code	
518210	Computing infrastructure providers, data processing, web hosting, and related services
519200	Web search portals, libraries, archives, and other information services

Finance and Insurance

Code	
522100	Depository credit intermediation (including commercial banking, savings institutions, and credit unions)
522200	Nondepository credit intermediation
522210	Credit card issuing
522220	Sales financing
522291	Consumer lending
522292	Real estate credit
522299	International, secondary market, and all other nondepository credit intermediation
523000	Securities, commodity contracts, and other financial investments and related activities
523940	Portfolio management and investment advice
524113	Direct life insurance carriers
524114	Direct health and medical insurance carriers
524126	Direct property and casualty insurance carriers
524130	Reinsurance carriers
524292	Pharmacy benefit management and other third party administration of insurance and pension funds
524298	All other insurance-related activities
525100	Insurance and employee benefit funds
525920	Trusts, estates, and agency accounts
525990	Other financial vehicles (including mortgage REITs)

Real Estate and Rental and Leasing

Code	
531110	Lessors of residential buildings and dwellings (including equity REITs)
531120	Lessors of nonresidential buildings (except miniwarehouses) (including equity REITs)
531130	Lessors of miniwarehouses and self-storage units (including equity REITs)
531190	Lessors of other real estate property (including equity REITs)
531310	Real estate property managers
531320	Offices of real estate appraisers
531390	Other activities related to real estate
532000	Rental and leasing services
532289	All other consumer goods rental
532420	Office machinery and equipment rental and leasing
533110	Lessors of nonfinancial intangible assets (except copyrighted works)

Professional, Scientific, and Technical Services

Code	
541100	Legal services
541200	Accounting, tax preparation, bookkeeping, and payroll services
541300	Architectural, engineering, and related services
541380	Testing laboratories and services
541511	Custom computer programming services
541519	Other computer-related services
541610	Management consulting services
541700	Scientific research and development services
541800	Advertising, public relations, and related services
541860	Direct mail advertising
541900	Other professional, scientific, and technical services
541990	Consumer credit counseling services

Management of Companies and Enterprises

Code	
551111	Offices of bank holding companies
551112	Offices of other holding companies

Administrative and Support Services

Code	
561000	Administrative and support services
561300	Employment services
561439	Other business service centers (including copy shops)
561499	All other business support services
561500	Travel arrangement and reservation services
561520	Tour operators
561700	Services to buildings and dwellings

Waste Management and Remediation Services

Code	
562000	Waste management and remediation services (sanitary services)

Educational Services

Code	
611420	Computer training
611430	Professional and management development training
611600	Other schools and instruction (other than elementary and secondary schools or colleges and universities, which should select a code to describe their unrelated activities)
611710	Educational support services

Health Care and Social Assistance

Code	
621110	Offices of physicians
621300	Offices of other health practitioners
621400	Outpatient care centers
621500	Medical and diagnostic laboratories
621610	Home health care services
621910	Ambulance services
621990	All other ambulatory health care services
623000	Nursing and residential care facilities
623990	Other residential care facilities
624100	Individual and family services
624110	Child and youth services
624200	Community food and housing, and emergency and other relief services
624210	Meal delivery programs, soup kitchens, or food banks
624310	Vocational rehabilitation services
624410	Childcare services

Arts, Entertainment, and Recreation

Code	
711110	Theater companies and dinner theaters
711120	Dance companies
711130	Musical groups and artists
711190	Other performing arts companies
711210	Spectator sports (including sports clubs and racetracks)

Business Activity Codes *(Continued)*

Code	
711300	Promoters of performing arts, sports, and similar events
713110	Amusement and theme parks
713200	Gambling industries
713910	Golf courses and country clubs
713940	Fitness and recreational sports centers
713990	All other amusement and recreation industries (including skiing facilities, marinas, and bowling centers)

Accommodation and Food Services

Code	
721000	Accommodation
721110	Hotels (except casino hotels) and motels
721210	RV (recreational vehicle) parks and recreational camps
721310	Rooming and boarding houses, dormitories, and workers' camps
722320	Caterers
722410	Drinking places (alcoholic beverages)
722511	Full-service restaurants
722513	Limited-service restaurants
722514	Cafeterias, grill buffets, and buffets
722515	Snack and non-alcoholic beverage bars

Other Services

Code	
811000	Repair and maintenance
812300	Drycleaning and laundry services
812900	Other personal services
812930	Parking lots and garages

Other

Code	
900001	Investment activities of section 501(c)(7), (9), or (17) organizations
900002	Rental of personal property
900003	Passive income activities with controlled organizations
900004	Exploited exempt activities
900099	Other activity

Glossary

NOTES:

- *Words in bold within a definition are defined elsewhere within the Glossary.*
- *All section references are to the Internal Revenue Code (title 26 of U.S. Code) or regulations under title 26, unless otherwise specified.*
- *Definitions are for purposes of filing Form 990 (and schedules) only.*

35% controlled entity

*An entity that is owned, directly or indirectly (for example, under constructive ownership rules of section 267(c)), by a given person, such as the organization's current or former **officers, directors, trustees,** or **key employees** listed on Form 990, Part VII, Section 1, or the **family members** thereof (listed persons) as follows.*

1. *A corporation in which listed persons own more than 35% of the total combined voting power.*
2. *A partnership in which listed persons own more than 35% of the profits interest.*
3. *A trust or estate in which listed persons own more than 35% of the beneficial interest.*

Accountable plan

A reimbursement or other expense allowance arrangement that satisfies the requirements of section 62(c) by meeting the requirements of business connection, substantiation, and returning amounts in excess of substantiated expenses. See Regulations section 1.62-2(c)(2).

Activities conducted outside the United States

*For purposes of Schedule F (Form 990), Statement of Activities Outside the United States, include grantmaking, **fundraising, unrelated trade or business**, program services, **program-related investments**, other investments, or **maintaining offices, employees, or agents** in particular regions outside the **United States**.*

Applicable tax-exempt organization

*A section 501(c)(3), 501(c)(4), or 501(c)(29) organization that is tax exempt under section 501(a), or that was such an organization at any time during the 5-year period ending on the day of the **excess benefit transaction**.*

Art

*See **Works of art.***

ASC 740

*See **FIN 48 (ASC 740).***

ASC 958

*Financial Accounting Standards Board, Accounting Standards Codification 958 **(ASC 958)** provides standards for external financial statements certified by an independent accountant for certain types of nonprofit organizations. **ASC 958** doesn't apply to credit unions, voluntary employees' beneficiary associations, supplemental unemployment benefit trusts, section 501(c)(12) cooperatives, and other member benefit or mutual benefit organizations.*
While some states may require reporting according to ASC 958, the IRS doesn't. However, a Form 990 return prepared according to ASC 958 will be acceptable to the IRS.

ASC 2016-14

*Accounting Standards Update 2016-14 is codified in Accounting Standards Codification 958, Not-for-Profit Entities **(ASC 958)**.*

Audit

*A formal examination of an organization's financial records and practices by an independent, certified public accountant with the objective of issuing a report on the organization's financial statements as to whether those statements are fairly stated according to **generally accepted accounting principles** (or other recognized comprehensive basis of accounting).*

Audited financial statements

*Financial statements accompanied by a formal opinion or report prepared by an independent, certified public accountant with the objective of assessing the accuracy and reliability of the organization's **financial statements.***

Audit committee

*A committee, generally established by the **governing body** of an organization, with the responsibilities to oversee the organization's financial reporting process, monitor choice of accounting policies and principles, monitor internal control processes, or oversee hiring and performance of any external auditors.*

Bingo

*A game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a pre-selected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the pre-selected pattern wins the game. To be a bingo game, the game must be of the type described in which wagers are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game. Satellite, Internet, and progressive or event bingo aren't bingo, because they are conducted in many different places simultaneously, and the winners aren't all present when the wagers are placed, the winners are determined, and the prizes are distributed. Thus, all revenue and expenses associated with satellite, Internet, and progressive or event bingo should generally be included under **pull tabs**. Certain bingo games within a hybrid gaming event (such as progressive or event bingo) can also qualify as bingo if the individual game meets the preceding definition of bingo.*

Board-designated endowment

*See **Quasi-endowment**.*

Bond issue

An issue of two or more bonds that are:

1. *Sold at substantially the same time,*
2. *Sold under the same plan of financing, and*
3. *Payable from the same source of funds.*

See Regulations section 1.150-1(c).

Business relationship

For purposes of Part VI, line 2, business relationships between two persons include the following.

*1. One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a **trustee, director, officer**, or greater-than-35% owner.*

2. One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of $10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions don't include charitable contributions to tax-exempt organizations.

3. The two persons are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization).

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there can be ownership through multiple tiers of entities.

Cash contributions

***Contributions** received in the form of cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization.*

Central organization	*The organization, sometimes referred to as the "parent organization," that holds a **group exemption** letter for one or more **subordinate organizations** under its general supervision and control.*
CEO, executive director, or top management official	*See **Top management official**. "CEO" stands for chief executive officer.*
Certified historic structure	*Any building or structure listed in the National Register of Historic Places as well as any building certified as being of historic significance to a registered historic district. See section 170(h)(4)(B) for special rules that apply to **contributions** made after August 17, 2006.*
Church	*Certain characteristics are generally attributed to churches. These attributes of a church have been developed by the IRS and by court decisions. They include distinct legal existence; recognized creed and form of worship; definite and distinct ecclesiastical government; formal code of doctrine and discipline; distinct religious history; membership not associated with any other church or denomination; organization of ordained ministers; ordained ministers selected after completing prescribed courses of study; literature of its own; established places of worship; regular congregations; regular religious services; Sunday schools for the religious instruction of the young; and schools for the preparation of its ministers. The IRS generally uses a combination of these characteristics, together with other facts and circumstances, to determine whether an organization is considered a church for federal tax purposes. A convention or association of churches is generally treated like a church for federal tax purposes. See Pub. 1828, Tax Guide for Churches and Religious Organizations.*
Closely held stock	*Generally, shares of stock in a closely held company that isn't available for sale to the general public or which isn't widely traded (see further explanation in the instructions for Part X, line 12, and Schedule M (Form 990), Noncash Contributions, line 10).*
Collectibles	*Include autographs, sports memorabilia, dolls, stamps, coins, books (other than books and publications reported on line 4 of Schedule M (Form 990)), gems, and jewelry (other than costume jewelry reportable on line 5 of Schedule M (Form 990)).*
Collections of works of art, historical treasures, and other similar assets	*Include collections, as described in ASC 958-360-45, of **works of art**, **historical treasures**, and other similar assets held for public exhibition, education, or research in furtherance of public service.*
Compensation	*Unless otherwise provided, all forms of cash and noncash payments or benefits provided in exchange for services, including salary and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization's property. Compensation includes payments and other benefits provided to both **employees** and **independent contractors** in exchange for services. See also **Deferred compensation**, **Nonqualified deferred compensation**, and **Reportable compensation**.*
Compilation (compiled financial statements)	*A compilation is a presentation of **financial statements** and other information that is the representation of the management or ownership of an organization and which hasn't been reviewed or audited by an independent accountant.*

Conflict of interest policy

*A policy that defines conflict of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that can help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person in a position of authority over an organization, such as an **officer**, **director**, or manager, can benefit financially from a decision she or he could make in such capacity, including indirect benefits such as to **family members** or businesses with which the person is closely associated. For this purpose, a conflict of interest doesn't include questions involving a person's competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that don't involve a material financial interest of, or benefit to, such person. For a description of "conflict of interest" for purposes of determining whether **governing body** members who are reviewing a potential **excess benefit transaction** have a conflict of interest, pursuant to Regulations section 53.4958-6(c)(1)(iii), see the instructions for Part VI, line 15.*

Conservation easement

A restriction (granted in perpetuity) on the use that may be made of real property granted exclusively for conservation purposes. Conservation purposes include preserving land areas for outdoor recreation by, or for the education of, the general public; protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem; preserving open space, including farmland and forest land, where such preservation will yield a significant public benefit and is either for the scenic enjoyment of the general public or pursuant to a clearly defined federal, state, or local governmental conservation policy; and preserving a historically important land area or a certified historic structure. For more information, see section 170(h) and Notice 2004-41, 2004-1 C.B. 31.

Contributions

*Unless otherwise provided, includes donations, gifts, bequests, grants, and other transfers of money or property to the extent that adequate consideration isn't provided in exchange and that the contributor intends to make a gift, whether or not made for charitable purposes. A transaction can be partly a sale and partly a contribution, but discounts provided on sales of goods in the ordinary course of business shouldn't be reported as contributions. Neither donations of services (such as the value of donated advertising space, broadcast air time, or discounts on services) nor donations of use of materials, equipment, or facilities should be reported as contributions. For purposes of Form 990, a distribution to a section 501(c)(3) organization from a split-interest trust (for example, charitable remainder trust, charitable lead trust) is reportable as a contribution. See also **Cash contributions** and **Noncash contributions.***

Control

*For purposes of determining **related organizations**:*

Control of a nonprofit organization (or other organization without owners or persons having beneficial interests, whether the organization is taxable or tax exempt)
One or more persons (whether individuals or organizations) control a nonprofit organization if they have the power to remove and replace (or to appoint, elect, or approve or veto the appointment or election of, if such power includes a continuing power to appoint, elect, or approve or veto the appointment or election of, periodically or in the event of vacancies) a majority of the nonprofit organization's directors or trustees, or a majority of members who elect a majority of the nonprofit organization's directors or trustees. Such power can be exercised directly by a (parent) organization through one or more of the (parent) organization's officers, directors, trustees, or agents, acting in their capacities as officers, directors, trustees, or agents of the (parent) organization. Also, a (parent) organization controls a (subsidiary) nonprofit organization if a majority of the subsidiary's directors or trustees are trustees, directors, officers, employees, or agents of the parent.

Control of a stock corporation
One or more persons (whether individuals or organizations) control a stock corporation if they own more than 50% of the stock (by voting power or value) of the corporation.

Control of a partnership or limited liability company
One or more persons control a partnership if they own more than 50% of the profits or capital interests in the partnership (including a limited liability company treated as a partnership or disregarded entity for federal tax purposes, regardless of the designation under state law of the ownership interests as stock, membership interests, or otherwise). A person also controls a partnership if the person is a managing partner or managing member of a partnership or limited liability company which has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control), or if the person is a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control). For this purpose, a "managing partner" is a partner designated as such under the partnership agreement, or regularly engaged in the management of the partnership even though not so designated.

Control of a trust with beneficial interests
One or more persons control a trust if they own more than 50% of the beneficial interests in the trust. A person's beneficial interest in a trust shall be determined in proportion to that person's actuarial interest in the trust as of the end of the tax year. See Regulations sections 301.7701-2, -3, and -4 for more information on classification of corporations, partnerships, disregarded entities, and trusts. Control can be indirect. See the Schedule R (Form 990) instructions for a description of indirect control.

Controlled entity

*An organization controlled by a **controlling organization under section 512(b)(13)**. A controlled entity may be an exempt organization. For the definition of control in this context, see section 512(b)(13)(D) and Regulations section 1.512(b)-1(l)(4) (substituting "more than 50%" for "at least 80%" in the regulation, for purposes of this definition). Controlled entities are a subset of **related organizations**. For purposes of Form 990, controlled entities don't include **disregarded entities** of the filing organization.*

Controlling organization under section 512(b)(13)	*An exempt organization that controls a **controlled entity**. Section 512(b)(13) treats payments of interest, annuity, royalties, and rent from a controlled entity to a controlling organization as unrelated business taxable income under certain circumstances. Control in this context means (i) in the case of a corporation, ownership (by vote or value) of more than 50% of the stock in such corporation; (ii) in the case of a partnership, ownership of more than 50% of the profits interests or capital interests in such partnership; or (iii) in any other case, ownership of more than 50% of the beneficial interests in the entity. Section 318 (relating to constructive ownership of stock) shall apply for purposes of determining ownership of stock in a corporation. Similar principles shall apply for purposes of determining ownership of interests in any other entity.*
Core form	*The Form 990, Return of Organization Exempt From Income Tax. It doesn't include any schedules that may be attached to Form 990.*
Credit counseling services	*Include the providing of information to the general public on budgeting, personal finance, and saving and spending practices, or assisting individuals and families with financial problems by providing them with counseling. See section 501(q)(4)(A).*
Current year	*The **tax year** for which the Form 990 is being filed; see also **Fiscal year**.*
Debt management plan services	*Services related to the repayment, consolidation, or restructuring of a consumer's debt, including the negotiation with creditors of lower interest rates, the waiver or reduction of fees, and the marketing and processing of debt management plans. See section 501(q)(4)(B).*
Defeasance escrow	*An irrevocable escrow established to redeem the bonds on their earliest call date in an amount that, together with investment earnings, is sufficient to pay all the principal of, and interest and call premiums on, bonds from the date the escrow is established to the earliest call date. See Regulations section 1.141-12(d)(6).*
Deferred compensation	***Compensation** that is earned or accrued in, or is attributable to, one year and deferred to a future year for any reason, whether or not funded, vested, qualified or nonqualified, or subject to a substantial risk of forfeiture. However, a deferral of compensation that causes an amount to be deferred from the calendar year ending with or within the tax year to a date that isn't more than 2½ months after the end of the calendar year ending with or within the tax year isn't treated as deferred compensation for purposes of Form 990, if such compensation is currently reported as reportable compensation. Deferred compensation may or may not be included in **reportable compensation** for the **current year**.*
Director	*See **Director or trustee**.*
Director or trustee	*Unless otherwise provided, a member of the organization's **governing body** at any time during the tax year, but only if the member has any voting rights. A member of an advisory board that doesn't exercise any governance authority over the organization isn't considered a director or trustee.*
Disqualified person	*A. For purposes of section 4958; Form 990, Parts IX and X; and Schedule L (Form 990), Transactions With Interested Persons, Parts I and II, any person (including an individual, a corporation, or other entity) who was in a position to exercise substantial influence over the affairs of the **applicable tax-exempt organization** at any time during a 5-year period ending on the date of the transaction. If the 5-year period ended within the organization's **tax year**, the organization may treat the person as a disqualified person for the entire tax year. Persons who hold certain powers, responsibilities, or interests are among those who are in positions to exercise substantial influence over the affairs of the organization.*

A disqualified person includes:

- A disqualified person's **family member**;
- A **35% controlled entity** of a (1) disqualified person, and/or (2) family members of the disqualified person;
- A donor or **donor advisor** to a **donor advised fund**; or
- An investment advisor of a **sponsoring organization**.

The **disqualified persons** of a **supported organization** include the disqualified persons of a section 509(a)(3) **supporting organization** that supports the supported organization.

See Appendix G for more information on **disqualified persons** and section 4958 **excess benefit transactions**.

B. Under section 4946, a disqualified person includes the following.

1. A substantial contributor, which is any person who gave an aggregate amount of more than $5,000, if that amount is more than 2% of the total **contributions** the foundation or organization received from its inception through the end of the year in which that person's contributions were received. If the organization is a trust, a substantial contributor includes the creator of the trust (without regard to the amount of contributions the trust received from the creator and related persons). Any person who is a substantial contributor at any time generally remains a substantial contributor for all future periods even if later contributions by others push that person's contributions below the 2% figure discussed above. Gifts from the contributor's spouse are treated as gifts from the contributor. Gifts are generally valued at **FMV** as of the date the organization received them.

2. A foundation manager, defined as an **officer**, **director**, or **trustee** of the organization or any individual having powers or responsibilities similar to those of officers, directors, or trustees.

3. An owner of more than 20% of the voting power of a corporation, profits interest of a partnership, or beneficial interest of a trust or an unincorporated enterprise that is a substantial contributor to the organization.

4. A family member of an individual in the first three categories. For this purpose, "family member" includes only the individual's spouse, ancestors, children, grandchildren, and great-grandchildren, and the spouses of children, grandchildren, and great-grandchildren.

5. A corporation, partnership, trust, or estate in which persons described in (1) through (4) above own more than 35% of the voting power, profits interest, or beneficial interest.

For purposes of section 509(a)(2), as referenced in Schedule A (Form 990), Public Charity Status and Public Support, a disqualified person is defined in section 4946, except that it doesn't include an organization described in section 509(a)(1).

For purposes of section 509(a)(3), as referenced in Schedule A (Form 990), a disqualified person is defined in section 4946, except that it doesn't include a foundation manager or an organization described in section 509(a)(1) or 509(a)(2).

Disregarded entity or entities

An entity wholly owned by the organization that is generally not treated as a separate entity for federal tax purposes (for example, single-member limited liability company of which the organization is the sole member). See Regulations sections 301.7701-2 and -3. A disregarded entity must generally use the **EIN** of its sole member. An exception applies to employment taxes: for wages paid to **employees** of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).

Domestic government

See **Governmental unit**.

Domestic individual

An individual who lives or resides in the **United States** and isn't a **foreign individual**.

Domestic organization

*A corporation or partnership is domestic if created or organized in the United States or under the law of the United States or of any state or territory. A trust is domestic if a court within the United States or a **U.S. territory** is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in territories of the United States) have the authority to control all substantial decisions of the trust.*

Donor advised fund

A fund or account:

*1. That is separately identified by reference to **contributions** of a donor or donors,*

*2. That is owned and controlled by a **sponsoring organization**, and*

*3. For which the donor or **donor advisor** has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised funds or accounts because of the donor's status as a donor.*

A donor advised fund doesn't include any fund or account:

1. That makes distributions only to a single identified organization or governmental entity; or

2. In which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes, if:

a. The donor or donor advisor's advisory privileges are performed exclusively by such person in his or her capacity as a committee member in which all of the committee members are appointed by the sponsoring organization;

b. No combination of donors or donor advisors (and related persons as defined below) directly or indirectly controls the committee; and

c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis following a procedure approved in advance by the board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of section 4945(g)(1), (2), or (3); or

3. That the IRS exempts from being treated as a donor advised fund because either such fund or account is advised by a committee not directly or indirectly controlled by the donor or donor advisor or such fund benefits a single identified charitable purpose. For example, see section 5.01 of Notice 2006-109, 2006-51 I.R.B. 1121, and any future related guidance.

Donor advisor

*Any person appointed or designated by a donor to advise a **sponsoring organization** on the distribution or investment of amounts held in the donor's **donor advised fund**.*

Donor-imposed restriction

A donor stipulation (donors include other types of contributors, including makers of certain grants) that specifies a use for a contributed asset that is more specific than broad limits resulting from:

- *The nature of the not-for-profit entity,*
- *The environment in which it operates, or*
- *The purposes specified in its articles of incorporation or bylaws or comparable documents for an unincorporated association.*

Some donors impose restrictions that are temporary in nature, for example, stipulating that resources may be used only after a specified date, for particular programs or services, or to acquire buildings and/or equipment. Other donors impose restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity.

Donor-restricted endowment fund

An endowment fund created by a donor stipulation (donors include other types of contributors, including makers of certain grants) requiring investment of the gift in perpetuity or for a specified term. Some donors or laws may require that a portion of income, gains, or both be added to the gift and invested subject to similar restrictions.

EIN

Employer identification number, a nine-digit number. Use Form SS-4 to apply for an EIN.

Employee

Any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee, and any other individual who is treated as an employee for federal employment tax purposes under section 3121(d). See Pub. 1779 for more information.

Endowment fund

*An established fund of cash, securities, or other assets to provide income for the maintenance of a not-for-profit entity. The use of the assets of the fund may be with or without donor-imposed restrictions. Endowment funds are generally established by donor-restricted gifts and bequests to provide a source of income in perpetuity or for a specified period. Alternatively, a not-for-profit's governing board may earmark a portion of its net assets (see **Quasi-endowment**).*

Escrow or custodial account

Refers to an account (whether a segregated account at a financial institution or a set-aside on the organization's books and records) over which the organization has signature authority, in which the funds are held for the benefit of other organizations or individuals, whether or not the funds are reported on Part X, line 21, and whether or not the account is labeled as "escrow account," "custodial account," "trust account," or some similar term. An escrow or custodial account doesn't include a split-interest trust (or the beneficial interest in such trust) described in section 4947(a)(2) for which the filing organization is a trustee, other than a trust in the trade or business of lending money; repairing credit; or providing debt management plan services, payment processing, or similar services.

Excess benefit transaction

*In the case of an **applicable tax-exempt organization**, any transaction in which an excess benefit is provided by the organization, directly or indirectly to, or for the use of, any **disqualified person**, as defined in section 4958. Excess benefit generally means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person, but see the special rules below regarding donor advised funds and supporting organizations. See* Appendix G *for more information.*

***Donor advised fund.** For a **donor advised fund**, an excess benefit transaction also includes a grant, loan, **compensation**, or similar payment from the fund to a:*

- *Donor or **donor advisor**,*
- ***Family member** of a donor or donor advisor,*
- ***35% controlled entity** of a donor or donor advisor, or*
- *35% controlled entity of a family member of a donor or donor advisor.*

*The excess benefit in this transaction is the amount of the grant, loan, **compensation**, or similar payments.*

For additional information, see the Instructions for Form 4720.

***Supporting organization.** For any **supporting organization**, defined in section 509(a)(3), an excess benefit transaction also includes grants, loans, **compensation**, or similar payments provided by the supporting organization to a:*

- *Substantial contributor,*
- *Family member of a substantial contributor,*
- *35% controlled entity of a substantial contributor, or*
- *35% controlled entity of a family member of a substantial contributor.*

*For this purpose, the excess benefit is defined as the amount of the grant, loan, **compensation**, or similar payments. Additionally, an excess benefit transaction includes any loans provided by the supporting organization to a disqualified person (other than an organization described in section 509(a)(1), (2), or (4)).*

Exempt bond

*See **Tax-exempt bond**.*

Fair market value (FMV)

The price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

Family member, family relationship

Unless specified otherwise, the family of an individual includes only his or her spouse (see Rev. Rul. 2013-17 regarding same-sex marriage), ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great-grandchildren, and spouses of brothers, sisters, children, grandchildren, and great-grandchildren.

FIN 48 (FASB ASC 740)

*Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109, now codified in FASB Accounting Standards Codification 740, Income Taxes (ASC 740). The organization can be required to provide in Schedule D (Form 990), Supplemental Financial Statements, the text of the footnote to its **financial statements** regarding the organization's liability for uncertain tax positions under FIN 48 (ASC 740).*

Financial statements

An organization's statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.

Fiscal year

*An annual accounting period ending on the last day of a month other than December. See also **Tax year** and **Current year**.*

Foreign government

*A governmental agency or entity, or a political subdivision thereof, that isn't classified as a **United States** agency or **governmental unit**, regardless of where it is located or operated.*

Foreign individual

*A person, including a U.S. citizen or resident, who lives or resides outside the **United States**. For purposes of Form 990, Part IX, and Schedule F (Form 990), Statement of Activities Outside the United States, a person who lives or resides outside the United States at the time the grant is paid or distributed to the individual is a **foreign individual**.*

Foreign organization

*An organization that isn't a **domestic organization**. A foreign organization includes an affiliate that is organized as a legal entity separate from the filing organization, but doesn't include any branch office, account, or **employee** of a domestic organization located outside the **United States**.*

Fundraising

*See **Fundraising activities**.*

Fundraising activities

*Activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting **fundraising** campaigns; maintaining donor mailing lists; conducting **fundraising events**; preparing and distributing fundraising manuals, instructions, and other materials; **professional fundraising services**; and conducting other activities involved with soliciting **contributions** from individuals, foundations, governments, and others. Fundraising activities don't include **gaming**, the conduct of any trade or business that is regularly carried on, or activities substantially related to the accomplishment of the organization's exempt purpose (other than by raising funds).*

Fundraising events

Include dinners and dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, casino nights (in which participants can play casino-style games but the only prizes or auction items provided to participants are noncash items that were donated to the organization), and similar events not regularly carried on that are conducted for the primary purpose of raising funds. Fundraising events don't include:

1. *The conduct of a trade or business that is regularly carried on;*
2. *Activities substantially related to the accomplishment of the organization's exempt purposes (other than by raising funds);*
3. *Solicitation campaigns that generate only **contributions**, which may involve gifts of goods or services from the organization of only nominal value, or sweepstakes, lotteries, or raffles in which the names of contributors or other respondents are entered in a drawing for prizes of only nominal value; and*
4. *Gaming.*

GAAP

*See **Generally accepted accounting principles**.*

Gaming	*Includes (but isn't limited to)* ***bingo***, ***pull tabs/instant bingo*** *(including satellite and progressive or event bingo), Texas Hold-Em Poker, 21, and other card games involving betting, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights/Las Vegas nights (other than events not regularly carried on in which participants can play casino-style games but the only prizes or auction items provided to participants are noncash items that were donated to the organization, which events are* ***fundraising events****), and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc. See Pub. 3079, Tax-Exempt Organizations and Gaming.*
Generally accepted accounting principles (GAAP)	*The accounting principles set forth by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that guide the work of accountants in reporting financial information and preparing* ***audited financial statements*** *for organizations.*
Governing body	*The group of one or more persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of* ***directors*** *(sometimes referred to as "board of* ***trustees***") *of a corporation or association, or the trustee or trustees of a trust (sometimes referred to as the "board of* ***trustees***").*
Government official	*A federal, state, or local official described within section 4946(c).*
Governmental issuer	*A state or local governmental unit that issues a* ***tax-exempt bond****.*
Governmental unit	*A state, a* ***territory of the United States****, or a* ***political subdivision*** *of a state or U.S. territory, the United States, or the District of Columbia. See section 170(c)(1).*
Grants and other assistance	*For purposes of Part IX, lines 1–3; Schedule F (Form 990); and Schedule I (Form 990), includes awards, prizes, contributions, noncash assistance, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year. It doesn't include salaries or other* ***compensation*** *to* ***employees*** *or payments to* ***independent contractors*** *if the primary purpose is to serve the direct and immediate needs of the organization (such as legal, accounting, or fundraising services); the payment of any benefit by a section 501(c)(9) voluntary employees' beneficiary association (VEBA) to employees of a sponsoring organization or contributing employer, if such payment is made under the terms of the VEBA and in compliance with section 505; or payments or other assistance to affiliates or branch offices that aren't organized as legal entities separate from the filing organization.*
Gross proceeds	*For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally any sale* ***proceeds****, investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations sections 1.148-1(b) and (c).*
Gross receipts	*The total amounts the organization received from all sources during its tax year, without subtracting any costs or expenses. See* Appendix B. How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less *and* Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations.
Group exemption	*Tax exemption of a group of organizations all exempt under the same Code section, applied for and obtained by a* ***central organization*** *on behalf of* ***subordinate organizations*** *under the central organization's general supervision or control. See Rev. Proc. 80-27, 1980-1 C.B. 677; Rev. Proc. 96-40, 1996-2 C.B. 301; and* Appendix E. Group Returns—Reporting Information on Behalf of the Group, *for more information.*

Group return	*A Form 990 filed by the **central organization** of a **group exemption** for two or more of the **subordinate organizations**. See* General Instructions, Section I, *earlier, and* Appendix E. Group Returns—Reporting Information on Behalf of the Group, *for more information.*
Highest compensated employee	*One of the five highest compensated **employees** of the organization (including employees of a **disregarded entity** of the organization), other than current **officers, directors, trustees,** or **key employees**, whose aggregate **reportable compensation** from the organization and **related organizations** is greater than $100,000 for the calendar year ending with or within the organization's **tax year**. These employees should be reported on Part VII, Section A, of Form 990.*
Historical treasure	*A building, structure, area, or property (real or personal) with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archaeology, or culture of a country, state, or city.*
Hospital/hospital facility	*For purposes of Schedule H (Form 990), Hospitals, a hospital, or hospital facility, is a facility that is, or is required to be, licensed, registered, or similarly recognized by a state as a hospital. This includes a hospital facility that is operated through a **disregarded entity** or a **joint venture** treated as a partnership for federal income tax purposes. It doesn't include hospital facilities that are located outside the **United States**. It also doesn't include hospital facilities that are operated by entities organized as separate legal entities from the organization that are taxable as a corporation for federal tax purposes (except for members of a **group exemption** included in a **group return** filed by an organization).*
Hospital organization	*An organization which operates one or more **hospital facilities**.*
Hospital (or cooperative hospital service organization)	*For purposes of Schedule A (Form 990), Public Charity Status and Public Support, a hospital (or cooperative hospital service organization) is an organization whose main purpose is to provide hospital or medical care. For purposes of Schedule A, a rehabilitation institution or an outpatient clinic can qualify as a hospital if its principal purposes or functions are the providing of hospital or medical care, but the term doesn't include medical schools, medical research organizations, convalescent homes, homes for children or the aged, animal hospitals, or vocational training institutions for handicapped individuals.*
Household goods	*Include furniture, furnishings, electronics, appliances, linens, and other similar items. They don't include food, paintings, antiques and other objects of art, jewelry and gems (other than costume jewelry), and collections.*
Independent contractor	*An individual or organization that receives compensation for providing services to the organization but who isn't treated as an **employee**. See Pub. 1779 for more information.*

Independent voting member of governing body

*A **voting member of the governing body**, if all four of the following circumstances applied at all times during the organization's tax year.*

*1. The member wasn't compensated as an **officer** or other **employee** of the organization or of a **related organization** (see the Instructions for Schedule R (Form 990), Related Organizations and Unrelated Partnerships), except as provided in the religious exception discussed in the instructions for Form 990, Part VI.*

*2. The member didn't receive total **compensation** or other payments exceeding $10,000 during the organization's tax year from the organization or from related organizations as an **independent contractor**, other than **reasonable compensation** for services provided in the capacity as a **member of the governing body**. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a **director** of the organization doesn't cease to be independent merely because he or she also received payments of $7,500 from the organization for other arrangements.*

*3. Neither the member, nor any **family member** of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) required to be reported on Schedule L (Form 990), Transactions With Interested Persons, for the organization's tax year.*

4. Neither the member, nor any family member of the member, was involved in a transaction with a taxable or tax-exempt related organization of a type and amount that would be reportable on Schedule L (Form 990) if required to be filed by the related organization.

A member of the governing body isn't considered to lack independence merely because of any of the following circumstances.

1. The member is a donor to the organization, regardless of the amount of the contribution.

2. The member has taken a bona fide vow of poverty and either:

*a. Receives **compensation** as an agent of a **religious order** or a section 501(d) religious or apostolic organization, but only under circumstances in which the member doesn't receive taxable income (for example, Rev. Rul. 77-290, 1977-2 C.B. 26; and Rev. Rul. 80-332, 1980-2 C.B. 34); or*

b. Belongs to a religious order that receives sponsorship or payments from the organization that don't constitute taxable income to the member.

3. The member receives financial benefits from the organization solely in the capacity of being a member of the charitable or other class served by the organization in the exercise of its exempt function, such as being a member of a section 501(c)(6) organization, so long as the financial benefits comply with the organization's terms of membership.

Initial contract

*A binding written contract between an **applicable tax-exempt organization** and a person who wasn't a **disqualified person** immediately before entering into the contract.*

Instant bingo

*See **Pull tabs**.*

Institutional trustee

*A **trustee** that isn't an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.*

Joint venture

Unless otherwise provided, a partnership, limited liability company, or other entity treated as a partnership for federal tax purposes, as described in Regulations sections 301.7701-1 through -3.

Key employee

*For purposes of Form 990, an **employee** of an organization (other than an **officer**, **director**, or **trustee**) who meets all three of the following tests applied in the following order.*

*1. $150,000 Test. Receives **reportable compensation** from the organization and all **related organizations** in excess of $150,000 for the **calendar year** ending with or within the organization's **tax year**.*

2. Responsibility Test. The employee:

a. Has responsibilities, powers or influence over the organization as a whole similar to those of officers, directors, or trustees;

b. Manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or

c. Has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.

3. Top 20 Test. Is one of the 20 employees (that satisfy the $150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year.

*See the instructions for Part VII for examples of **key employees.***

Legislation

Includes action by Congress, any state legislature, any local council, or similar governing body about acts, bills, resolutions, or similar items, or action by the public in referenda, ballot initiatives, constitutional amendments, or similar procedures. It doesn't include actions by executive, judicial, or administrative bodies.

Lobbying

*See **Lobbying activities**.*

Lobbying activities

*All activities intended to influence foreign, national, state, or local **legislation**. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).*

Maintaining offices, employees, or agents

*For purposes of Schedule F (Form 990), Statement of Activities Outside the United States, includes principal, regional, district, or branch offices, such offices maintained by agents, independent contractors, and persons situated at those offices paid wages for services performed. "Agent" is defined under traditional agency principles (but doesn't include **volunteers**).*

Management company

*An organization that performs management duties for another organization customarily performed by or under the direct supervision of the other organization's **officers**, **directors**, **trustees**, or **key employees**. These management duties include, but aren't limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; and supervising exempt operations or **unrelated trades or businesses**. When a management company is used, the employees may be employed by either the management company or the exempt organization. Whether the management company or the exempt organization is the employer will be determined by the facts and circumstances.*

Medical research

For purposes of a medical research organization operated in conjunction with a hospital (see Schedule A (Form 990), Public Charity Status and Public Support), medical research means investigations, studies, and experiments performed to discover, develop, or verify knowledge relating to physical or mental diseases and impairments and their causes, diagnoses, prevention, treatments, or control.

Member of the governing body

*A person who serves on an organization's **governing body**, including a **director** or **trustee**, but not if the person lacks voting power.*

Net assets with donor restrictions	*Includes **endowment funds** established by donor-restricted gifts that are maintained to provide a source of income for either a specified period of time or until a specific event occurs (see **ASC 958-205-45**), as well as all other temporarily restricted net assets held in a donor-restricted endowment, including unappropriated income from **permanent endowments** that isn't subject to a permanent restriction. After Accounting Standards Update 2016-14, **ASC 958** uses two classifications, instead of three—net assets with donor restrictions and net assets without donor restrictions. **ASC 958** no longer uses the term "temporarily-restricted endowment."* *The part of net assets of a not-for-profit entity that is subject to **donor-imposed restrictions**.*
Net assets without donor restrictions	*Part of net assets of a not-for-profit entity that is not subject to **donor-imposed restrictions**.*
Noncash contributions	***Contributions** of property, tangible or intangible, other than money. Noncash contributions include, but aren't limited to, stocks, bonds, and other **securities**; real estate; **works of art**; stamps, coins, and other **collectibles**; clothing and **household goods**; vehicles, boats, and airplanes; inventories of food, medical equipment or supplies, books, or seeds; intellectual property, including patents, trademarks, copyrights, and trade secrets; donated items that are sold immediately after donation, such as publicly traded stock or used cars; and items donated for sale at a charity auction. Noncash contributions don't include **volunteer** services performed for the reporting organization or donated use of materials, facilities, or equipment.*
Nonexempt charitable trust	*A trust that meets the following conditions.* • *Isn't exempt from tax under section 501(a).* • *All of its unexpired interests are devoted to charitable purposes.* • *A charitable deduction was allowed for **contributions** to the trust under section 170, section 545(b)(2), section 642(c), section 2055, section 2106(a)(2), or section 2522, or for amounts paid by or permanently set aside by the trust under section 642(c).*
Nonqualified deferred compensation	***Deferred compensation** that is earned pursuant to a nonqualified plan or nongovernmental section 457 plan. Different rules can apply for purposes of identifying arrangements subject to sections 83, 409A, 457(f), and 3121(v). Earned but unpaid incentive compensation can be deferred pursuant to a nonqualified deferred compensation plan.*
Officer	*Unless otherwise provided (for example, Signature Block, principal officer in Heading), a person elected or appointed to manage the organization's daily operations at any time during the **tax year**, such as a president, vice president, secretary, treasurer, and, in some cases, Board Chair. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For purposes of Form 990, treat the organization's **top management official** and **top financial official** as officers.*
"On behalf of" issuer	*A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a state or local **governmental unit**. See Rev. Proc. 82-26, 1982-1 C.B. 476, for a description of the circumstances under which the IRS will ordinarily issue an advance ruling that the obligations of a nonprofit corporation were issued on behalf of a state or local governmental unit. See also Rev. Rul. 63-20, 1963-1 C.B. 24; Rev. Rul. 59-41, 1959-1 C.B. 13; and Rev. Rul. 54-296, 1954-2 C.B. 59. An "on behalf of" issuer also includes any corporation organized by a state or local governmental unit specifically to issue **tax-exempt bonds** to further public purposes. See Rev. Rul. 57-187, 1957-1 C.B. 65.*
Organization manager	*For purposes of section 4958, any **officer**, **director**, or **trustee** of an **applicable tax-exempt organization**, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.*

Political campaign activities	*All activities that support or oppose candidates for elective federal, state, or local public office. It doesn't matter whether the candidate is elected. A candidate is one who offers himself or herself or is proposed by others for public office. Political campaign activity doesn't include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity doesn't directly or indirectly support or oppose any candidate.*
Political subdivision	*A division of any state or local **governmental unit** which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. Sovereign power includes the power to make and enforce laws.*
Principal officer	*For purposes of the Heading on page 1 of Form 990 (but not for the purposes of the Signature Block or other parts of the Form 990), an officer of the organization who, regardless of title, has ultimate responsibility for implementing the decisions of the organization's **governing body**, or for supervising the management, administration, or operation of the organization.*
Private business use	*For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, use by the organization or another 501(c)(3) organization in an **unrelated trade or business**. Private business use also generally includes any use by a nongovernmental person, other than a section 501(c)(3) organization, unless otherwise permitted through an exception or safe harbor provided under the regulations or a revenue procedure.*
Private foundation	*An organization described in section 501(c)(3) that isn't a **public charity**. Some private foundations are classified as operating foundations (also known as private operating foundations) under section 4942(j)(3) or exempt operating foundations under section 4940(d)(2). A private foundation retains its private foundation status until such status is terminated under section 507. Thus, a tax-exempt private foundation becomes a taxable private foundation if its section 501(c)(3) status is revoked.*
Proceeds	*For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that aren't deposited in a reasonably required reserve or replacement fund). Proceeds also include any investment proceeds from investments that accrue during the project period (net of rebate amounts attributable to the project period). See Regulations section 1.141-1(b).*
Professional fundraising services	*Services performed for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, preparation of materials (such as direct mail solicitation packages and applications for grants or other assistance), provision of advice and consulting regarding solicitation of **contributions**, and direct solicitation of **contributions**, such as soliciting restricted or unrestricted grants to provide services to the general public. However, professional fundraising doesn't include services provided by the organization's **employees** in their capacity as employees (except as provided in the instructions for Part I, line 16a), nor does professional fundraising include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as services provided by a bank or caging service.*
Program-related investment	*Investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization's exempt function.*
Public charity	*An organization described in section 501(c)(3) and that is excepted from private foundation status because it is described in section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi), and (ix)), 509(a)(2), 509(a)(3), or 509(a)(4).*

Publicly traded securities

Generally, include common and preferred stocks, bonds (including governmental obligations such as bonds and Treasury bills), mutual fund shares, and other investments listed and regularly traded in an over-the-counter market or an established exchange and for which market quotations are published or are otherwise readily available. (See further explanation in the instructions for Part X, line 11; and Schedule M (Form 990), Noncash Contributions, line 9).

Pull tabs

Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull tabs are "instant bingo," "mini bingo," and other similar scratch-off cards. Satellite, Internet, and progressive or event bingo are games conducted in many different places simultaneously and the winners aren't all present when the wagers are placed, the winners are determined, and the prizes are distributed. Revenue and expenses associated with satellite, Internet, and progressive bingo should be included under this category. However, certain bingo games within a hybrid gaming event (such as progressive or event bingo) can also qualify as bingo if the individual game meets the preceding definition of ***bingo****.*

Qualified 501(c)(3) bond

A ***tax-exempt bond****, the proceeds of which are used by a section 501(c)(3) organization to advance its charitable purpose. Requirements generally applicable to a qualified section 501(c)(3) bond under section 145 include the following.*

1. *All property financed by the bond issue is to be owned by a section 501(c)(3) organization or a* ***governmental unit****.*
2. *At least 95% of net proceeds of the* ***bond issue*** *are used either by a* ***governmental unit*** *or a section 501(c)(3) organization in activities that aren't* ***unrelated trades or businesses*** *(determined by applying section 513).*

Qualified conservation contribution

Any ***contribution*** *of a qualified real property interest to a qualified organization exclusively for conservation purposes. A "qualified real property interest" means any of the following interests in real property.*

1. *The entire interest of the donor.*
2. *A remainder interest.*
3. *A restriction (such as an easement), granted in perpetuity, on the use which may be made of the real property.*

A "qualified organization" means an organization which is:
a. A ***governmental unit*** *described in section 170(c)(1),*
b. A publicly supported charitable organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2) (see the instructions for Parts II and III of Schedule A (Form 990)), or
c. A ***supporting organization*** *described in sections 501(c)(3) and 509(a)(3) that is controlled by a governmental unit or a publicly supported charitable organization.*

In addition, a qualified organization must have a commitment to protect the conservation purposes of a qualified conservation contribution, and have the resources to enforce the restrictions.

A "conservation purpose" means:

1. *The preservation of land areas for outdoor recreation by, or for the education of, the general public;*
2. *The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems;*
3. *The preservation of open space (including farm and forest land) where such preservation will yield a significant public benefit and is for the scenic enjoyment of the general public or is pursuant to a clearly delineated federal, state, or local governmental conservation policy; or*
4. *The preservation of a historically important land area or a certified historic structure.*

See section 170(h) for additional information, including special rules about the conservation purpose requirement for buildings in registered historic districts. See also ***Conservation easement****.*

Qualified state or local political organization

A type of political organization that meets the following requirements.

- *It limits its exempt function to the selection process relating solely to any state or local public office or office in a state or local political organization.*
- *It is required under a state law to report to a state agency (and does report) information that would otherwise be required to be reported on Form 8872, Political Organization Report of Contributions and Expenditures, or it is required to report under state law (and does report) at least the following information.*

1. The name and address of every person who contributes a total of $500 or more during the calendar year and the amount of each contribution.

2. The name and address of every person to whom the organization makes expenditures aggregating $800 or more during the calendar year, and the amount of each expenditure.

3. Any additional information specified in section 527(j)(3), if state law requires the reporting of that information to the state agency.

- *The state agency makes the reports filed by the organization publicly available.*
- *The organization makes the reports filed with the state agency publicly available in the manner described in section 6104(d).*
- *No federal candidate or office holder controls or materially participates in the direction of the organization, solicits* ***contributions*** *to the organization, or directs any of the organization's disbursements.*

Quasi-endowment

Net assets without donor restrictions designated by an entity's governing board to be invested to provide income for generally a long but not necessarily specified period. A ***board-designated endowment****, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds. Also referred to as a* ***"board-designated endowment."***

Reasonable compensation

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

Reasonable effort

A reasonable amount of effort in information gathering that the organization is expected to undertake in order to provide information requested on Form 990. See the specific instructions for Part VI, lines 1b and 2; Part VII, Section A (compensation from related organizations); and Schedule L (Form 990), Parts III and IV, for examples of reasonable efforts.

Refunding escrow

One or more funds established as part of a single transaction or a series of related transactions, containing ***proceeds*** *of a* ***refunding issue*** *and any other amounts to provide for payment of principal or interest on one or more prior issues. See Regulations section 1.148-1(b).*

Refunding issue

An issue of obligations, the ***proceeds*** *of which are used to pay principal, interest, or redemption price on another issue (a prior issue), including the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue. A current refunding issue is a refunding issue that is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue for the payment of principal or interest on the prior issue. An advance refunding issue is a refunding issue that isn't a current refunding issue. See Regulations sections 1.150-1(d)(1), 1.150-1(d)(3), and 1.150-1(d)(4).*

Related organization

*An organization, including a nonprofit organization, a stock corporation, a partnership or limited liability company, a trust, and a **governmental unit** or other government entity, that stands in one or more of the following relationships to the filing organization at any time during the **tax year**.*

- *Parent: an organization that **controls** the filing organization.*
- *Subsidiary: an organization **controlled** by the filing organization.*
- *Brother/Sister: an organization **controlled** by the same person or persons that control the filing organization. However, if the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the other trust isn't a Brother/Sister related organization of the filing organization on the ground of common control by the bank or financial institution trustee.*
- *Supporting/Supported: an organization that claims to be at any time during the **tax year**, or that is classified by the IRS at any time during the tax year, as (i) a **supporting organization** of the filing organization within the meaning of section 509(a)(3), if the filing organization is a **supported organization** within the meaning of section 509(f)(3); or (ii) a supported organization, if the filing organization is a supporting organization.*
- *Sponsoring Organization of a VEBA: an organization that establishes or maintains a section 501(c)(9) voluntary employees' beneficiary association (VEBA) during the tax year. A sponsoring organization of a VEBA also includes an employee organization, association, committee, joint board of trustees, or other similar group of representatives of the parties which establish or maintain a VEBA. Although a VEBA must report a sponsoring organization as a related organization, a sponsoring organization shouldn't report a VEBA as a related organization, unless the VEBA is related to the sponsoring organization in some other capacity described in this definition.*
- *Contributing Employer of a VEBA: an employer that makes a contribution or contributions to the VEBA during the tax year. Although a VEBA must report a contributing employer as a related organization, a contributing employer shouldn't report a VEBA as a related organization, unless the VEBA is related to the contributing employer in some other capacity described in this definition.*

The organization must determine its related organizations for purposes of completing Form 990, Parts VI (Governance), VII (Compensation), VIII (Statement of Revenue), and X (Balance Sheet); Schedule D (Form 990); Schedule J (Form 990); and Schedule R (Form 990). See the instructions for those parts and schedules for related organization reporting requirements.

Religious order

An organization described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Reportable compensation

*In general, the aggregate **compensation** that is reported (or required to be reported, if greater) in box 1 or 5 of Form W-2 (whichever amount is greater); in box 1 of Form 1099-NEC; and/or in box 6 of Form 1099-MISC, for the calendar year ending with or within the organization's **tax year**. For foreign persons who receive U.S. source income, reportable compensation includes the amount reportable in box 2 of Form 1042-S. For persons for whom compensation reporting on Form W-2, 1099-NEC, 1099-MISC, or 1042-S isn't required (certain foreign persons, institutional trustees, and persons whose compensation was below the $600 reporting threshold for Form 1099-NEC or 1099-MISC), reportable compensation includes the total value of the compensation paid in the form of cash or property during the calendar year ending with or within the organization's tax year.*

Review of financial statement

*An examination of an organization's financial records and practices by an independent accountant with the objective of assessing whether the **financial statements** are plausible, without the extensive testing and external validation procedures of an audit.*

School

An organization, the primary function of which is the presentation of formal instruction, and which has a regular faculty, a curriculum, an enrolled body of students, and a place where educational activities are regularly conducted.

Security/securities

*Any bond, debenture, note, or certificate or other evidence of indebtedness issued by a corporation, government or **political subdivision**, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing.*

Short accounting period

*An accounting period of less than 12 months, which exists when an organization changes its annual accounting period, and which can exist in its initial or final year of existence (see **Tax year**).*

Short period

*See **Short accounting period**.*

Significant disposition of net assets

*A disposition of net assets, consisting of a sale, exchange, disposition, or other transfer of more than 25% of the **FMV** of the organization's net assets during the year, whether or not the organization received full or adequate consideration. A significant disposition of net assets involves:*

1. *One or more dispositions during the organization's **tax year**, amounting to more than 25% of the FMV of the organization's net assets as of the beginning of its tax year; or*
2. *One of a series of related dispositions or events begun in a prior year that, when combined, comprise more than 25% of the FMV of the organization's net assets as of the beginning of the tax year when the first disposition in the series was made. Whether a significant disposition of net assets occurred through a series of related dispositions depends on the facts and circumstances in each case.*

Examples of the types of transactions that are "a significant disposition of net assets" required to be reported on Schedule N (Form 990), Liquidation, Termination, Dissolution, or Significant Disposition of Assets, Part II, include:

- *Taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (a social club described in section 501(c)(7) selling land or an exempt organization selling assets it had used to further its exempt purposes);*
- *Sales, **contributions**, or other transfers of assets to establish or maintain a partnership, **joint venture**, or corporation (for-profit or nonprofit) whether or not the sales or transfers are governed by section 721 or section 351, whether or not the transferor received an ownership interest in exchange for the transfer;*
- *Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest; and*
- *Transfers of assets pursuant to a reorganization in which the organization is a surviving entity.*

The following types of situations aren't considered significant dispositions of net assets for purposes of Schedule N, Part II.

- *The change in composition of **publicly traded securities** held in an exempt organization's passive investment portfolio.*
- *Asset sales made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, for example, gross sales of inventory.*
- *Grants or other assistance made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, for example, the regular charitable distributions of a United Way or other federated fundraising organization.*
- *A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization.*
- *Transfers to a **disregarded entity** of which the organization is the sole member.*

Sponsoring organization

Any organization which is all of the following.

- *Described in section 170(c), other than governmental units described in section 170(c)(1) and without regard to section 170(c)(2)(A).*
- *Not a **private foundation** as defined in section 509(a).*
- *Maintains one or more **donor advised funds**.*

State of legal domicile

For a corporation, the state of incorporation (country of incorporation for a foreign corporation formed outside the United States). For a trust or other entity, the state whose law governs the organization's internal affairs (the foreign country whose law governs for a foreign organization other than a corporation).

Subordinate organization

*One of the organizations, typically local in nature, that is recognized as exempt in a **group exemption** letter and subject to the general supervision and control of a **central organization**.*

Supported organization

*A **public charity** described in section 509(a)(1) or 509(a)(2) supported by a **supporting organization** described in section 509(a)(3).*

Supporting organization	*A public charity claiming status on Form 990 or otherwise under section 509(a)(3). A supporting organization is organized and operated exclusively to support one or more **supported organizations**. A supporting organization that is operated, supervised, or controlled by one or more supported organizations is a Type I supporting organization. The relationship of a Type I supporting organization with its supported organization(s) is comparable to that of a parent-subsidiary relationship. A supporting organization supervised or controlled in connection with one or more supported organizations is a Type II supporting organization. A Type II supporting organization is controlled or managed by the same persons that control or manage its supported organization(s). A supporting organization that is operated in connection with one or more supported organizations is a Type III supporting organization. A Type III supporting organization is further considered either functionally integrated with its supported organization(s) or not functionally integrated with its supported organization(s) (Type III other). Finally, a supporting organization can't be controlled directly or indirectly by one or more **disqualified persons** (as defined in section 4946), other than foundation managers and other than one or more public charities described in section 509(a)(1) or (2).*
Tax-exempt bond	*An obligation issued by or on behalf of a **governmental issuer** on which the interest paid is excluded from the holder's gross income under section 103. For this purpose, a bond can be any form of indebtedness under federal tax law, including a bond, note, loan, or lease-purchase agreement.*
Tax year	*The annual accounting period for which the Form 990 is being filed, whether the calendar year ending December 31 or a fiscal year ending on the last day of any other month. The organization may have a short tax year in its first year of existence, in any year when it changes its annual accounting period (for example, from a December 31 year-end to a June 30 year-end), and in its last year of existence (for example, when it merges into another organization or dissolves). See also **Current year**, **Fiscal year**, and **Short period**.*
Term endowment	*An endowment fund established to provide income for a specified period.*
Territory of the United States	*Includes the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.*
Top financial official	*The person who has ultimate responsibility for managing the organization's finances, for example, the treasurer or chief financial officer.*
Top management official	*A person who has ultimate responsibility for implementing the decisions of the organization's **governing body** or for supervising the management, administration, or operation of the organization (for example, the organization's president, CEO, or executive director).*
Total assets	*The amount reported on Form 990, Part X, line 16, column (B).*
Trustee	*See **Director or trustee**.*
United States	*Unless otherwise provided, includes the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.*
Unrelated business	*See **Unrelated trade or business**.*
Unrelated business income	*Income from an **unrelated trade or business** as defined in section 513.*
Unrelated business gross income	*Gross income from an **unrelated trade or business** as defined in section 513.*
Unrelated organization	*An organization that isn't a **related organization** to the filing organization.*
Unrelated trade or business	*Any trade or business, the conduct of which isn't substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption. See Pub. 598 and the Instructions for Form 990-T for a discussion of what is an unrelated trade or business.*
U.S. territory	*See **Territory of the United States**.*

Volunteer	*A person who serves the organization without compensation, for example, a member of the organization's governing body who serves the organization without compensation. "Compensation" for this purpose includes tips and noncash benefits, except for:* • *Reimbursement of expenses under a reimbursement or other expense allowance arrangement in which there is adequate accounting to the organization,* • *Working condition fringe benefits described in section 132,* • *Liability insurance coverage for acts performed on behalf of the exempt organization, and* • *De minimis fringe benefits.*
Voting member of the governing body	*A member of the organization's* ***governing body*** *with power to vote on all matters that may come before the governing body (other than a conflict of interest that disqualifies the member from voting).*
Works of art	*Include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia, and other similar objects. Art doesn't include* ***collectibles****.*
Year of formation	*The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).*

Appendix of Special Instructions to Form 990

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Appendix A. Exempt Organizations Reference Chart

Type of Organization	Internal Revenue Code Section
Corporations Organized Under Act of Congress	501(c)(1)
Title Holding Corporations	501(c)(2)
Charitable, Religious, Educational, Scientific, etc., Organizations	501(c)(3)
Civic Leagues and Social Welfare Organizations	501(c)(4)
Labor, Agricultural, and Horticultural Organizations	501(c)(5)
Business Leagues, etc.	501(c)(6)
Social and Recreation Clubs	501(c)(7)
Fraternal Beneficiary and Domestic Fraternal Societies and Associations	501(c)(8) & (c)(10)
Voluntary Employees' Beneficiary Associations	501(c)(9)
Teachers' Retirement Fund Associations	501(c)(11)
Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	501(c)(12)
Cemetery Companies	501(c)(13)
State-Chartered Credit Unions, Mutual Reserve Funds	501(c)(14)
Insurance Companies or Associations Other Than Life	501(c)(15)
Cooperative Organizations to Finance Crop Operations	501(c)(16)
Supplemental Unemployment Benefit Trusts	501(c)(17)
Employee Funded Pension Trusts (created before June 25, 1959)	501(c)(18)
Organizations of Past or Present Members of the Armed Forces	501(c)(19) & (c)(23)
Black Lung Benefit Trusts	501(c)(21)
Withdrawal Liability Payment Funds	501(c)(22)
Trusts described in section 4049 of the Employer Retirement Income Security Act	501(c)(24)
Title Holding Corporations or Trusts	501(c)(25)
State-Sponsored Organizations Providing Health Coverage for High-Risk Individuals	501(c)(26)
State-Sponsored Workmen's Compensation and Insurance and Reinsurance Organizations	501(c)(27)
National Railroad Retirement Investment Trust	501(c)(28)
Qualified Nonprofit Health Insurance Issuers	501(c)(29)
Religious and Apostolic Associations	501(d)
Cooperative Hospital Service Organizations	501(e)

Cooperative Service Organizations of Operating Educational Organizations	501(f)
Amateur Sports Organizations	501(j)
Child Care Organizations	501(k)
Charitable Risk Pools	501(n)
Political Organizations	527

Appendix B. How To Determine Whether an Organization's Gross Receipts Are Normally $50,000 (or $5,000) or Less

To figure whether an organization has to file Form 990-EZ (or Form 990), apply the $50,000 (or $5,000) gross receipts test (below) using the following definition of gross receipts and information in *Figuring Gross Receipts* below.

Gross Receipts

Gross receipts are the total amounts the organization received from all sources during its annual tax year (including short years) without subtracting any costs or expenses.

CAUTION *Don't use the definition of gross receipts described in* Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations *to figure gross receipts for this purpose. Those tests are limited to determining the exempt status of section 501(c)(7) and 501(c)(15) organizations.*

Gross receipts when acting as an agent. If a local chapter of a section 501(c)(8) fraternal organization collects insurance premiums for its parent lodge and merely sends those premiums to the parent without asserting any right to use the funds or otherwise deriving any benefit from them, the local chapter doesn't include the premiums in its gross receipts. The parent lodge reports them instead. The same treatment applies in other situations in which one organization collects funds merely as an agent for another.

Figuring Gross Receipts

Figure gross receipts for Forms 990 and 990-EZ as follows.

Form 990. Gross receipts are the sum of lines 6b(i), 6b(ii), 7b(i), 7b(ii), 8b, 9b, 10b, and 12 (column (A)) of Form 990, Part VIII.

Form 990-EZ. Gross receipts are the sum of lines 5b, 6c, 7b, and 9 of Form 990-EZ, Part I.

Example. Organization M reported $50,000 as total revenue on line 9 of its Form 990-EZ. M added back the costs and expenses it had deducted on lines 5b ($2,000), 6c ($1,500), and 7b ($500) to its total revenue of $50,000 and determined that its gross receipts for the tax year were $54,000.

$50,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally $50,000 or less, apply the following test. An organization's gross receipts are considered to be normally $50,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, $75,000 or less during its first tax year;
2. Between 1 and 3 years old and averaged $60,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged $50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

If the organization's gross receipts are normally $50,000 or less, it must submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ, if it chooses not to file Form 990 or 990-EZ. In general, organizations excepted from filing Form 990 or 990-EZ because of low gross receipts must submit Form 990-N. See filing exceptions described under *General Instructions, Section B,* earlier.

$5,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally $5,000 or less, apply the following test. An organization's gross receipts are considered to be normally $5,000 or less if the organization is:

1. Up to a year old and has received, or donors have pledged to give, $7,500 or less during its first tax year;
2. Between 1 and 3 years old and averaged $6,000 or less in gross receipts during each of its first 2 tax years; or
3. Three years old or more and averaged $5,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations

Section 501(c)(7) organizations (social clubs) and section 501(c)(15) organizations (insurance companies) apply the same gross receipts test as other organizations to determine whether they must file Form 990 or 990-EZ. However, section 501(c)(7) and section 501(c)(15) organizations are also subject to separate gross receipts tests to determine whether they qualify as tax exempt for the tax year. The following tests use a special definition of gross receipts for purposes of determining whether these organizations are exempt for a particular tax year.

Section 501(c)(7). A section 501(c)(7) organization can receive up to 35% of its gross receipts, including investment income, from sources outside its membership and remain tax exempt. Part of the 35% (up to 15% of gross receipts) can be from public use of a social club's facilities.

Gross receipts, for purposes of determining the tax-exempt status of section 501(c)(7) organizations, are the club's income from its usual activities and include:

- Charges;
- Admissions;
- Membership fees;
- Dues;
- Assessments; and

• Investment income (dividends, rents, and similar receipts), and normal recurring capital gains on investments.

Gross receipts for this purpose don't include capital contributions (see Regulations section 1.118-1), initiation fees, or unusual amounts of income (the sale of the clubhouse).

College fraternities or sororities or other organizations that charge membership initiation fees, but not annual dues, must include initiation fees in their gross receipts.

Section 501(c)(15). If any section 501(c)(15) insurance company (other than life insurance) meets both parts of the following test, then the company can file Form 990 (or Form 990-EZ, if applicable).

1. The company's gross receipts must be equal to or less than $600,000.

2. The company's premiums must be more than 50% of its gross receipts.

If the company didn't meet this test and the company is a mutual insurance company, then it must meet the *Alternate test* next to qualify to file Form 990 (or Form 990-EZ, if applicable). Insurance companies that don't qualify as tax exempt must file Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return, or Form 1120, U.S. Corporation Income Tax Return, as taxable entities for the year. See Notice 2006-42, 2006-19 I.R.B. 878.

Alternate test. If any section 501(c)(15) insurance company (other than life insurance) is a mutual insurance company and it didn't meet the above test, then the company must meet both parts of the following alternate test.

1. The company's gross receipts must be equal to or less than $150,000.

2. The company's premiums must be more than 35% of its gross receipts.

If the company doesn't meet either test, then it must file Form 1120-PC or Form 1120 (if the company isn't entitled to insurance reserves) instead of Form 990 or 990-EZ.

The alternate test doesn't apply if any employee of the mutual insurance company or a member of the employee's family is an employee of another company that is exempt under section 501(c)(15) (or would be exempt if this provision didn't apply).

Gross receipts. To determine whether a section 501(c)(15) organization satisfies either of the above tests described in *Appendix C*, figure gross receipts by adding:

1. Premiums (including deposits and assessments) without reduction for return premiums or premiums paid for reinsurance;

2. Gross investment income of a non-life insurance company (as described in section 834(b)); and

3. Other items that are included in the filer's gross income under subchapter B, chapter 1, subtitle A, of the Code.

This definition doesn't, however, include contributions to capital. For more information, see Notice 2006-42.

Premiums. Premiums consist of all amounts received as a result of entering into an insurance contract. They are reported on Form 990, Part VIII, line 2, or on Form 990-EZ, Part I, line 2.

Anti-abuse rule. The anti-abuse rule, found in section 501(c)(15)(C), explains how gross receipts (including premiums) from all members of a controlled group are aggregated in figuring the above tests.

Appendix D. Public Inspection of Returns

Some members of the public rely on Form 990, or 990-EZ, as the primary or sole source of information about a particular organization. How the public perceives an organization in those cases may be determined by the information presented on its returns.

An organization's completed Form 990 or 990-EZ is available for public inspection as required by section 6104. Schedule B (Form 990), Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or 990-EZ, the names and addresses of contributors listed on Schedule B aren't required to be made available for public inspection. All other information reported on Schedule B, including the amount of contributions, the description of noncash contributions, and any other information, is required to be made available for public inspection unless it clearly identifies the contributor. Form 990-T filed after August 17, 2006, by a section 501(c)(3) organization to report any unrelated business income is also available for public inspection and disclosure.

Through the IRS

Use Form 4506-A, Request for a Copy of Exempt or Political Organization IRS Form, to request:

• A copy of an exempt or political organization's return, report, notice, or exemption application; or

• An inspection of a return, report, notice, or exemption application at an IRS office.

Complete information is available on the IRS website at *IRS.gov/Charities-Non-Profits/Copies-of-EO-Returns-Available*.

The IRS can't disclose portions of an exemption application relating to any trade secrets, etc. Additionally, the IRS generally can't disclose the names and addresses of contributors. See the Instructions for Schedule B (Form 990) for more information about the disclosure of that schedule.

Notice 2008-49, 2008-20 I.R.B. 979, provides interim guidance regarding the requirement that section 501(c)(3) organizations and the IRS make Form 990-T available for public inspection.

Form 990 or 990-EZ can only be requested for section 527 organizations for tax years beginning after June 30, 2000.

A return, report, notice, or exemption application can be inspected at an IRS office free of charge. Copies of these items can also be obtained through the organization as discussed in the following section.

Through the Organization

Public inspection and distribution of certain returns of unrelated business income. Section 501(c)(3) organizations that are required to file Form 990-T after August 17, 2006, must make Form 990-T available for public inspection under section 6104(d)(1)(A)(ii).

Public inspection and distribution of returns and reports for a political organization. Section 527 political organizations required to file Form 990 or 990-EZ must, in general, make their Forms 8871, 8872, 990, or 990-EZ available for public inspection in the same manner as annual information returns of section 501(c) organizations are made available. See *Public inspection and distribution of applications for tax exemption and annual information returns of tax-exempt organizations*, later. Generally, Form 8871 and Form 8872 are available for inspection and printing at *IRS.gov/Charities-and-Nonprofits*.

Note that a section 527 political organization (and an organization filing Form 990-PF) must disclose their Schedule B (Form 990). See the Instructions for Schedule B. The penalties discussed under General Instructions, Section H, *earlier, also apply to section 527 political organizations (Rev. Rul. 2003-49, 2003-20 I.R.B. 903).*

Public inspection and distribution of applications for tax exemption and annual information returns of tax-exempt organizations. Under Regulations

sections 301.6104(d)-1 through -3, a tax-exempt organization must:

- Make its application for recognition of exemption and its annual information returns available for public inspection without charge at its principal, regional, and district offices during regular business hours;
- Make each annual information return available for a period of 3 years beginning on the date the return is required to be filed (determined with regard to any extension of time for filing) or is actually filed, whichever is later; and
- Provide a copy without charge (for Form 990-T, this requirement applies only to Forms 990-T filed after August 17, 2006), other than a reasonable fee for reproduction and actual postage costs, of all or any part of any application or return required to be made available for public inspection to any individual who makes a request for a copy in person or in writing (except as provided in Regulations sections 301.6104(d)-2 and -3).

Definitions

Tax-exempt organization is any organization that is described in section 501(c) or (d) and is exempt from taxation under section 501(a). The term "tax-exempt organization" also includes any section 4947(a)(1) nonexempt charitable trust or nonexempt private foundation that is subject to the reporting requirements of section 6033.

Application for tax exemption includes:

- Any prescribed application form (Form 1023, 1023-EZ, 1024, or 1024-A),
- All documents and statements the IRS requires an applicant to file with the form,
- Any statement or other supporting document submitted in support of the application, and
- Any letter or other document issued by the IRS concerning the application.

Application for tax exemption doesn't include:

- Any application for tax exemption filed before July 15, 1987, unless the organization filing the application had a copy of the application on July 15, 1987;
- In the case of a tax-exempt organization other than a private foundation, the name and address of any contributor to the organization; or
- Any material that isn't available for public inspection under section 6104.

CAUTION *If there is no prescribed application form, see Regulations section 301.6104(d)-1(b)(3)(ii).*

Annual information return includes:

- An exact copy of the Form 990 or 990-EZ filed by a tax-exempt organization as required by section 6033,
- Any amended return the organization files with the IRS after the date the original return is filed (both the original and amended return are subject to the public inspection requirements), or
- An exact copy of Form 990-T if one is filed by a section 501(c)(3) organization.

The copy must include all information furnished to the IRS on Form 990, 990-EZ, or 990-T as well as all statements, attachments, and supporting documents, except for the name and address of any contributor to the organization. See the Instructions for Schedule B (Form 990). However, statements, attachments, and supporting documents filed with Form 990-T that don't relate to the imposition of unrelated business income tax aren't required to be made available for public inspection and copying. See Notice 2008-49.

Annual returns more than 3 years old. An annual information return doesn't include any return after the expiration of 3 years from the date the return is required to be filed (including any extension of time that has been granted for filing the return) or is actually filed, whichever is later.

If an organization files an amended return, however, the amended return must be made available for a period of 3 years beginning on the date it is filed with the IRS.

Local or subordinate organizations. For rules relating to annual information returns of local or subordinate organizations, see Regulations section 301.6104(d)-1(f)(2).

Regional or district offices. A regional or district office is any office of a tax-exempt organization, other than its principal office, that has paid employees, whether part-time or full-time, whose aggregate number of paid hours a week is normally at least 120.

A site isn't considered a regional or district office, however, if:

- The only services provided at the site further exempt purposes (daycare, health care, scientific or medical research); and
- The site doesn't serve as an office for management staff, other than managers who are involved solely in managing the exempt function activities at the site.

Special Rules Relating to Public Inspection

Permissible conditions on public inspection. A tax-exempt organization:

- Can have an employee present in the room during an inspection;
- Must allow the individual conducting the inspection to take notes freely during the inspection; and
- Must allow the individual to photocopy the document at no charge, if the individual provides photocopying equipment at the place of inspection.

Organizations that don't maintain permanent offices. A tax-exempt organization with no permanent office:

- Must make its application for tax exemption and its annual information returns available for inspection at a reasonable location of its choice;
- Must permit public inspection within a reasonable amount of time after receiving a request for inspection (normally not more than 2 weeks) and at a reasonable time of day;
- Can mail, within 2 weeks of receiving the request, a copy of its application for tax exemption and annual information returns to the requester instead of allowing an inspection; and
- Can charge the requester for copying and actual postage costs only if the requester consents to the charge.

An organization that has a permanent office, but has no office hours, or very limited hours during certain times of the year, must make its documents available during those periods when office hours are limited, or not available, as though it were an organization without a permanent office.

Special Rules Relating to Copies

Time and place for providing copies in response to requests made in person. A tax-exempt organization must:

- Provide copies of required documents under section 6104(d) in response to a request made in person at its principal, regional, and district offices during regular business hours; and
- Provide copies to a requester on the day the request is made, except for unusual circumstances (explained next).

Unusual circumstances. In the case of an in-person request, where unusual circumstances exist so that fulfilling the request on the same business day causes an unreasonable burden to the tax-exempt organization, the organization must provide the copies no later than the next business day following the day that the unusual circumstances cease to exist, or the 5th business day after the date of the request, whichever occurs first.

Unusual circumstances include:

- Requests received that exceed the organization's daily capacity to make copies;
- Requests received shortly before the end of regular business hours that require an extensive amount of copying; or
- Requests received on a day when the organization's managerial staff capable of fulfilling the request is conducting special duties (student registration or attending an off-site meeting or convention), rather than its regular administrative duties.

Agents for providing copies. For rules relating to use of agents to provide copies, see Regulations sections 301.6104(d)-1(d)(1)(iii) and -1(d)(2)(ii)(C).

Request for copies in writing. A tax-exempt organization must honor a written request for a copy of documents (or the requested part) required under section 6104(d) if the request:

1. Is addressed to (and delivered by mail, electronic mail, facsimile, or a private delivery service, as defined in section 7502(f)) a principal, regional, or district office of the organization; and
2. Sets forth the address to which the copy of the documents should be sent.

Time and Manner of Fulfilling Written Requests

IF the organization...	THEN the organization...
receives a written request for a copy	must mail the copy of the requested documents (or the requested parts) within 30 days from the date it receives the request.
mails the copy of the requested document	is deemed to have provided the copy on the postmark date or private delivery mark (if sent by certified or registered mail, the date of registration or the date of the postmark on the sender's receipt).
requires payment in advance	is required to provide the copies within 30 days from the date it receives payment.
receives a request or payment by mail	is deemed to have received it 7 days after the date of the postmark, absent evidence to the contrary.
receives a request transmitted by email or facsimile	is deemed to have received it the day the request is transmitted successfully.
receives a written request without payment or with an insufficient payment, when payment in advance is required	must notify the requester of the prepayment policy and the amount due within 7 days from the date of the request's receipt.
receives consent from an individual making a request	can provide a copy of the requested document exclusively by email (the material is provided on the date the organization successfully transmits the email).

Request for a copy of parts of a document. A tax-exempt organization must fulfill a request for a copy of the organization's entire application for tax exemption or annual information return or any specific part or schedule of its application or return. A request for a copy of less than the entire application or less than the entire return must specifically identify the requested part or schedule.

Fees for copies. A tax-exempt organization can charge a reasonable fee for providing copies. Before the organization provides the documents, it can require that the individual requesting copies of the documents pay the fee. If the organization has provided an individual making a request with notice of the fee, and the individual doesn't pay the fee within 30 days, or if the individual pays the fee by check and the check doesn't clear upon deposit, the organization can disregard the request.

Form of payment.

a. Request made in person. If a tax-exempt organization charges a fee for copying, it must accept payment by cash and money order for requests made in person. The organization can accept other forms of payment, such as credit cards and personal checks.

b. Request made in writing. If a tax-exempt organization charges a fee for copying and postage, it must accept payment by certified check, money order, and either personal check or credit card for requests made in writing. The organization can accept other forms of payment.

Avoidance of unexpected fees. Where a tax-exempt organization doesn't require prepayment and a requester doesn't enclose payment with a request, an organization must receive consent from a requester before providing copies for which the fee charged for copying and postage exceeds $20.

Documents to be provided by regional and district offices. Except as otherwise provided, a regional or district office of a tax-exempt organization must satisfy the same rules as the principal office for allowing public inspection and providing copies of its application for tax exemption and annual information returns.

A regional or district office isn't required, however, to make its annual information return available for inspection or to provide copies until 30 days after the date the return is required to be filed (including any extension of time that is granted for filing the return) or is actually filed, whichever is later.

Documents Provided by Local and Subordinate Organizations

Applications for tax exemption. Except as otherwise provided, a tax-exempt organization that didn't file its own application for tax exemption (because it is a local or subordinate organization covered by a group exemption letter) must, upon request, make available for public inspection, or provide copies of, the application submitted to the IRS by the central or parent organization to obtain the group exemption letter and those documents which were submitted by the central or parent organization to include the local or subordinate organization in the group exemption letter.

However, if the central or parent organization submits to the IRS a list or directory of local or subordinate organizations covered by the group exemption letter, the local or subordinate organization is required to provide only the application for the group exemption ruling and the pages of the list or directory that specifically refer to it. The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time (normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day. See Regulations section 301.6104(d)-1(f) for further information.

Annual information returns. A local or subordinate organization that doesn't file its own annual information return (because it is affiliated with a central or parent organization that files a group return) must, upon request, make available for public inspection, or provide copies of, the group returns filed by the central or parent organization.

However, if the group return includes separate statements for each local or subordinate organization included in the group return, the local or subordinate organization receiving the request can omit any statements relating only to other organizations included in the group return.

The local or subordinate organization must permit public inspection, or comply with a request for copies made in person, within a reasonable amount of time

(normally not more than 2 weeks) after receiving a request made in person for public inspection or copies and at a reasonable time of day.

When a requester seeks inspection, the local or subordinate organization can:

- Mail a copy of the applicable documents to the requester within the same time period instead of allowing an inspection; and
- Charge the requester for copying and actual postage costs, if the requester consents to the charge.

If the local or subordinate organization receives a written request for a copy of its annual information return, it must fulfill the request by providing a copy of the group return in the time and manner specified under *Request for copies in writing*, earlier.

The requester has the option of requesting from the central or parent organization, at its principal office, inspection or copies of group returns filed by the central or parent organization. The central or parent organization must fulfill the requests in the time and manner specified under *Special Rules Relating to Public Inspection* and *Special Rules Relating to Copies*, earlier.

Failure to comply. Any person who doesn't comply with the public inspection requirements will be assessed a penalty of $25 for each day that inspection wasn't permitted, up to a maximum of $12,500 for each return. Organizations with gross receipts exceeding $1,274,000 will be assessed a penalty of $125 for each day, not to exceed $63,500 for each return. The penalties for failure to comply with the public inspection requirements for applications are the same as those for annual returns, except that the $12,500 limitation doesn't apply (sections 6652(c)(1)(C) and (D)). Any person who willfully fails to comply with the public inspection requirements for annual returns or exemption applications will be subject to an additional penalty of $5,000 (section 6685).

Making Applications and Returns Widely Available

A tax-exempt organization isn't required to comply with a request for a copy of its application for tax exemption or an annual information return if the organization has made the requested document widely available (see below).

An organization that makes its application for tax exemption and/or annual information return widely available must also make the document available for public inspection, as required under Regulations section 301.6104(d)-1(a).

A tax-exempt organization makes its application for tax exemption and/or an annual information return widely available if the organization complies with the Internet posting requirements and the notice requirements given below.

Internet posting. A tax-exempt organization can make its application for tax exemption and/or an annual information return widely available by posting the document on a web page that the tax-exempt organization establishes and maintains, or by having the document posted, as part of a database of similar documents of other tax-exempt organizations, on a web page established and maintained by another entity. The document will be considered widely available only if:

- The web page through which it is available clearly informs readers that the document is available and provides instructions for downloading it;
- The document is posted in a format that, when accessed, downloaded, viewed, and printed in hard copy, exactly reproduces the image of the application for tax exemption or annual information return as it was originally filed with the IRS, except for any information permitted by statute to be withheld from public disclosure; and
- Any individual with access to the Internet can access, download, view, and print the document without special computer hardware or software required for that format (other than software that is readily available to members of the public without payment of any fee) and without payment of a fee to the tax-exempt organization or to another entity maintaining the web page.

Reliability and accuracy. In order for the document to be widely available through an Internet posting, the entity maintaining the web page must have procedures for ensuring the reliability and accuracy of the document that it posts on the page and must take reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page. In the event that a posted document is altered, destroyed, or lost, the entity must correct or replace the document.

Notice requirement. If a tax-exempt organization has made its application for tax exemption and/or an annual information return widely available, it must notify any individual requesting a copy where the documents are available (including the address on the Internet, if applicable). If the request is made in person, the organization must provide the notice to the individual immediately. If the request is made in writing, the notice must be provided within 7 days of receiving the request.

Tax-Exempt Organization Subject to Harassment Campaign

Under section 6104(d)(4), if the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) determines that the organization is being harassed, a tax-exempt organization isn't required to comply with any request for copies that it reasonably believes is part of a harassment campaign.

Whether a group of requests is a harassment campaign depends on the relevant facts and circumstances such as:

- A sudden increase in requests,
- An extraordinary number of requests by form letters or similarly worded correspondence,
- Hostile requests,
- Evidence showing bad faith or deterrence of the organization's exempt purpose,
- Prior provision of the requested documents to the purported harassing group, and
- A demonstration that the organization routinely provides copies of its documents upon request.

A tax-exempt organization can disregard any request for copies of all or part of any document beyond the first two received within any 30-day period or the first four received within any 1-year period from the same individual or the same address, whether or not the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) has determined that the organization is subject to a harassment campaign.

A tax-exempt organization can apply for a determination that it is the subject of a harassment campaign and that compliance with requests that are part of the campaign wouldn't be in the public interest by submitting a signed application to the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes). See Rev. Proc. 2024-1, 2024-1 I.R.B. 1, or as updated annually.

In addition, the organization can suspend compliance with any request it reasonably believes to be part of the harassment campaign until it receives a response to its application for a harassment campaign determination. However, if the Office of Associate Chief Counsel (Employee Benefits, Exempt Organizations, and Employment Taxes) determines that the organization didn't have a reasonable basis for requesting a determination that it was subject to a harassment campaign or reasonable belief that a request was part of the campaign, the officer, director, trustee,

employee, or other responsible individual of the organization remains liable for any penalties for not providing the copies in a timely fashion. See Regulations section 301.6104(d)-3.

Appendix E. Group Returns—Reporting Information on Behalf of the Group

Except where otherwise instructed, where a line calls for a dollar amount or numerical data, the **central organization** filing the **group return** must aggregate the data from all the **subordinate organizations** included in the group return and report the aggregate number. For example, in answering Form 990, Part I, line 6, the total number of volunteers for all of the subordinate organizations would be reported.

For purposes of Form 990, Part III, summarize the mission and activities of all of the subordinate organizations as if all of the subordinate organizations were one entity.

In general, if a line requires a "Yes" or "No" answer and the answer isn't the same for all subordinate organizations to which the line applies, then check "Yes" and explain the answer in the schedule's supplemental information section (if applicable) or on Schedule O (Form 990). For the following lines, however, check "No" if the answer is "No" for any of the subordinates to which the line applies, and explain on Schedule O.

- Form 990, Part V, lines 1c, 2b, 3b, 5c, 6b, 7b, 7g, and 7h.
- Form 990, Part VI, lines 8a, 8b, 10b, 12b, and 12c.
- Schedule C (Form 990), Political Campaign and Lobbying Activities, Part I-B, lines 3 and 4a.
- Schedule C (Form 990), Part I-C, line 4.
- Schedule C (Form 990), Part II-A, line 1j.
- Schedule C (Form 990), Part II-B, line 2d.
- Schedule C (Form 990), Part III-A, lines 1–3.
- Schedule D (Form 990), Supplemental Financial Statements, Part I, lines 5 and 6.
- Schedule D (Form 990), Part II, lines 5 and 8.
- Schedule E (Form 990), Schools, lines 1–4d and 7.
- Schedule F (Form 990), Statement of Activities Outside the United States, Part I, line 1.
- Schedule G (Form 990), Supplemental Information Regarding Fundraising or Gaming Activities, Part III, line 9a.
- Schedule I (Form 990), Grants and Other Assistance to Organizations, Governments, and Individuals in the United States, Part I, line 1.
- Schedule J (Form 990), Compensation Information, Part I, lines 1b and 2.
- Schedule M (Form 990), Noncash Contributions, Part I, line 31.
- Schedule N (Form 990), Liquidation, Termination, Dissolution, or Significant Disposition of Assets, Part I, lines 3, 4a–b, 5, and 6a–c.

The following is a list of other special instructions for group returns.

1. **Item B. Final return/terminated.** If the **central organization** is terminating its **group exemption** and filing its final **group return**, don't check the "Final return/terminated" box. Refer to Rev. Proc. 80-27, 1980-1 C.B. 677, as modified, for procedures for terminating the group exemption.

2. **Item C. Name.** Enter the name of the group exemption. Note that the group exemption may have a different name than the central organization's name.

3. **Item D. EIN.** Use the special **EIN** (separate from the central organization's EIN) that is issued solely for the purposes of the group return. The central organization must have received a group exemption letter before it can file a group ruling.

4. **Items E, F, and J.** Enter information for the central organization only.

5. **Item H. Group returns.** If the organization answers "Yes" to item H(a) but "No" to item H(b) (not all subordinate organizations are included in the group return), then attach a list (not on Schedule O (Form 990)) showing the name, address, and EIN of each subordinate organization included in the group return. Additionally, attach a list (not on Schedule O (Form 990)) showing the name, address, and EIN of each subordinate organization not included in the group return. See Regulations section 1.6033-2(d)(2)(ii).

6. **Item K. Form of organization.** Check "Other" if the group has more than one form of organization.

7. **Item L. Year of formation.** Leave blank for group return.

8. **Item M. State of legal domicile.** Leave blank for group return.

9. **Part IV, lines 14b–19, 21–22, and 29, dollar thresholds.** Apply the dollar thresholds for the aggregate data for the group as a whole, not subordinate by subordinate.

10. **Part IV, line 20. Hospitals.** Answer "Yes" if any affiliate included within the group return operated a hospital facility.

11. **Part VI, line 2. Relationships among officers, directors, trustees, and key employees.** Describe on Schedule O (Form 990) only relationships between **officers, directors, trustees,** and **key employees** of the same **subordinate organization**, not relationships between officers, directors, trustees, and key employees of one subordinate and officers, directors, trustees, and key employees of another subordinate.

12. **Part VI, line 4. Significant changes to organizational documents.** Report only changes to standardized organizational documents maintained by the central organization that subordinates are required to adopt.

13. **Part VI, line 5. Significant diversion of assets.** In determining whether a diversion of a subordinate's assets meets the 5%/$250,000 reporting threshold, consider only the total assets and gross receipts of that subordinate, not of the parent or other subordinates.

14. **Part VI, line 20. Person who possesses books and records.** Identify the person who possesses the information furnished by the subordinate organizations used in compiling the group return.

15. **Part VII. Compensation of officers, directors, trustees, key employees, and highest compensated employees.** File a single consolidated Form 990, Part VII, showing the officers, directors, trustees, and key employees of each subordinate included in the group return, and a single consolidated Schedule J (Form 990), Part II, for all officers, directors, trustees, and key employees above the compensation thresholds. Report the five **highest compensated employees** and **independent contractors** above $100,000 for the whole group of subordinates, not for each subordinate. If one or more officers, directors, trustees, key employees, or highest compensated employees received compensation from more than one organization in the group, the person's compensation from the several organizations must be reported in column (D).

16. **Part VII. Compensation from related organizations.** Report compensation from an organization that is included in the group ruling but that isn't among the subordinates included in the group return as compensation from a related organization in column (E), even if the related organization isn't required to be reported on Schedule R (Form 990), Related Organizations and Unrelated Partnerships.

17. **Part XII, lines 2a–2b. Compiled, reviewed, or audited financial statements.** Answer "Yes" only if all the subordinates in the group had their financial statements compiled, reviewed,

or audited individually (rather than on a consolidated basis).

18. **Schedule A (Form 990), Part I. Reason for public charity status.** If the subordinates don't all have the same public charity status, then check the public charity status box for the largest number of subordinates in the group, and explain on Schedule A (Form 990), Public Charity Status and Public Support, Part IV. However, if any section 509(a)(3) organizations are among the subordinates in the group return, also answer lines 12e through 12g.

19. **Schedule A (Form 990), Parts II and III. Support statements.** Report aggregate data for all subordinates with the public charity status corresponding to Part II or III.

20. **Schedule A (Form 990), Parts IV through VI.** In addition to Part I in paragraph 18 above, if any section 509(a)(3) organizations are among the subordinates in the group return, also complete the relevant sections of Parts IV and V. If an answer in Part IV requires more information with respect to any section 509(a)(3) organizations, then answer with respect to those organizations and provide that additional information in Part VI. For instance, if the group includes 50 section 509(a)(3) organizations, and one of them doesn't list all of its supported organizations by name in its governing documents, then answer "No" to Part IV, Section A, line 1, and explain in Part VI. If the group includes more than one Type III non-functionally-integrated supporting organization, then provide aggregate data in Part V.

21. **Schedule B (Form 990). Contributors.** Report a consolidated Schedule B (Form 990) for all subordinates included in the group return. Apply the dollar and percentage thresholds (including the greater of $5,000 or 2% threshold for section 501(c)(3) organizations described in sections 509(a)(1) and 170(b)(1)(A)(vi)) subordinate by subordinate, not on a group basis.

22. **Schedule C (Form 990), Part II-A. Lobbying expenditures and affiliated groups.** Complete Part II-A, column (b), for the group as a whole. In column (a), except on lines 1g and 1h, include the amounts that apply to all electing members of the group if they are included in the group return. If the group return includes organizations that belong to more than one affiliated group, enter in column (b) the totals for all the groups.

23. **Schedule D (Form 990), Part X. Other liabilities.** The filing organization can summarize that portion, if any, of the **FIN 48** (ASC 740) footnote that applies to the liability of multiple organizations including the organization (for example, as a member of a group with consolidated financial statements), to describe the filing organization's share of the liability.

24. **Schedule H (Form 990). Hospitals.** Complete one Schedule H for all of the hospitals operated by subordinates in the group, and report aggregate data from all the hospitals. In Part V, Section A, list each of the organization's **hospital facilities** separately. List in Section A the name and EIN of the subordinate hospital organization that operates the hospital facility. Complete separate Sections B and C for each of the hospital facilities or facility reporting groups listed in Section A.

25. **Schedule J (Form 990). Compensation from related organizations.** See the Part VII instructions, earlier, in this Appendix.

26. **Schedule L (Form 990). Transactions with interested persons.** On Schedule L (Form 990), Part IV, report only transactions between a subordinate organization and its interested persons—not transactions between a subordinate organization and the interested persons of other subordinates. In determining whether a transaction between the subordinate and its interested persons meets the financial reporting thresholds of Schedule L, Part IV, consider only the payments between the subordinate and its interested persons, not payments between interested persons and the parent or other subordinates.

27. **Schedule N (Form 990). Liquidation or significant disposition of assets.** Explain on Schedule N (Form 990), Part III, which of the subordinates have undergone a liquidation, termination, dissolution, or significant disposition of assets during the tax year.

28. **Schedule R (Form 990). Related organizations.** See the Instructions for Schedule R (Form 990) to determine when related organizations of a member of a group exemption must be included on Schedule R (Form 990). In general, **central organizations** and **subordinate organizations** of a **group exemption** aren't required to be listed as **related organizations** on Schedule R (Form 990), Part II; and all other related organizations of the central organization or of a subordinate organization are required to be listed on Schedule R (Form 990) in the applicable part. Even if a related organization isn't required to be listed in Part II of Schedule R (Form 990), the organization must report its transactions with the related organization in Part V, as described in the instructions for that Part.

Appendix F. Disregarded Entities and Joint Ventures—Inclusion of Activities and Items

Disregarded Entities

A **disregarded entity**, as described in Regulations sections 301.7701-1 through -3, is generally treated as a branch or division of its parent organization for federal tax purposes (but see the *TIP* next for the treatment of disregarded entities as separate entities for employment tax purposes). Therefore, financial and other information applicable to a disregarded entity must be reported as the parent organization's information, except on Form 990, Part VI, lines 10a and 10b, and on Schedule R (Form 990), in which disregarded entities must be separately reported.

An organization must report on its Form 990, including Parts VIII through X, all of the revenues, expenses, assets, liabilities, and net assets or funds of a disregarded entity of which it is the sole member. The disregarded entity is deemed to have the same accounting period as its parent for federal tax purposes. The organization must also report the activities of a disregarded entity in the appropriate parts (including schedules) of the Form 990. For example, support of a disregarded entity must be taken into account by the filing organization for purposes of the public support tests set forth on Schedule A (Form 990). Similarly, **political campaign activity** or **lobbying activity** conducted by a disregarded entity of which the organization is the sole member must be reported on Schedule C (Form 990).

TIP *A disregarded entity is treated as a separate entity for purposes of employment tax and certain excise taxes. For wages paid after January 1, 2009, a disregarded entity is required to use its name and EIN for reporting and payment of employment taxes.*

CAUTION *A single-member LLC is treated generally as a disregarded entity of its sole member/owner unless it elects to be treated as a separate association. It may elect to be treated separately by filing Form 8832, Entity Classification Election, or by claiming tax-exempt status in its own right (by filing a Form 1023, 1023-EZ, 1024, or 1024-A, application for recognition of tax-exempt status, or a Form 990, 990-EZ, 990-N, or 990-T, using its own name and EIN).*

Once the IRS determines a single-member LLC to be exempt, it is no longer eligible to be treated as a disregarded entity until the determination of exemption is revoked and the LLC subsequently files a Form 8832 electing disregarded entity status. Similarly, a single-member LLC that claims exemption but hasn't been determined to be exempt isn't eligible to be treated as disregarded until the claim is withdrawn or rejected and the LLC files a Form 8832 electing disregarded entity status. See Regulations section 301.7701-3(c)(1)(v)(A).

The following is a list of special instructions for the form and schedules regarding the reporting of a disregarded entity of which the organization is the sole member. These items are described to illustrate special applications of the rule described above that a disregarded entity's activities and items must be reported on the organization's Form 990 and applicable schedules.

1. **Part I, line 5. Number of employees.** See the instructions for Part V, lines 1 and 2, below.

2. **Part I, line 6. Number of volunteers.** The total number of **volunteers** to be reported can, but isn't required to, include **volunteers** of any disregarded entity.

3. **Part III. Program service accomplishments.** Consider activities and accomplishments of all disregarded entities when answering this part.

4. **Part IV, line 12. Audited financial statements.** The organization shouldn't answer "Yes" to this question merely because it received audited financial statements of one or more disregarded entities, if the audited financial statements of the organization weren't audited.

5. **Part IV, lines 31–32. Liquidation or significant disposition of assets.** See the instructions for Schedule N (Form 990) in this Appendix, later.

6. **Part IV, lines 35–36. Transactions with related organizations.** See the instructions for Schedule R (Form 990) in this Appendix, later.

7. **Part V, lines 1–2. Forms 1096 and W-3.** The total number of information returns and **employees** to be reported, and compliance with backup withholding rules, includes all backup withholding, information returns, and employees of any disregarded entity, whether or not the disregarded entity has a separate **EIN** for employment tax and information reporting purposes.

8. **Part V, line 7. Organizations that can receive deductible contributions.** For purposes of Form 990 reporting, lines 7a through 7h are to be answered by taking into account any contributions made to a disregarded entity.

9. **Part VI, lines 1a–9.** Members of the governing body, officers, directors, trustees, and employees of a disregarded entity won't be treated as **governing body members, officers, directors,** or **trustees** of the filing organization, but a person can be a **key employee** or **highest compensated employee** of the filing organization by virtue of **compensation** paid by the disregarded entity, or the person's responsibilities and authority over operations of the disregarded entity when compared to the filing organization as a whole. See *Disregarded entities* under *Part VII, Section A,* earlier.

10. **Part VI, Section B, lines 10a–16b. Policies.** The organization should check "Yes" or "No" based on the filing organization's policies, but for each "Yes" response, they must report on Schedule O (Form 990) whether the policy applies to all of the organization's disregarded entities (if any).

11. **Part VII, line 1a. Definitions of key employee and highest compensated employee.** An officer, director, trustee, and employee of a disregarded entity can constitute a key employee or highest compensated employee of the filing organization by virtue of compensation paid by the disregarded entity, or the person's responsibilities and authority over operations of the disregarded entity when compared to the filing organization as a whole. See the instructions for Form 990, Part VII, Section A.

12. **Part XII, lines 2a–2b. Financial statements.** If the organization included financial information from its disregarded entity or entities in its financial statements, but didn't consolidate any other entity's information in its financial statements, it should check the box for "Separate basis" but not the box for "Consolidated basis" or "Both consolidated and separate basis."

13. **Part XII, line 3. Uniform Guidance, 2 C.F.R. Part 200, Subpart F.** The organization must check "Yes" if a disregarded entity was required to undergo an audit or audits.

Note. The Single Audit Act of 1984 and OMB Circular A-133 are superseded by Uniform Guidance, 2 C.F.R. Part 200, Subpart F, and now requires states, local governments, and nonprofit organizations that spend $750,000 (previously $500,000) or more of federal awards in a year to obtain an annual audit.

14. **Schedule L (Form 990). Transactions with interested persons.** Reportable transactions include transactions involving interested persons who have such status because of their relationship with a disregarded entity (such as an employee of the disregarded entity who qualifies as a key employee of the organization as a whole). A transaction between an interested person and a disregarded entity of the organization is reportable on Schedule L.

15. **Schedule N (Form 990). Liquidation or significant disposition of assets.** The organization shouldn't prepare Part I to report a termination, liquidation, or dissolution of a disregarded entity if the filing organization continues to operate. Transfers to (or by) a filing organization by (or to) its disregarded entity aren't to be reported in Part II, but transfers by or contractions of a disregarded entity are to be taken into account to determine whether a reportable event (based on 25% of the filing organization's net assets, including those of its disregarded entities) has occurred.

16. **Schedule R (Form 990), Part V, line 2. Transactions with related organizations.** Specified payments to a disregarded entity by a **controlled entity** of the filing organization, and transfers by a disregarded entity to an exempt noncharitable entity, are to be reported on Schedule R (Form 990), Part V, line 2.

Joint Ventures Treated as a Partnership for Federal Income Tax Purposes

If the organization participates as a partner or member of a **joint venture,** partnership, LLC, or other entity treated as a partnership for federal tax purposes (referred to here as a "joint venture"), as described in Regulations sections 301.7701-1 through -3, then the organization in general must report the activities of the joint venture as its own activities, and report the joint venture's revenue, expenses, and assets, to the extent of the organization's proportionate interest in the joint venture. For example, a proportionate share of the **political campaign activity** or **lobbying activity** conducted by a joint venture of which the organization is a member must be reported on Schedule C (Form 990). If the joint venture is a member of a second joint venture, which is a member of a third joint venture, etc., the activities similarly pass through all joint ventures to the organization, according to the organization's proportionate share in each of the joint ventures.

The following is a list of special instructions for the form and schedules

regarding the reporting of a joint venture of which the organization is a member.

1. **Part I, line 2. Disposition of 25% of assets.** See the instructions for Schedule N in this Appendix, later.

2. **Part I, lines 7a–7b. Unrelated business income.** Include the organization's distributive share (whether or not distributed) of income or loss of the joint venture that is unrelated business income in determining the organization's gross and net unrelated business income.

3. **Part IV, lines 3–5. Political campaign and lobbying activities.** See the instructions for Schedule C in this Appendix, later.

4. **Part IV, line 7. Conservation easements.** See the instructions for Schedule D in this Appendix, later.

5. **Part IV, lines 14–16. Activities outside the United States.** See the instructions for Schedule F in this Appendix, later.

6. **Part IV, lines 17–19. Fundraising and gaming.** See the instructions for Schedule G in this Appendix, later.

7. **Part IV, line 20. Hospitals.** See the instructions for Schedule H in this Appendix, later.

8. **Part IV, lines 21–22. Grants in the United States.** See the instructions for Schedule I in this Appendix, later.

9. **Part IV, lines 26–28. Loans, grants, and business transactions involving interested persons.** See the instructions for Schedule L in this Appendix, later.

10. **Part IV, line 32. Disposition of 25% of assets.** See the instructions for Schedule N in this Appendix, later.

11. **Part IV, lines 34–37. Related organizations and unrelated partnerships.** See the instructions for Schedule R in this Appendix, later.

12. **Part V, line 3a. Unrelated business income.** Include the organization's distributive share (whether or not distributed) of income or loss of the joint venture that is **unrelated business income** in determining the organization's gross unrelated business income.

13. **Part VI. Governance, management, and disclosure.** Don't take into account a joint venture for purposes of Part VI (except for lines 16a and 16b).

14. **Part VII. Compensation.** See the instructions for Schedule J in this Appendix, later.

15. **Parts VIII, IX, and X. Financial statements.** Report in accordance with the organization's books and records.

16. **Part XII. Financial statements and reporting.** Disregard a joint venture.

17. **Schedule C (Form 990). Political campaign and lobbying activities.** Report the organization's share of political campaign or lobbying activities conducted by a joint venture.

18. **Schedule D (Form 990), Part II. Conservation easements.** Include conservation easements held by a joint venture formed for the purpose of holding the easements.

19. **Schedule F (Form 990). Activities outside the United States.** Include activities of a joint venture, including grants to organizations or individuals outside the United States.

20. **Schedule G (Form 990). Fundraising and gaming.** Include activities of a joint venture and the organization's share of revenues and expenses. On Part III, line 12, check "Yes" if the joint venture was formed to administer charitable gaming.

21. **Schedule H (Form 990). Hospitals.** Report activities, expenses, and revenue of **hospital facilities** and other programs operated by any joint venture, to the extent of the organization's proportionate interest in the joint venture. See the instructions for Schedule H, Part IV, to determine how to report an organization's interest in joint ventures and management companies.

22. **Schedule I (Form 990). Grants in the United States.** Include grants from a joint venture to organizations, governments, or individuals in the United States.

23. **Schedule J (Form 990). Compensation.** If an **officer, director, trustee,** or **employee** of the organization receives compensation from a joint venture, the **compensation** isn't treated as paid pro rata by the organization. The compensation may need to be reported, however, as compensation from a related organization if the joint venture is a related organization.

24. **Schedule K (Form 990), Part III, line 1. Private business use.** Report certain joint ventures that owned property financed by **tax-exempt bonds.**

25. **Schedule L (Form 990), Parts II–IV. Loans, grants, and business transactions involving interested persons.** Report loans, grants, and business transactions between the organization and a joint venture, if the joint venture is an interested person for purposes of Schedule L, and if the transaction meets the applicable reporting thresholds described in the Schedule L instructions. Also report certain joint ventures with interested persons as provided in the Schedule L, Part IV, instructions as business transactions themselves.

26. **Schedule N (Form 990), Part II. Disposition of 25% of assets.** In determining whether the organization made a disposition of more than 25% of its assets, take into account its share of dispositions by a joint venture.

27. **Schedule R (Form 990). Related organizations.** Report relationships with certain joint ventures in Parts III and VI, and certain transactions with joint ventures in Part V.

Appendix G. Section 4958 Excess Benefit Transactions

The intermediate sanction regulations are important to the exempt organization community as a whole, and for ensuring compliance in this area. The rules provide a roadmap by which an organization can steer clear of situations that may give rise to inurement.

Under section 4958, any **disqualified person** who benefits from an **excess benefit transaction** with an **applicable tax-exempt organization** is liable for a 25% tax on the excess benefit. The disqualified person is also liable for a 200% tax on the excess benefit if the excess benefit isn't corrected by a certain date. Also, organization managers who participate in an excess benefit transaction knowingly, willfully, and without reasonable cause are liable for a 10% tax on the excess benefit, not to exceed $20,000 for all participating managers on each transaction.

Applicable Tax-Exempt Organization

These rules only apply to certain applicable section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. An **applicable tax-exempt organization** is a section 501(c)(3), 501(c)(4), or 501(c)(29) organization that is tax exempt under section 501(a), or was an organization at any time during a 5-year period ending on the day of the **excess benefit transaction.**

An **applicable tax-exempt organization** doesn't include:

- A **private foundation,** as defined in section 509(a);
- A governmental entity that is exempt from (or not subject to) taxation without regard to section 501(a) or relieved from filing an annual return under Regulations section 1.6033-2(g)(6); and
- Certain **foreign organizations.**

An organization isn't treated as a section 501(c)(3), 501(c)(4), or 501(c)(29) organization for any period covered by a final determination that the organization wasn't tax exempt under section 501(a), so long as the

determination wasn't based on private inurement or one or more excess benefit transactions.

Disqualified Person

Most section 501(c)(3), 501(c)(4), or 501(c)(29) organization **employees** and **independent contractors** won't be affected by these rules. Only the few influential persons within these organizations are covered by these rules when they receive benefits, such as **compensation**, fringe benefits, or contract payments. The IRS calls this class of covered individuals **disqualified persons**.

A *disqualified person*, regarding any transaction, is any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. This would include, for example, **voting members of the governing body**, and persons holding the power of the following.

- Presidents, **CEOs**, or chief operating officers.
- Treasurers and chief financial officers.

A disqualified person also includes certain family members of a disqualified person, and **35% controlled entities** of a disqualified person.

The following persons are considered disqualified persons for the following organizations, along with certain family members and 35% controlled entities associated with them.

- For a transaction involving a **donor advised fund**, a donor or **donor advisor** of that donor advised fund.
- For a **donor advised fund** sponsoring organization, an investment advisor of the **sponsoring organization**.
- For a **supported organization** of a section 509(a)(3) supporting organization, the disqualified persons of the section 509(a)(3) **supporting organization**.

See the instructions for Form 4720, Schedule I, for more information regarding these disqualified persons.

Who isn't a disqualified person? The rules also clarify which persons aren't considered to be in a position to exercise substantial influence over the affairs of an organization. They include:

- An employee who receives benefits that total less than the highly compensated amount ($120,000 in 2015–2018, $125,000 in 2019, $130,000 in 2020–2021, $135,000 in 2022, $150,000 in 2023, and $155,000 in 2024) and who doesn't hold the executive or voting powers just mentioned, isn't a family member of a disqualified person, and isn't a substantial contributor;
- Tax-exempt organizations described in section 501(c)(3); and
- Section 501(c)(4) organizations for transactions engaged in with other section 501(c)(4) organizations.

Who else can be considered a disqualified person? Other persons not described above can also be considered disqualified persons, depending on all the relevant facts and circumstances.

Facts and circumstances tending to show substantial influence.

- The person founded the organization.
- The person is a substantial contributor to the organization under the section 507(d)(2)(A) definition, only taking into account contributions to the organization for the past 5 years.
- The person's compensation is primarily based on revenues derived from the activities of the organization that the person controls.
- The person has or shares authority to control or determine a substantial portion of the organization's capital expenditures, operating budget, or compensation for employees.
- The person manages a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.
- The person owns a controlling interest (measured by either vote or value) in a corporation, partnership, or trust that is a disqualified person.
- The person is a nonstock organization controlled directly or indirectly by one or more disqualified persons.

Facts and circumstances tending to show no substantial influence.

- The person is an independent contractor whose sole relationship to the organization is providing professional advice (without having decision-making authority) for transactions from which the independent contractor won't economically benefit.
- The person has taken a vow of poverty.
- Any preferential treatment the person receives based on the size of the person's donation is also offered to others making comparable widely solicited donations.
- The direct supervisor of the person isn't a disqualified person.
- The person doesn't participate in any management decisions affecting the organization as a whole or a discrete segment of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole.

What about persons who staff affiliated organizations? In the case of multiple affiliated organizations, the determination of whether a person has substantial influence is made separately for each applicable tax-exempt organization. A person may be a disqualified person for more than one organization in the same transaction.

Excess Benefit Transaction

An **excess benefit transaction** is generally a transaction in which an economic benefit is provided by an **applicable tax-exempt organization**, directly or indirectly, to or for the use of any **disqualified person**, and the value of the economic benefit provided by the applicable tax-exempt organization exceeds the value of the consideration (including the performance of services) received for providing the benefit, but see the special rules below for **donor advised funds** and **supporting organizations**. An excess benefit transaction can also occur when a disqualified person embezzles from the exempt organization.

To determine whether an excess benefit transaction has occurred, all consideration and benefits exchanged between a disqualified person and the applicable tax-exempt organization, and all entities it controls, are taken into account.

For purposes of determining the value of economic benefits, the value of property, including the right to use property, is the **FMV**. **FMV** is the price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

Donor advised funds. For a **donor advised fund**, an excess benefit transaction includes a grant, loan, **compensation**, or similar payment from the fund to a:

- Donor or **donor advisor**,
- Family member of a donor or **donor advisor**,
- **35% controlled entity** of a donor or donor advisor, or
- 35% controlled entity of a family member of a donor or donor advisor.

For these transactions, the excess benefit is defined as the amount of the grant, loan, compensation, or similar payment. For additional information, see the Instructions for Form 4720.

Supporting organizations. For any supporting organization defined in section 509(a)(3), an excess benefit transaction includes grants, loans, compensation, or similar payment provided by the supporting organization to a:

- Substantial contributor,
- Family member of a substantial contributor,
- 35% controlled entity of a substantial contributor, or
- 35% controlled entity of a family member of a substantial contributor.

Additionally, an excess benefit transaction includes any loans provided by the supporting organization to a disqualified person (other than an organization described in section 509(a)(1), (2), or (4)).

A substantial contributor is any person who contributed or bequeathed an aggregate of more than $5,000 to the organization, if that amount is more than 2% of the total contributions and bequests received by the organization before the end of the tax year of the organization in which the contribution or bequest is received by the organization from the person. A substantial contributor includes the grantor of a trust.

The excess benefit for substantial contributors and parties related to those contributors includes the amount of the grant, loan, compensation, or similar payment. For additional information, see the Instructions for Form 4720.

When does an excess benefit transaction usually occur? For federal income tax purposes, an excess benefit transaction occurs on the date the disqualified person receives the economic benefit from the organization. However, when a single contractual arrangement provides for a series of compensation payments or other payments to a disqualified person during the disqualified person's tax year, any excess benefit transaction for these payments occurs on the last day of the disqualified person's tax year.

In the case of the transfer of property subject to a substantial risk of forfeiture, or in the case of rights to future compensation or property, the transaction occurs on the date the property, or the rights to future compensation or property, isn't subject to a substantial risk of forfeiture. Where the disqualified person elects to include an amount in gross income in the tax year of transfer under section 83(b), the excess benefit transaction occurs on the date the disqualified person receives the economic benefit for federal income tax purposes.

Section 4958 applies only to post-September 1995 transactions. Section 4958 applies the general rules to excess benefit transactions occurring on or after September 14, 1995. Section 4958 doesn't apply to any transaction occurring pursuant to a written contract that was binding on September 13, 1995, and at all times thereafter before the transaction occurs. The special rules relevant to transactions with donor advised funds and supporting organizations apply to transactions occurring after August 17, 2006, except that taxes on certain transactions between supporting organizations and their substantial contributors apply to transactions occurring on or after July 25, 2006.

What Is Reasonable Compensation?

Reasonable compensation is the valuation standard that is used to determine if there is an excess benefit in the exchange of a **disqualified person's** services for **compensation.** *Reasonable compensation* is the value that would ordinarily be paid for like services by like enterprises under like circumstances. This is the section 162 standard that will apply in determining the reasonableness of compensation. The fact that a bonus or revenue-sharing arrangement is subject to a cap is a relevant factor in determining the reasonableness of compensation.

For determining the reasonableness of compensation, all items of compensation provided by an applicable tax-exempt organization in exchange for the performance of services are taken into account in determining the value of compensation (except for certain economic benefits that are disregarded, as discussed in *What benefits are disregarded?* in this Appendix, later). Items of compensation include the following.

- All forms of cash and noncash compensation, including salary, fees, bonuses, severance payments, and deferred and noncash compensation.
- The payment of liability insurance premiums for, or the payment or reimbursement by the organization of, taxes or certain expenses under section 4958, unless excludable from income as a de minimis fringe benefit under section 132(a)(4). (A similar rule applies in the private foundation area.) Inclusion in compensation for purposes of determining reasonableness under section 4958 doesn't control inclusion in income for income tax purposes.
- All other compensatory benefits, whether or not included in gross income for income tax purposes.
- Taxable and nontaxable fringe benefits, except fringe benefits described in section 132.
- Foregone interest on loans.

Written intent required to treat benefits as compensation. An economic benefit isn't treated as consideration for the performance of services unless the organization providing the benefit clearly indicates its intent to treat the benefit as compensation when the benefit is paid.

An applicable tax-exempt organization (or entity that it controls) is treated as clearly indicating its intent to provide an economic benefit as compensation for services only if the organization provides written substantiation that is contemporaneous with the transfer of the economic benefits under consideration. Ways to provide contemporaneous written substantiation of its intent to provide an economic benefit as compensation include the following.

- The organization produces a signed written employment contract.
- The organization reports the benefit as compensation on an original Form W-2, Form 1099, or Form 990, or on an amended form filed before the start of an IRS examination.
- The disqualified person reports the benefit as income on the person's original Form 1040 or 1040-SR or on an amended form filed before the start of an IRS examination.

Exception. To the extent the economic benefit is excluded from the disqualified person's gross income for income tax purposes, the applicable tax-exempt organization isn't required to indicate its intent to provide an economic benefit as compensation for services, for example, employer-provided health benefits and contributions to qualified plans under section 401(a).

What benefits are disregarded? The following economic benefits are disregarded for purposes of section 4958.

- Nontaxable fringe benefits. An economic benefit that is excluded from income under section 132.
- Benefits to volunteers. An economic benefit provided to a volunteer for the organization if the benefit is provided to the general public in exchange for a membership fee or contribution of $75 or less per year.
- Benefits to members or donors. An economic benefit provided to a member of an organization due to the payment of a membership fee, or to a donor as a result of a deductible contribution, if a significant number of nondisqualified persons make similar payments or contributions and are offered a similar economic benefit.

- Benefits to a charitable beneficiary. An economic benefit provided to a person solely as a member of a charitable class that the applicable tax-exempt organization intends to benefit as part of the accomplishment of its exempt purpose.
- Benefits to a governmental unit. A transfer of an economic benefit to or for the use of a governmental unit, as defined in section 170(c)(1), if exclusively for public purposes.

Is there an exception for initial contracts? Section 4958 doesn't apply to any fixed payment made to a person pursuant to an **initial contract**. This is a very important exception because it would potentially apply, for example, to all initial contracts with new, previously unrelated officers and contractors.

An *initial contract* is a binding written contract between an applicable tax-exempt organization and a person who wasn't a disqualified person immediately before entering into the contract.

A *fixed payment* is an amount of cash or other property specified in the contract, or determined by a fixed formula that is specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property.

A *fixed formula* can, in general, incorporate an amount that depends upon future specified events or contingencies, as long as no one has discretion when calculating the amount of a payment or deciding whether to make a payment (such as a bonus).

Treatment as new contract. A binding written contract, providing that it can be terminated or canceled by the applicable tax-exempt organization without the other party's consent (except as a result of substantial nonperformance) and without substantial penalty, is treated as a new contract, as of the earliest date that any termination or cancellation would be effective. Also, a contract in which there is a material change, which includes an extension or renewal of the contract (except for an extension or renewal resulting from the exercise of an option by the disqualified person), or a more than incidental change to the amount payable under the contract, is treated as a new contract as of the effective date of the material change. Treatment as a new contract can cause the contract to fall outside the initial contract exception, and it would thus be tested under the FMV standards of section 4958.

Rebuttable Presumption of Reasonableness

Payments under a **compensation** arrangement are presumed to be reasonable and the transfer of property (or right to use property) is presumed to be at **FMV**, if the following three conditions are met.

1. The transaction is approved by an authorized body of the organization (or an entity it controls), which is composed of individuals who don't have a conflict of interest concerning the transaction.

2. Before making its determination, the authorized body obtained and relied upon appropriate data as to comparability. There is a special safe harbor for small organizations. If the organization has gross receipts of less than $1 million, appropriate comparability data includes data on compensation paid by three comparable organizations in the same or similar communities for similar services.

3. The authorized body adequately documents the basis for its determination concurrently with making that determination. The documentation should include:

   a. The terms of the approved transaction and the date approved;

   b. The members of the authorized body who were present during debate on the transaction that was approved and those who voted on it;

   c. The comparability data obtained and relied upon by the authorized body and how the data was obtained;

   d. Any actions by a member of the authorized body having a conflict of interest; and

   e. Documentation of the basis for the determination before the later of the next meeting of the authorized body or 60 days after the final actions of the authorized body are taken, and approval of records as reasonable, accurate, and complete within a reasonable time thereafter.

Special rebuttable presumption rule for nonfixed payments. As a general rule, in the case of a nonfixed payment, no rebuttable presumption arises until the exact amount of the payment is determined, or a fixed formula for calculating the payment is specified, and the three requirements creating the presumption have been satisfied. However, if the authorized body approves an employment contract with a disqualified person that includes a nonfixed payment (for example, discretionary bonus) with a specified cap on the amount, the authorized body can establish a rebuttable presumption as to the nonfixed payment when the employment contract is entered into by, in effect, assuming that the maximum amount payable under the contract will be paid, and satisfying the requirements giving rise to the rebuttable presumption for that maximum amount.

An IRS challenge to the presumption of reasonableness. The IRS can refute the presumption of reasonableness only if it develops sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized body. This provision gives taxpayers added protection if they faithfully find and use contemporaneous persuasive comparability data when they provide the benefits.

Organizations that don't establish a presumption of reasonableness. An organization can still comply with section 4958 even if it didn't establish a presumption of reasonableness. In some cases, an organization may find it impossible or impracticable to fully implement each step of the rebuttable presumption process. In those cases, the organization should try to implement as many steps as possible, in whole or in part, in order to substantiate the reasonableness of benefits as timely and as well as possible. If an organization doesn't satisfy the requirements of the rebuttable presumption of reasonableness, a facts and circumstances approach will be followed, using established rules for determining reasonableness of compensation and benefit deductions in a manner similar to the established procedures for section 162 business expenses.

Section 4958 Taxes

Tax on disqualified persons. An excise tax equal to 25% of the excess benefit is imposed on each excess benefit transaction between an **applicable tax-exempt organization** and a **disqualified person**. The disqualified person who benefited from the transaction is liable for the tax. If the 25% tax is imposed and the excess benefit transaction isn't corrected within the tax period, an additional excise tax equal to 200% of the excess benefit is imposed.

If a disqualified person makes a payment of less than the full correction amount, the 200% tax is imposed only on the unpaid portion of the correction amount. If more than one disqualified person received an excess benefit from an excess benefit transaction, all the disqualified persons are jointly and severally liable for the taxes.

To avoid the imposition of the 200% tax, a disqualified person must correct the excess benefit transaction during the

tax period. The tax period begins on the date the transaction occurs and ends on the earlier of the date the statutory notice of deficiency is issued or the section 4958 taxes are assessed. This 200% tax can be abated if the excess benefit transaction is subsequently corrected during a 90-day correction period.

Tax on organization managers. An excise tax equal to 10% of the excess benefit can be imposed on the participation of an organization manager in an excess benefit transaction between an applicable tax-exempt organization and a disqualified person. This tax, which can't exceed $20,000 for any single transaction, is only imposed if the 25% tax is imposed on the disqualified person, the organization manager knowingly participated in the transaction, and the manager's participation was willful and not due to reasonable cause. There is also joint and several liability for this tax. An organization manager can be liable for both the tax on disqualified persons and on organization managers in appropriate circumstances.

An *organization manager* is any officer, director, or trustee of an applicable tax-exempt organization, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title. An organization manager isn't considered to have participated in an excess benefit transaction where the manager has opposed the transaction in a manner consistent with the fulfillment of the manager's responsibilities to the organization. For example, a director who votes against giving an excess benefit would ordinarily not be subject to this tax.

A person participates in a transaction knowingly if the person has actual knowledge of sufficient facts so that, based solely upon the facts, the transaction would be an excess benefit transaction. Knowing doesn't mean having reason to know. The organization manager won't ordinarily be considered knowing if, after full disclosure of the factual situation to an appropriate professional, the organization manager relied on the professional's reasoned written opinion on matters within the professional's expertise or if the manager relied on the fact that the requirements for the rebuttable presumption of reasonableness have been satisfied. Participation by an organization manager is willful if it is voluntary, conscious, and intentional. An organization manager's participation is due to reasonable cause if the manager has exercised responsibility on behalf of the organization with ordinary business care and prudence.

Correcting an Excess Benefit Transaction

A **disqualified person** corrects an **excess benefit transaction** by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards. The organization isn't required to rescind the underlying agreement; however, the parties may need to modify an ongoing contract for future payments.

A disqualified person corrects an excess benefit by making a payment in cash or cash equivalents equal to the correction amount to the applicable tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit; the interest rate can be no lower than the applicable federal rate. There is an anti-abuse rule to prevent the disqualified person from effectively transferring property other than cash or cash equivalents.

Exception. For a correction of an excess benefit transaction described under *Donor advised funds*, earlier, no amount repaid in a manner prescribed by the IRS can be held in a donor advised fund.

Property. With the agreement of the applicable tax-exempt organization, a disqualified person can make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of the property is considered a payment of cash (or cash equivalent) equal to the lesser of:

- The **FMV** of the property on the date the property is returned to the organization, or
- The FMV of the property on the date the excess benefit transaction occurred.

Insufficient payment. If the payment resulting from the return of the property is less than the correction amount, the disqualified person must make an additional cash payment to the organization equal to the difference.

Excess payment. If the payment resulting from the return of the property exceeds the correction amount described above, the organization can make a cash payment to the disqualified person equal to that difference.

Churches and Section 4958

The regulations make it clear that the IRS will apply the procedures of section 7611 when initiating and conducting any inquiry or examination into whether an excess benefit transaction has occurred between a **church** and a **disqualified person.**

Revenue-Sharing Transactions

Proposed intermediate sanction regulations were issued in 1998. The proposed regulations had special provisions covering "any transaction in which the amount of any economic benefit provided to or for the use of a **disqualified person** is determined in whole or in part by the revenues of one or more activities of the organization"—so-called revenue-sharing transactions. Rather than setting forth additional rules on revenue-sharing transactions, the final regulations reserve this section. Consequently, until the IRS issues new regulations for this reserved section on revenue-sharing transactions, these transactions will be evaluated under the general rules (for example, the **FMV** standards) that apply to all contractual arrangements between **applicable tax-exempt organizations** and their disqualified persons.

Revocation of Exemption and Section 4958

Section 4958 doesn't affect the substantive standards for tax exemption under section 501(c)(3), 501(c)(4), or 501(c)(29), including the requirements that the organization be organized and operated exclusively for exempt purposes, and that no part of its net earnings inure to the benefit of any private shareholder or individual. The legislative history indicates that in most instances, the imposition of this intermediate sanction will be in lieu of revocation. The IRS has indicated that the following factors will be considered (among other facts and circumstances) in determining whether to revoke an applicable tax-exempt organization's exemption status where an **excess benefit transaction** has occurred.

- The size and scope of the organization's regular and ongoing activities that further exempt purposes before and after the excess benefit transaction or transactions occurred.
- The size and scope of the excess benefit transaction or transactions (collectively, if more than one) in relation to the size and scope of the organization's regular and ongoing activities that further exempt purposes.
- Whether the organization has been involved in multiple excess benefit transactions with one or more persons.

- Whether the organization has implemented safeguards that are reasonably calculated to prevent excess benefit transactions.
- Whether the excess benefit transaction has been corrected, or the organization has made good faith efforts to seek correction from the disqualified person(s) who benefited from the excess benefit transaction.

Appendix H. Forms and Publications To File or Use

How To Get Forms and Publications

Internet. You can access the IRS website at IRS.gov 24 hours a day, 7 days a week to:

- Download forms, including talking tax forms, instructions, and publications;
- Order IRS products online;
- Research your tax questions online;
- Search publications online by topic or keyword;
- Use the online Internal Revenue Code, regulations, or other official guidance;
- View Internal Revenue Bulletins (IRBs) published in the last few years; and
- Sign up to receive local and national tax news by email.

How To Get Tax Help

Getting answers to your tax questions. On IRS.gov, you can get up-to-date information on current events and changes in tax law.

- *IRS.gov/Help*: A variety of tools to help you get answers to some of the most common tax questions.
- *IRS.gov/ITA*: The Interactive Tax Assistant, a tool that will ask you questions and, based on your input, provide answers on a number of tax topics.
- *IRS.gov/Forms*: Find forms, instructions, and publications. You will find details on the most recent tax changes and interactive links to help you find answers to your questions.
- The *Online EIN Application* (*IRS.gov/EIN*) helps you get an employer identification number (EIN) at no cost.
- You may also be able to access tax law information in your electronic filing software.

Getting tax forms and publications. Go to *IRS.gov/Forms* to view, download, or print all of the forms, instructions, and publications you may need. Or, you can go to *IRS.gov/OrderForms* to place an order.

Getting tax publications and instructions in eBook format. Download and view most popular tax publications and instructions (including the Instructions for Form 1040) on mobile devices as eBooks at *IRS.gov/eBooks*.

IRS eBooks have been tested using Apple's iBooks for iPad. Our eBooks haven't been tested on other dedicated eBook readers, and eBook functionality may not operate as intended.

Phone. If you have questions and/or need help completing Form 990 or 990-EZ, call 877-829-5500. This toll-free telephone service is available Monday through Friday.

Other Forms That May Be Required

Schedule A (Form 990). Public Charity Status and Public Support.

Schedule B (Form 990). Schedule of Contributors.

Schedule C (Form 990). Political Campaign and Lobbying Activities.

Schedule D (Form 990). Supplemental Financial Statements.

Schedule E (Form 990). Schools.

Schedule F (Form 990). Statement of Activities Outside the United States.

Schedule G (Form 990). Supplemental Information Regarding Fundraising or Gaming Activities.

Schedule H (Form 990). Hospitals.

Schedule I (Form 990). Grants and Other Assistance to Organizations, Governments, and Individuals in the United States.

Schedule J (Form 990). Compensation Information.

Schedule K (Form 990). Supplemental Information on Tax-Exempt Bonds.

Schedule L (Form 990). Transactions With Interested Persons.

Schedule M (Form 990). Noncash Contributions.

Schedule N (Form 990). Liquidation, Termination, Dissolution, or Significant Disposition of Assets.

Schedule O (Form 990). Supplemental Information to Form 990 or 990-EZ.

Schedule R (Form 990). Related Organizations and Unrelated Partnerships.

Forms W-2 and W-3. Wage and Tax Statement; and Transmittal of Wage and Tax Statements.

Form W-9. Request for Taxpayer Identification Number and Certification.

Form 720. Quarterly Federal Excise Tax Return.

CAUTION *The Patient-Centered Outcomes Research fee is imposed on issuers of specified health insurance policies (section 4375) and plan sponsors of applicable self-insured health plans (section 4376) for policy and plan years ending on or after October 1, 2012. See Form 720 and section 4376 for more information.*

In addition to various federal excise taxes that are paid with the filing of Form 720, the Patient-Centered Outcomes Research fee that is imposed on issuers of specified health insurance policies and plan sponsors of applicable self-insured health plans is payable annually and reported on the Form 720 that is filed for the second quarter of each year, which is due no later than July 31 of the calendar year immediately following the last day of the policy year or plan year to which the fee applies.

Form 926. Return by a U.S. Transferor of Property to a Foreign Corporation.

Form 940. Employer's Annual Federal Unemployment (FUTA) Tax Return.

Form 941. Employer's QUARTERLY Federal Tax Return. Used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.

Form 943. Employer's Annual Federal Tax Return for Agricultural Employees.

Form 990-T. Exempt Organization Business Income Tax Return. Filed separately for organizations subject to UBTI that have total gross income from all of their **unrelated trades or businesses** of $1,000 or more for the tax year. The Form 990-T is also filed to pay the section 6033(e)(2) proxy tax. For Form 990, see Part V, line 3, and its instructions; for Form 990-EZ, see Part V, line 35, and its instructions.

Form 1023. Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

Form 1023-EZ. Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.

Form 1024. Application for Recognition of Exemption Under Section 501(a).

Form 1024-A. Application for Recognition of Exemption Under Section 501(c)(4) of the Internal Revenue Code.

Form 1040. U.S. Individual Income Tax Return.

Form 1040-SR. U.S. Tax Return for Seniors.

Form 1041. U.S. Income Tax Return for Estates and Trusts. Required of section

4947(a)(1) nonexempt charitable trusts that also file Form 990 or 990-EZ. However, if the trust doesn't have any taxable income under subtitle A of the Code, it can file Form 990 or 990-EZ and doesn't have to file Form 1041 to meet its section 6012 filing requirement. If this condition is met, complete Form 990 or 990-EZ and don't file Form 1041.

Form 1096. Annual Summary and Transmittal of U.S. Information Returns.

Form 1098 series. Information returns to report mortgage interest, student loan interest, qualified tuition and related expenses received, and a contribution of a qualified vehicle that has a claimed value of more than $500.

Form 1099 series. Information returns to report acquisitions or abandonments of secured property; proceeds from broker and barter exchange transactions; cancellation of debt; dividends and distributions; certain government and state qualified tuition program payments; taxable distributions from cooperatives; interest payments; payments of long-term care and accelerated death benefits; miscellaneous income payments; distributions from an HSA, Archer MSA, or Medicare Advantage MSA; original issue discount; distributions from pensions, annuities, retirement or profit-sharing plans, IRAs, insurance contracts, etc.; and proceeds from real estate transactions. Also, use certain of these returns to report amounts that were received as a nominee on behalf of another person.

Form 1120-POL. U.S. Income Tax Return for Certain Political Organizations.

Form 1128. Application To Adopt, Change, or Retain a Tax Year.

Form 2848. Power of Attorney and Declaration of Representative.

Form 3115. Application for Change in Accounting Method.

Form 3520. Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.

Form 4506. Request for Copy of Tax Return.

Form 4506-A. Request for a Copy of Exempt or Political Organization IRS Form.

Form 4562. Depreciation and Amortization.

Form 4720. Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.

Form 5471. Information Return of U.S. Persons With Respect to Certain Foreign Corporations.

Form 5500. Annual Return/Report of Employee Benefit Plan. Employers who maintain pension, profit-sharing, or other funded deferred compensation plans are generally required to file Form 5500. This requirement applies whether or not the plan is qualified under the Internal Revenue Code and whether or not a deduction is claimed for the current tax year.

Form 5578. Annual Certification of Racial Nondiscrimination for a Private School Exempt From Federal Income Tax.

Form 5768. Election/Revocation of Election by an Eligible Section 501(c)(3) Organization To Make Expenditures To Influence Legislation.

Form 7004. Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.

Form 8038 series. Tax-exempt bonds.

Form 8274. Certification by Churches and Qualified Church-Controlled Organizations Electing Exemption From Employer Social Security and Medicare Taxes.

Form 8282. Donee Information Return. Required of the donee of charitable deduction property who sells, exchanges, or otherwise disposes of donated property within 3 years after receiving it. The form is also required of any successor donee who disposes of the charitable deduction property within 3 years after the date that the donor gave the property to the original donee. It doesn't matter who gave the property to the successor donee. It may have been the original donee or another successor donee.

Form 8283. Noncash Charitable Contributions.

Form 8300. Report of Cash Payments Over $10,000 Received in a Trade or Business. Used to report cash amounts in excess of $10,000 that were received in a single transaction (or in two or more related transactions) in the course of a trade or business (as defined in section 162).

However, if the organization receives a charitable cash contribution in excess of $10,000, it isn't subject to the reporting requirement since the funds weren't received in the course of a trade or business.

Form 8328. Carryforward Election of Unused Private Activity Bond Volume Cap.

Form 8718. User Fee for Exempt Organization Determination Letter Request.

Form 8821. Tax Information Authorization.

Form 8822-B. Change of Address or Responsible Party—Business. Used to notify the IRS of a change in mailing address that occurs after the return is filed.

Form 8868. Application for Extension of Time To File an Exempt Organization Return or Excise Taxes Related to Employee Benefit Plans.

Form 8870. Information Return for Transfers Associated With Certain Personal Benefit Contracts. Used to identify those personal benefit contracts for which funds were transferred to the organization, directly or indirectly, as well as the transferors for, and beneficiaries of, those contracts.

Form 8871. Political Organization Notice of Section 527 Status.

Form 8872. Political Organization Report of Contributions and Expenditures.

Form 8886. Reportable Transaction Disclosure Statement.

Form 8886-T. Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction.

Form 8899. Notice of Income From Donated Intellectual Property. Used to report net income from qualified intellectual property to the IRS and the donor.

Form 8940. Request for Miscellaneous Determination.

Form 8976. Notice of Intent to Operate Under Section 501(c)(4).

Form SS-4. Application for Employer Identification Number.

FinCEN Form 114. Report of Foreign Bank and Financial Accounts.

Helpful Publications

Pub. 15. (Circular E), Employer's Tax Guide.

Trust fund recovery penalty. *If certain excise, income, social security, and Medicare taxes that must be collected or withheld aren't collected or withheld, or these taxes aren't paid to the IRS, the trust fund recovery penalty can apply. The trust fund recovery penalty can be imposed on all persons (including volunteers) who the IRS determines were responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.*

This penalty doesn't apply to volunteer unpaid members of any board of trustees or directors of a tax-exempt organization,

if these members are solely serving in an honorary capacity, don't participate in the day-to-day or financial activities of the organization, and don't have actual knowledge of the failure to collect, account for, and pay over these taxes. However, the preceding sentence doesn't apply if it results in no person being liable for the penalty.

The penalty is equal to the unpaid trust fund tax. See Pub. 15 (Circular E) for more details, including the definition of responsible persons.

Pub. 15-A. Employer's Supplemental Tax Guide.

Pub. 463. Travel, Gift, and Car Expenses.

Pub. 525. Taxable and Nontaxable Income.

Pub. 526. Charitable Contributions.

Pub. 538. Accounting Periods and Methods.

Pub. 557. Tax-Exempt Status for Your Organization.

Pub. 561. Determining the Value of Donated Property.

Pub. 598. Tax on Unrelated Business Income of Exempt Organizations.

Pub. 892. How to Appeal an IRS Determination on Tax-Exempt Status.

Pub. 946. How To Depreciate Property.

Pub. 1771. Charitable Contributions—Substantiation and Disclosure Requirements.

Pub. 1828. Tax Guide for Churches and Religious Organizations.

Pub. 3079. Tax-Exempt Organizations and Gaming.

Pub. 3386. Tax Guide for Veterans' Organizations.

Pub. 3833. Disaster Relief, Providing Assistance Through Charitable Organizations.

Pub. 4220. Applying for 501(c)(3) Tax-Exempt Status.

Pub. 4221-PC. Compliance Guide for 501(c)(3) Public Charities.

Pub. 4221-PF. Compliance Guide for 501(c)(3) Private Foundations.

Pub. 4302. A Charity's Guide to Vehicle Donation.

Pub. 4303. A Donor's Guide to Vehicle Donation.

Pub. 4386. Compliance Checks.

Pub. 4573. Group Exemptions.

Appendix I. Use of Form 990 or 990-EZ To Satisfy State Reporting Requirements

Some states and local **governmental units** will accept a copy of Form 990 or 990-EZ in place of all or part of their own financial report forms. The substitution applies primarily to section 501(c)(3) organizations, but some other types of section 501(c) organizations are also affected. If the organization uses Form 990 or 990-EZ to satisfy state or local filing requirements, such as those under state charitable solicitation acts, note the following discussions.

Determine state filing requirement. The organization can consult the appropriate officials of all states and other jurisdictions in which it does business to determine their specific filing requirements. Doing business in a jurisdiction can include:

- Soliciting **contributions** or grants by mail or otherwise from individuals, businesses, or other charitable organizations;
- Conducting programs;
- Having **employees** within that jurisdiction;
- Maintaining a checking account; or
- Owning or renting property there.

Monetary tests can differ. Some or all of the dollar limitations applicable to Form 990 or 990-EZ when filed with the IRS may not apply when using Form 990 or 990-EZ in place of state or local report forms. Examples of the IRS dollar limitations that don't meet some state requirements are the normally $50,000 gross receipts minimum that creates an obligation to file with the IRS and the $100,000 minimum for listing independent contractors on Form 990, Part VII, Section B.

Additional information may be required. State or local filing requirements can require the organization to attach to Form 990 or 990-EZ one or more of the following.

- Additional financial statements, such as a complete analysis of functional expenses or a statement of changes in net assets.
- Notes to financial statements.
- Additional financial statements.
- A report on the financial statements by an independent accountant.
- Answers to additional questions and other information.

Each jurisdiction can require the additional material to be presented on forms they provide. The additional information shouldn't be submitted with the Form 990 or 990-EZ filed with the IRS, unless included on Schedule O (Form 990).

Even if the Form 990 or 990-EZ that the organization files with the IRS is accepted by the IRS as complete, a copy of the same return filed with a state won't fully satisfy that state's filing requirement if (1) required information isn't provided, including any of the additional information discussed in this Appendix; or (2) the state determines that the form wasn't completed by following the applicable Form 990 or 990-EZ instructions or supplemental state instructions. In that case, the state may ask the organization to provide the missing information or to submit an amended return.

Use of audit guides may be required. To ensure that all organizations report similar transactions uniformly, many states require that contributions, gifts, grants, similar amounts, and functional expenses be reported according to the AICPA Audit and Accounting Guide, Not-for-Profit Entities (2018), supplemented, as applicable, by the Standards of Accounting and Financial Reporting for Voluntary Health and Welfare Organizations issued jointly by the National Health Council, Inc., the National Assembly of Voluntary Health and Social Welfare Organizations, and the United Way of America (1998).

Donated services and facilities. Even though donated services and facilities may be reported as items of revenue and expense in certain circumstances, many states and the IRS don't permit the inclusion of those amounts in Parts VIII and IX of Form 990, Part I of Form 990-EZ, or (except for donations by a governmental unit) Schedule A (Form 990). The optional reporting of donated services and facilities is discussed in the instructions for Part III of Form 990.

Amended returns. If the organization submits supplemental information or files an amended Form 990 or 990-EZ with the IRS, it must also send a copy of the information or amended return to any state with which it filed a copy of Form 990 or 990-EZ originally to meet that state's filing requirement. If a state requires the organization to file an amended Form 990 or 990-EZ to correct conflicts with the Form 990 or 990-EZ instructions, the organization must also file an amended return with the IRS.

Method of accounting. Most states require that all amounts be reported based on the accrual method of accounting. See also *General Instructions, Section D*, earlier.

Time for filing can differ. The deadline for filing Form 990 or 990-EZ with the IRS differs from the time for filing reports with some states.

Public inspection. The Form 990 or 990-EZ information made available for public inspection by the IRS can differ from that made available by the states.

Appendix J. Contributions

This Appendix discusses certain federal tax rules that apply to exempt organizations and donors for contributions. See also Pub. 526, Charitable Contributions; and Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements.

Schedule B (Form 990). Many organizations that file Form 990, 990-EZ, or 990-PF must file Schedule B to report on tax-deductible and non-tax-deductible contributions. See Schedule B and its instructions to determine whether Schedule B must be filed, and for the public inspection rules applicable to that form.

Solicitation of nondeductible contribution. See the instructions for Form 990, Part V, lines 6a and 6b, for rules on public notice of nondeductibility when soliciting nondeductible contributions.

Keeping fundraising records for tax-deductible contributions. A section 501(c) organization that is eligible to receive tax-deductible contributions under section 170(c) must keep sample copies of its fundraising materials, such as:

- Dues statements,
- Fundraising solicitations,
- Tickets,
- Receipts, or
- Other evidence of payments received in connection with fundraising activities.

IF...	THEN...
the organization advertises its fundraising events	it must keep samples of the advertising copy.
the organization uses radio, television, or Internet to solicit contributions	it must keep samples of scripts, transcripts, printouts of emails and web pages, or other evidence of solicitations in the media.
the organization uses outside fundraisers	it must keep samples of the fundraising materials used by the outside fundraisers.

For each fundraising event, the organization must keep records to show the portion of any payment received from patrons that isn't deductible, that is, the retail value of the goods or services received by the patrons. See *Disclosure statement for quid pro quo contributions*, later.

Noncash contributions. ***Form 990 schedules.*** An organization may be required to file Schedule M to report certain noncash (property) contributions; see the instructions for Schedule M on who must file. Also, an organization that files Schedule B must report certain information on noncash contributions.

Dispositions of donated property. If an organization receives a charitable contribution of property and within 3 years sells, exchanges, or otherwise disposes of the property, the organization may need to file Form 8282, Donee Information Return. See Form 990, Part V, lines 7c and 7d.

Donated property over $5,000. If the organization received from a donor a partially completed Form 8283, Noncash Charitable Contributions, the donee organization should generally complete the Form 8283 and return it so the donor can get a charitable contribution deduction. The organization should keep a copy for its records. See Form 8283 for more details.

Qualified intellectual property. An organization described in section 170(c) (except a private foundation) that receives or accrues net income from a qualified intellectual property contribution must file Form 8899, Notice of Income From Donated Intellectual Property. See Form 990, Part V, line 7g. The organization must file Form 8899 for any tax year that includes any part of the 10-year period beginning on the date of contribution but not for any tax years in which the legal life of the qualified intellectual property has expired or the property failed to produce net income.

A donee organization reports all income from donated qualified intellectual property as income other than contributions (for example, royalty income from a patent). A donee isn't required to report as contributions on Form 990 (including statements) any of the additional deductions claimed by donors under section 170(m)(1). See Pub. 526.

Motor vehicles, boats, and airplanes. Special rules apply to charitable contributions of motor vehicles, boats, or airplanes with a claimed value of more than $500. See Form 990, Part V, line 7h; section 170(f)(12); Pub. 4302, A Charity's Guide to Vehicle Donation; and the Instructions for Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes.

Substantiation and disclosure requirements for charitable contributions.

Recordkeeping for cash, check, or other monetary charitable gifts. To deduct a contribution of a cash, check, or other monetary gift (regardless of the amount), a donor must maintain a bank record or a written communication from the donee organization showing the donee's name, date, and amount of the contribution. See section 170(f)(17) and Regulations section 1.170A-15 for more information. In the case of a text message contribution, the donor's phone bill meets the section 170(f)(17) recordkeeping requirement of a reliable written record if it shows the name of the donee organization and the date and amount of contribution.

Acknowledgment to substantiate charitable contributions. A donee organization should be aware that a donor of a charitable contribution of $250 or more (including a contribution of unreimbursed expenses) can't take an income tax deduction unless the donor obtains the organization's acknowledgment to substantiate the charitable contribution. See section 170(f)(8) and Regulations section 1.170A-13(f). A charitable organization that receives a payment made as a contribution is treated as the donee organization for this purpose even if the organization (according to the donor's instructions or otherwise) distributes the amount received to one or more charities.

The organization's acknowledgment must:

1. Be written;
2. Be contemporaneous;
3. State the amount of any cash it received;
4. State:

a. Whether the organization gave the donor any intangible religious benefits (no valuation needed), and

b. Whether the organization gave the donor any goods or services in return for the donor's contribution (a quid pro quo contribution); and

5. Describe goods or services the organization:

a. Received (no valuation needed), and

b. Gave (good faith estimate of value needed).

If the organization accepts a contribution in the name of one of its activities or programs, then indicate the organization's name in the acknowledgment as well as the program's name. For example: "Thank you for your contribution of $300 to (organization's name) made in the name of our Special Relief Fund program. No goods or services were provided in exchange for your contribution."

Similarly, if a domestic organization owns and controls a domestic

disregarded entity, and the disregarded entity receives a contribution, then indicate the organization's name in the acknowledgment as well as the relationship with the disregarded entity. For example: "Thank you for your contribution of $300 to (organization's name) made in the name of (name of disregarded entity), which is treated as a disregarded entity of (organization's name) for federal tax purposes. No goods or services were provided in exchange for your contribution." See Notice 2012-52, 2012-35 I.R.B. 317.

Exception. The written acknowledgment need not include a good faith estimate of value for goods or services given to the donor if they are:

1. Goods or services with insubstantial value,
2. Certain membership benefits,
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.

These exceptions are defined below.

Disclosure statement for quid pro quo contributions. If the organization receives a quid pro quo contribution of more than $75, the organization must provide a disclosure statement to the donor. See section 6115.

The organization's disclosure statement must:

1. Be written;
2. Estimate in good faith the value of the organization's goods or services given in return for the donor's contribution;
3. Describe, but need not value, certain goods or services given to the donor's employees or partners; and
4. Inform the donor that a charitable contribution deduction is limited as follows.

Donor's contribution
Less
The organization's money, goods, and services given in return
Equals
Donor's deductible charitable contribution.

Exceptions. No disclosure statement is required if the organization gave only:

1. Goods or services with insubstantial value,
2. Certain membership benefits,
3. Goods or services described in (1) or (2) given to the employees of a donor organization or the partners of a donor partnership, or
4. Intangible religious benefits.

These exceptions are defined below. See also Regulations sections 1.170A-1, 1.170A-13, and 1.6115-1.

Certain goods or services disregarded for substantiation and disclosure purposes.

Goods or services with insubstantial value. Generally, under section 170, the deductible amount of a contribution is determined by taking into account the **FMV**, not the cost to the charity, of any benefits that the donor received in return. However, the cost to the charity may be used in determining whether the benefits are insubstantial. See *Cost basis* next.

Cost basis. If a taxpayer makes a payment of $66.00 or more to a charity and receives only token items in return, the items have insubstantial value if they:

- Bear the charity's name or logo, and
- Have an aggregate cost to the charity of $13.20 or less (low-cost article amount of section 513(h)(2)).

FMV basis. If a taxpayer makes a payment to a charitable organization in a fundraising campaign and receives benefits with an **FMV** of not more than 2% of the amount of the payment, or $132, whichever is less, the benefits received have insubstantial value in determining the taxpayer's contribution.

The dollar amounts given above are applicable to tax year 2024 under Rev. Proc. 2023-34, 2023-48 I.R.B. 1287, section 3.34. They are adjusted annually for inflation.

When a donee organization provides a donor only with goods or services having insubstantial value under Rev. Proc. 2023-34 (and any successor documents), the contemporaneous written acknowledgment may indicate that no goods or services were provided in exchange for the donor's payment.

Certain membership benefits. Other goods or services that are disregarded for substantiation and disclosure purposes are annual membership benefits offered to a taxpayer in exchange for a payment of $75 or less per year that consist of:

1. Any rights or privileges that the taxpayer can exercise frequently during the membership period such as:
   a. Free or discounted admission to the organization's facilities or events, or
   b. Free or discounted parking; or
2. Admission to events that are:
   a. Open only to members, and
   b. Within the low-cost article limitation, per person.

Example 1. E offers a basic membership benefits package for $75. The package gives members the right to buy tickets in advance, free parking, and a gift shop discount of 10%. E's $150 preferred membership benefits package also includes a $20 poster. Both the basic and preferred membership packages are for a 12-month period and include about 50 productions. E offers F, a patron of the arts, the preferred membership benefits in return for a payment of $150 or more. F accepts the preferred membership benefits package for $300. E's written acknowledgment satisfies the substantiation requirement if it describes the poster, gives a good faith estimate of its **FMV** ($20), and disregards the remaining membership benefits.

Example 2. In *Example 1*, if F received only the basic membership package for its $300 payment, E's acknowledgment need state only that no goods or services were provided.

Example 3. G Theater Group performs four plays. Each play is performed twice. Nonmembers can purchase a ticket for $15. For a $60 membership fee, however, members are offered free admission to any of the performances. H makes a payment of $350 and accepts this membership benefit. Because of the limited number of performances, the membership privilege can't be exercised frequently. Therefore, G's acknowledgment must describe the free admission benefit and estimate its value in good faith.

Certain goods or services provided to donor's employees or partners. Certain goods or services provided to employees of donor organizations or partners of donor partnerships may be disregarded for substantiation and disclosure purposes. Nevertheless, the donee organization's disclosure statement must describe the goods or services. A good faith estimate of value isn't needed.

Example. Museum J offers a basic membership benefits package for $40. It includes free admission and a 10% gift shop discount. Corporation K makes a $50,000 payment to J and, in return, J offers K's employees free admission, a T-shirt with J's logo that costs J $4.50, and a 25% gift shop discount. Because the free admission is a privilege that can be exercised frequently and is offered in both benefit packages, and the value of the T-shirts is insubstantial, Museum J's disclosure statement need not value or mention the free admission benefit or the T-shirts. However, because the 25% gift shop discount to K's employees differs from the 10% discount offered in the basic membership benefits package, J's disclosure statement must describe the 25% discount but need not estimate its value.

Definitions

Substantiation. It is the responsibility of the donor:

- To value a donation, and
- To obtain an organization's written acknowledgment substantiating the donation.

There is no prescribed format for the organization's written acknowledgment of a donation. Letters, postcards, or computer-generated forms may be acceptable. The acknowledgment must, however, provide sufficient information to substantiate the amount of the deductible contribution. The organization may either:

- Provide separate statements for each contribution of $250 or more, or
- Furnish periodic statements substantiating contributions of $250 or more.

Separate contributions of less than $250 aren't subject to the requirements of section 170(f)(8), whether or not the sum of the contributions made by a taxpayer to a donee organization during a tax year equals $250 or more.

Contemporaneous. A written acknowledgment is contemporaneous if the donor obtains it on or before the earlier of:

- The date the donor files the original return for the tax year in which the contribution was made, or
- The due date (including extensions) for filing the donor's original return for that year.

Substantiation of payroll contributions. An organization may substantiate an employee's contribution by deduction from its payroll by:

- A pay stub, Form W-2, or other document showing a contribution to a donee organization, together with
- A pledge card or other document from the donee organization that shows its name. For contributions of $250 or more, the document must state that the donee organization provides no goods or services for any payroll contributions. The amount withheld from each payment of wages to a taxpayer is treated as a separate contribution.

Substantiation of matched payments. If a taxpayer's payment to a donee organization is matched by another payor, and the taxpayer receives goods or services in consideration for its payment and some or all of the matching payment, those goods or services will be treated as provided in consideration for the taxpayer's payment and not in consideration for the matching payment.

Disclosure statement. An organization must provide a written disclosure statement to donors who make a quid pro quo contribution in excess of $75 (section 6115). This requirement is separate from the written substantiation acknowledgment a donor needs for deductibility purposes. While, in certain circumstances, an organization may be able to meet both requirements with the same written document, an organization must be careful to satisfy the section 6115 written disclosure statement requirement in a timely manner because of the penalties involved.

Quid pro quo contribution. A quid pro quo contribution is a payment that is made both as a contribution and as a payment for goods or services provided by the donee organization.

Example. A donor gives a charity $100 in consideration for a concert ticket valued at $40 (a quid pro quo contribution). In this example, $60 would be deductible. Because the donor's payment exceeds $75, the organization must furnish a disclosure statement even though the taxpayer's deductible amount doesn't exceed $75. Separate payments of $75 or less made at different times of the year for separate fundraising events won't be aggregated for purposes of the $75 threshold.

Good faith estimate. An organization may use any reasonable method in making a good faith estimate of the value of goods or services provided by that organization in consideration for a taxpayer's payment to that organization. A good faith estimate of the value of goods or services that aren't generally available in a commercial transaction may be determined by reference to the **FMV** of similar or comparable goods or services. Goods or services may be similar or comparable even though they don't have the unique qualities of the goods or services that are being valued.

Goods or services. Goods or services include:

- Cash,
- Property,
- Services,
- Benefits, and
- Privileges.

In consideration for. A donee organization provides goods or services in consideration for a taxpayer's payment if, at the time the taxpayer makes the payment to the donee organization, the taxpayer receives, or expects to receive, goods or services in exchange for that payment.

Goods or services a donee organization provides in consideration for a payment by a taxpayer include goods or services provided in a year other than the year in which the donor makes the payment to the donee organization.

Intangible religious benefits. Intangible religious benefits are provided only by organizations organized exclusively for religious purposes. Examples include:

- Admission to a religious ceremony; and
- De minimis tangible benefits, such as wine provided in connection with a religious ceremony.

Penalties. A charity that knowingly provides a false substantiation acknowledgment to a donor may be subject to the penalties under section 6701 and/or section 7206(2) for aiding and abetting an understatement of tax liability.

Charities that fail to provide the required disclosure statement for a quid pro quo contribution of more than $75 will incur a penalty of $10 per contribution, not to exceed $5,000 per fundraising event or mailing. The charity may avoid the penalty if it can show that the failure was due to reasonable cause (section 6714).

Appendix K. Reporting Information for Section 501(c)(21) Black Lung Trusts

For tax years beginning before January 1, 2021, section 501(c)(21) black lung trusts that could not use Form 990-N, e-Postcard (see *Who Must File*, earlier), used Form 990-BL to meet the reporting requirements of section 6033. A section 501(c)(21) black lung trust, trustee, or disqualified person liable for section 4951 or 4952 excise taxes also used Form 990-BL to report and pay those taxes.

For tax years beginning after December 31, 2020, section 501(c)(21) trusts will use Form 990 instead of Form 990-BL to meet section 6033 reporting requirements. A section 501(c)(21) black lung trust, trustee, or disqualified person liable for section 4951 or 4952 excise taxes will use Form 6069 to report and pay sections 4951 and 4952 excise taxes.

In general, a section 501(c)(21) trust will complete Form 990 in the same manner as any other organization required to file Form 990, including (without limitation) schedules or forms identified upon completion of Part IV, Checklist of Required Schedules; or Part V, Statements Regarding Other IRS Filings and Tax Compliance.

The following chart is intended to help section 501(c)(21) black lung trusts identify some of the key lines on Form 990 that correspond with certain lines of Form 990-BL, especially a heading block item and in Part I.

Section 501(c)(21) Black Lung Trusts

Form 990-BL		Form 990	
Heading Area	**FMV** of the trust's assets at the beginning of the operator's tax year within which the trust's tax year begins.	Part X, Balance Sheet	Check the box at the top of Part X and include a note on Schedule O (Form 990) providing the FMV at the beginning of the operator's year within which the trust's year begins.
Part I, Analysis of Revenue and Expenses, Line 1	Contributions received under section 192 from the coal mine operator who established the trust.	Part VIII, Statement of Revenue, Line 1f	Enter the total contributions received under section 192 from the coal mine operator who established the trust.
Part I, Analysis of Revenue and Expenses, Lines 2a and 2b	Interest on securities of the U.S., state, and local governments, described in section 501(c)(21)(D)(i).	Part VIII, Statement of Revenue, Line 3	Investment income (including dividends, interest, and other similar amounts).
Part I, Analysis of Revenue and Expenses, Line 4	Contributions to the Federal Black Lung Disability Trust Fund.	Part IX, Statement of Functional Expenses, Line 1	Grants and other assistance to domestic organizations and domestic governments. (Detail reported on Schedule I (Form 990).)
Part I, Analysis of Revenue and Expenses, Line 5	Premiums for insurance to cover liabilities described in section 501(c)(21)(A)(ii).		
Part I, Analysis of Revenue and Expenses, Line 6	Other payments to or for the benefit of eligible coal miners, retired miners, or beneficiaries.	Part IX, Statement of Functional Expenses, Line 2	Grants and other assistance to domestic individuals. (Detail reported on Schedule I (Form 990).)

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Charitable Contributions

Substantiation and Disclosure Requirements

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Charitable Contributions – Substantiation and Disclosure Requirements

Are you an organization that receives contributions of **$250 or more**?

– or –

Are you an organization that provides goods or services to donors who make contributions of **more than $75**?

– or –

Are you a donor who makes contributions to a charity?

Charitable Contributions – Substantiation and Disclosure Requirements, Publication 1771, provides a general explanation of the federal income tax law for organizations, such as charities and churches, that receive federal income tax-deductible charitable contributions and for donors who make contributions.

The IRS imposes recordkeeping and substantiation rules on donors making charitable contributions and disclosure rules on charitable organizations that receive certain quid pro quo contributions from donors.

- Donors must have a **record of the contribution or a timely written communication** for any **monetary contribution** before donors can claim a charitable deduction on their federal income tax returns.
- Donors are responsible for obtaining a **contemporaneous written acknowledgment** from a charitable organization for any single **monetary contribution** or **noncash contribution** valued at $250 or more before donors can claim a charitable deduction on their federal income tax returns.
- Charitable organizations are required to provide a **written disclosure statement** in **quid pro quo** charitable contributions where donors receive **goods or services** in exchange for a single payment in excess of $75.

For more detailed information on charitable contributions, see Charitable Contributions, Publication 526. For assistance on valuing property donated to charitable organizations, see Determining the Value of Donated Property, Publication 561. The rules in this publication do not apply to a donated motor vehicle, boat, or airplane if the claimed value exceeds $500. For information on vehicle donations, see A Charity's Guide to Vehicle Donation, Publication 4302, and A Donor's Guide to Vehicle Donation, Publication 4303. This publication does not address conservation easement donations. For information on qualified conservation contributions, see Publication 526, Publication 561, and the instructions to Form 8283, Noncash Charitable Contributions.

Recordkeeping Rules

Monetary Contribution Requirement

A donor cannot claim a federal income tax deduction for any **monetary contribution** unless the donor maintains a **record of the contribution** or a **timely written communication** from the charitable organization showing the name of the organization, the **date of the contribution**, and the amount of the contribution.

A **monetary contribution** includes cash, check, a transfer of a gift card redeemable for cash, and a payment made by credit card, electronic fund transfer, an online payment service, or payroll deduction.

A **record of the contribution** includes a bank record, a statement from a financial institution, an electronic fund transfer receipt, a canceled check, a scanned image of both sides of a canceled check obtained from a bank website, or a credit card statement.

A **written communication** includes a receipt, a letter, and an email.

A **timely written communication** from the charitable organization is one that the donor receives from the organization on or before the earlier of the date the donor files the donor's original federal income tax return for the taxable year in which the contribution was made or the due date, including extensions, for filing the donor's original return for that year.

The **date of the contribution** is the date the donor gave the charitable organization the contribution.

Payroll Deductions

For monetary contributions made by payroll deduction, the donor may use a pledge card prepared by or at the direction of the charitable organization, along with one of the following documents:

- a pay stub,
- Form W-2, Wage and Tax Statement, or
- other employer-furnished document that shows the amount withheld and paid to the charitable organization.

The donor must have these documents on or before the earlier of the date the donor files the donor's original federal income tax return for the taxable year in which the contribution was made or the due date, including extensions, for filing the donor's original return for that year.

If a donor makes **a single monetary contribution of $250 or more by payroll deduction**, the pledge card or other document from the charitable organization must also include a statement to the effect that the organization did not provide **goods or services** in exchange for any contributions made to the organization by payroll deduction if that was the case.

Each payroll deduction amount of $250 or more is treated as a separate contribution for purposes of the $250 threshold requirement for **contemporaneous written acknowledgments**.

Noncash Contributions

Noncash contributions are contributions of property that do not meet the definition of **monetary contributions**, above. Just as is the case for monetary contributions, donors are responsible for obtaining a **contemporaneous written acknowledgment** from a charitable organization for any single noncash contribution valued at $250 or more before donors can claim a charitable deduction on their federal income tax returns. Additional substantiation requirements may apply to noncash contributions. These requirements can be complicated. They depend on the type of property contributed and the claimed value of the property contributed. See Form 8283 and its instructions as well as Publication 526 for additional information.

Contemporaneous Written Acknowledgment

Requirement

A donor cannot claim a federal income tax deduction for any single contribution valued at $250 or more unless the donor obtains a **contemporaneous written acknowledgment** of the contribution from the donee charitable organization. An organization that does not acknowledge a contribution incurs no penalty; but, without a **contemporaneous written acknowledgment**, the donor cannot claim the federal income tax deduction. Although it's a donor's responsibility to obtain a **contemporaneous written acknowledgment**, a charitable organization must assist a donor by providing a **contemporaneous written statement** containing:

1. the name of the organization
2. the amount of any **monetary contribution**
3. a description (but not the fair market value) of any contribution of property
4. a statement that no **goods or services** were provided by the organization in return for the contribution, if that was the case
5. If the organization did provide **goods or services** in return for the contribution, a description and good faith estimate of the fair market value of the **goods or services**
6. If the organization only provided intangible religious benefits (described later in this publication) in return for the contribution, a statement so providing.

It isn't necessary to include either the donor's Social Security number or tax identification number on the **contemporaneous written acknowledgment**.

A separate **contemporaneous written acknowledgment** may be provided for each single contribution valued at $250 or more, or one **contemporaneous written acknowledgment**, such as an annual summary, may be used to substantiate several single contributions valued at $250 or more. There are no IRS forms for the **contemporaneous written acknowledgment**. However, samples of such acknowledgments are provided below.

Letters, postcards, or computer-generated forms with the above information are acceptable. A charitable organization can provide either a paper copy of the **contemporaneous written acknowledgment** to the donor, or an organization can provide the acknowledgment electronically, such as via an email addressed to the donor. A donor shouldn't attach the acknowledgment to his or her individual federal income tax return, but must retain it to substantiate the contribution. Separate contributions of less than $250 will not be aggregated. An example of this could be weekly offerings to a donor's church of less than $250 even though the donor's annual total contributions are $250 or more.

Contemporaneous

For the **contemporaneous written acknowledgment** to be considered **contemporaneous**, a donor must receive the acknowledgment on or before the earlier of:

- the date on which the donor files the donor's individual federal income tax return for the year of the contribution; or
- the due date (including extensions) of such return.

Charities typically send written acknowledgments to donors no later than January 31 of the year following the donation.

Goods and Services

A **contemporaneous written acknowledgment** must describe and include a good faith estimate of the fair market value of any **goods or services** a charitable organization gives to the donor in exchange for the donor's contribution that is valued at $250 or more. Generally, a donor's deduction for a contribution to an organization is limited to the fair market value of the contribution minus the fair market value of the goods and services the donor receives from the organization in exchange for the contribution.

Goods or services include cash, property, services, benefits, or privileges. However, there are important exceptions:

Token Exception – Goods or services that have insubstantial value that a charitable organization provides in exchange for contributions do not have to be described in the contemporaneous written acknowledgment.

Good and services are considered to be of insubstantial value if the payment the donor makes occurs in the context of a fundraising campaign, the charitable organization informs the donor as to the amount of the payment that is a deductible contribution, and:

1. the fair market value of the goods and services the donor receives does not exceed the lesser of 2 percent of the donor's payment or $125,* or
2. donor's payment is at least $62.50,* the only goods or services the charitable organization provides bear the organization's name or logo (for example, calendars, mugs, or posters), and the cost of these items, in the aggregate, is within the limit for "low-cost articles," which is $12.50.*

Low-cost articles a charitable organization sends for free to taxpayers who have not ordered these articles are also considered to be of insubstantial value; examples include mailing labels or greeting cards.

Example of a Token Exception: If a charitable organization gives a coffee mug bearing its logo that costs the organization $12.50 or less to a donor who contributes $62.50 or more, the organization may state that no goods or services were provided in return for the contribution. The contribution is fully deductible.

Membership Benefits Exception – An annual membership benefit is also considered to be insubstantial if it is provided in exchange for an annual payment of $75 or less and consists of annual recurring rights or privileges, such as:

1. free or discounted admissions to the charitable organization's facilities or events
2. discounts on purchases from the organization's gift shop
3. free or discounted parking
4. free or discounted admission to member-only events sponsored by the organization, where a per-person cost (not including overhead) is within the "low-cost articles" limits

*The dollar amounts are for 2023. Guideline amounts are adjusted for inflation. See IRS.gov for annual inflation adjustment information.

Example of a Membership Benefits Exception: If a charitable organization offers a $75 annual membership that allows free admission to all of its weekly events, plus a $20 poster, the contemporaneous written acknowledgment need only mention the $20 value of the poster, since the free admission would be considered insubstantial and, therefore, would be disregarded.

Intangible Religious Benefits Exception – If a religious charitable organization provides only "intangible religious benefits" to a donor, the contemporaneous written acknowledgment does not need to describe or value those benefits. It can simply state that the organization provided intangible religious benefits to the donor.

What are "intangible religious benefits"? Generally, they are benefits provided by a charitable organization organized exclusively for religious purposes, and are not usually sold in commercial transactions outside a donative (gift) context. Examples include admission to a religious ceremony and a de minimis tangible benefit, such as wine used in a religious ceremony. Benefits that are not intangible religious benefits include education leading to a recognized degree, travel services, and consumer goods.

Services and Unreimbursed Expenses

Generally, donors cannot deduct the value of services donors give to a charitable organization. Under some narrow circumstances, however, donors may be able to deduct unreimbursed expenses associated with the services donors give to a charitable organization. See Publication 526 for a description of these circumstances and the substantiation requirements.

If a donor makes a single contribution valued at $250 or more in the form of unreimbursed expenses, then the donor must obtain a **contemporaneous written acknowledgment** from the charitable organization containing a:

- description of the services provided by the donor
- statement of whether the charitable organization provided goods or services in return for the unreimbursed expenses
- description and good faith estimate of the fair market value of goods or services, if any, that the organization provided in return for the unreimbursed expenses
- statement that goods or services, if any, that the organization provided in return for the unreimbursed expenses consisted entirely of **intangible religious benefits** (described earlier in this publication), if that was the case

Example of an Unreimbursed Expense: A chosen representative to an annual convention of a charitable organization purchases an airline ticket to travel to the convention. The organization doesn't reimburse the delegate for the $500 ticket. The representative should keep a record of the expenditure, such as a copy of the ticket. The representative should obtain from the organization a description of the services that the representative provided and a statement as to whether the representative received goods or services in accordance with the requirements set forth above.

Examples of Contemporaneous Written Acknowledgments

- "Thank you for your cash contribution of $300 that (organization's name) received on December 12, 2015. No goods or services were provided in exchange for your contribution."
- "Thank you for your cash contribution of $350 that (organization's name) received on May 6, 2015. In exchange for your contribution, we gave you a cookbook with an estimated fair market value of $60."
- "Thank you for your contribution of a used oak baby crib and matching dresser that (organization's name) received on March 15, 2015. No goods or services were provided in exchange for your contribution."

The following is an example of a contemporaneous written acknowledgment when a charitable organization accepts contributions in the name of one of its activities:

- "Thank you for your contribution of $450 to (organization's name) made in the name of its Special Relief Fund program. No goods or services were provided in exchange for your contribution."

Written Disclosure Statement

Requirement

Donors may only take a contribution deduction to the extent that their contributions exceed the fair market value of the goods or services the donors receive in return for the contributions; therefore, donors need to know the value of the goods or services. An organization must provide a written disclosure statement to a donor who makes a payment exceeding $75 partly as a contribution and partly for goods and services provided by the organization. A contribution made by a donor in exchange for goods or services is known as a **quid pro quo contribution**.

Example of a Quid Pro Quo Contribution: A donor gives a charitable organization $100 in exchange for a concert ticket with a fair market value of $40. In this example, the donor's tax deduction may not exceed $60. Because the donor's payment (quid pro quo contribution) exceeds $75, the charitable organization must furnish a disclosure statement to the donor, even though the deductible amount doesn't exceed $75.

A required written disclosure statement must:

- inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of money (and the fair market value of property other than money) contributed by the donor over the value of goods or services provided by the organization
- provide the donor with a good faith estimate of the fair market value of the goods or services

An organization must furnish a disclosure statement in connection with either the solicitation or the receipt of the quid pro quo contribution. The statement must be in writing and must be made in a manner that is likely to come to the attention of the donor. For example, a disclosure in small print within a larger document might not meet this requirement.

Exception

A written disclosure statement is not required:

- where the goods or services given to the donor meet the "token exception," the "membership benefits exception" or the "intangible religious benefits exception" described earlier
- where there is no donative element involved in a particular transaction, such as in a typical museum gift shop sale

Penalty

A penalty is imposed on charities that do not meet the written disclosure requirement. The penalty is $10 per contribution, not to exceed $5,000 per fundraising event or mailing. An organization may avoid the penalty if it can show that failure to meet the requirements was due to reasonable cause.

Further Information

recordkeeping rules – Recordkeeping rules for monetary contributions are contained in Section 170(f)(17) of the Internal Revenue Code and Section 1.170A-15 of the Income Tax Regulations.

contemporaneous written acknowledgment – Detailed rules for contemporaneous written acknowledgments are contained in Section 170(f)(8) of the Internal Revenue Code and Section 1.170A-13(f) of the Income Tax Regulations. The "low-cost article" rules are in Code Section 513(h)(2).

written disclosure statement – Detailed rules for written disclosure statements are contained in Section 6115 of the Internal Revenue Code and Section 1.6115-1 of the Income Tax Regulations. The penalty rules are contained in Section 6714 of the Internal Revenue Code.

IRS publications – Order publications by calling the IRS at (800) 829-3676. Download IRS publications at www.irs.gov.

IRS customer service – Telephone assistance for general tax information is available by calling IRS customer service toll-free at (800) 829-1040.

EO customer service – Telephone assistance specific to exempt organizations is available by calling IRS Exempt Organizations customer account services toll-free at (877) 829-5500.

EO website – Visit Exempt Organizations website at irs.gov/eo.

EO Update – Subscribe to IRS Exempt Organizations' EO Update, a regular email newsletter with information for tax-exempt organizations and tax practitioners who represent them.

StayExempt – An IRS interactive web-based training program covering tax compliance issues confronted by small and mid-sized tax-exempt organizations.

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Illinois Nonprofit Principles and Best Practices 2020

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Engaging for impact

Charitable Trust

IL.CharitableTrust.com · CharitableTrust@illinoistreasurer.gov

James R. Thompson Center
100 West Randolph Street (Suite 15-600)
Chicago, IL 60601

Message from the State Treasurer

On behalf of the State of Illinois, we thank you for your hard work to improve the lives of people around our great State. A healthy and vibrant nonprofit community adds untold value and unmatched services to Illinois.

We are so happy to partner with Forefront to help produce ***The Illinois Nonprofit Principles and Best Practices*** booklet. The lessons and insights provided can make sure your nonprofit is as effective as possible.

As Treasurer, it is my pleasure to administer the Charitable Trust Stabilization Fund, which to date has provided grants to 100 organizations across Illinois. As Treasurer, I made it a priority to make sure the long-dormant program was serving its intended purpose: to support the work of our great nonprofits.

The Treasurer's Charitable Trust program will be accepting grant applications again starting January 2, 2020. For more information about this program, we encourage you to visit our website, https://illinoistreasurer.gov/Office_of_the_Treasurer/Charitable_Trust.

Thank you, and please feel free to reach out to our office with any questions.

Sincerely,

Michael Frerichs

Michael W. Frerichs
Illinois State Treasurer

Charitable Trust Stabilization Committee
Illinois State Treasurer Michael Frerichs, Co-Chair
Erica Spangler Raz, Designee for Illinois Attorney General Kwame Raoul, Co-Chair
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Hon. Sheila Simon, Appointee
Butch Trusty, Appointee

STATE OF ILLINOIS
OFFICE OF THE ATTORNEY GENERAL

KWAME RAOUL
ATTORNEY GENERAL

Message from the Attorney General

The nonprofit sector fills unmet needs in countless unique and important ways. To accomplish your vital work, you must cultivate the public's trust in an organization's mission, its leadership, and the underpinning supportive resources.

As Attorney General, I see the value of a vibrant and reliable network of nonprofit organizations. I have dedicated resources to my office's Charitable Trust Bureau to assist both nonprofits in Illinois that accept donations and those who contribute to them.

Our team is available to work with organizations as they fulfill annual registration requirements. We are also able to work with the public to answer questions, educate and intercede as appropriate.

As servants of the public, we each have a role to play in providing and protecting resources that advance causes and serve communities. *The Illinois Nonprofit Principles and Best Practices* booklet by Forefront is a tool to that end. Together, we all can demonstrate the value of charitable endeavors and foster confidence so your work can continue.

Thank you for your diligence and your commitment to the highest standards and proven best practices.

Please do not hesitate to contact my office if ever you are in need of assistance.

Sincerely,

Forefront is Illinois' statewide association representing both grantmakers and nonprofits as well as their advisors and allies. Our mission is to build a vibrant social impact sector for all the people of Illinois. We provide education, advocacy, thought leadership, and facilitate collective action around issues that are important to our Members and to the sector.

Currently, Forefront has over 1,100 Members. Our Nonprofit Members work in over 26 different issue areas across the state. Our Grantmaker Members include private foundations, such as family foundations and independent foundations, public charities, corporations, donor-advised funds, charitable trusts, and individual philanthropists. We also actively engage social entrepreneurs, impact investors, and B-Corps to spur innovation in the sector.

To help you do your work better, Forefront updated this Nonprofit Best Practices guide. This book is designed to help grantmakers and nonprofits make specific, concrete steps to ensure adherence to the high ethical standards and strong principals expected of them.

Preamble and Purpose

Nonprofit organizations serve a critical role in today's society by providing opportunities for advancing divested and underserved populations, facilitating volunteerism and civic engagement, and developing innovative approaches to solving complex issues--to name a few. In order to effectively serve the community, however, nonprofits must balance maintaining their commitment to excellence, equity, and accountability while successfully realizing their missions, managing resources, and executing proper governance. In order to help Illinois nonprofits strike this balance, set forth on the following pages are thirteen key principles of nonprofit governance, followed by best practices for consideration in effectuating on these principles.

Please note that there is no one-size-fits-all approach that must be followed; instead, you are encouraged to determine, in consultation with legal counsel and other applicable advisors, how best to integrate these principles into your nonprofit's governance and operations, as appropriate, and comply with all other legal requirements applicable to your organization.

These Nonprofit Principles and Best Practices are intended to apply generally to both grantmaking nonprofits and grantseeking nonprofits, unless otherwise specifically noted. Further, for purposes of these Nonprofit Principles and Best Practices, all references to "nonprofits" or "organizations" refer to public charities or private foundations that have registered with all applicable regulatory bodies, including, but not limited to, the Internal Revenue Service, the Illinois Attorney General's Charitable Trust Bureau, the Illinois Secretary of State, and the Illinois Department of Revenue.

Mission and Governance

1. The nonprofit has a clearly stated charitable, educational, or scientific mission that has been approved by the governing body and is in pursuit of the public good.

a. State the nonprofit's purpose in the mission.

b. Ensure the mission is responsive to all relevant constituencies and communities to be served by the nonprofit.

c. Ensure the mission is consistent with the "purposes" set forth in its organizational and governing instruments.

2. The role, responsibilities, selection, and tenure of the governing body are clearly stated in the organization's governing and policy documents and understood by the governing body members.

a. Establish and adhere to written criteria and selection process for the governing body.

b. Stipulate the length of a term and, if applicable, the number of consecutive and/or total terms individuals may serve.

c. Consider the appropriate governing body size and committee structure to oversee the organization, encourage discussion, enhance efficiency, and ensure accountability.

d. Formulate written descriptions detailing duties and responsibilities of governing body members and committees of the governing body.

e. Meet as frequently as needed to fully and adequately conduct the business of the organization, including at least once a year in person.

f. Maintain and distribute to governing body and committee members written meeting minutes reflecting the actions of the governing body, including minutes of governing body committees when taking action on behalf of the organization.

g. Maintain systems and policies to ensure ongoing communications and efficient and effective decision-making during and between meetings of the governing body.

h. Review organizational and governing instruments, including board-approved policies, no less frequently than every five years.

i. Hire, set reasonable and appropriate compensation for, and annually evaluate the performance of the chief executive against goals and objectives agreed to by the chief executive and governing body. Document the basis for decisions. If this is a responsibility of a designated committee, a summary should be provided to the full governing body.

3. The governing body ensures that its members are competent and knowledgeable, and includes and seeks diverse points of view and experience as needed to provide credible and effective oversight of all aspects of the nonprofit's work.

a. Ensure that governing body members (e.g., directors or trustees) have the requisite skills and experience to carry out their duties.

Mission and Governance (continued)

b. When filling vacancies on the governing body, consider how skills and experience of new members will complement existing expertise of governing members.

c. Provide governing body members with the tools and opportunities to develop in their roles, including appropriate orientation for incoming governing body members and on-going training on distinct roles and responsibilities, specifically including legal, financial, and fiduciary responsibilities.

d. Provide access to sufficient information and diverse perspectives (including, but not limited to, ethnic, racial, and gender perspectives) to inform decision making and carry out due diligence.

e. If not otherwise represented through the governing body, consult when appropriate subject matter experts or community representatives and/or include them on committees or advisory groups.

4. The governing body regularly assesses the organization's mission and the effectiveness of the organization, its leadership, and its programs in achieving the mission.

a. Regularly conduct a periodic governing body self-evaluation.

b. Set long- (multi-year) and short-term (annual) objectives to evaluate program and organizational effectiveness, and annually evaluate progress toward achieving objectives.

c. Review the mission and strategies being employed to achieve the mission every three to five years to determine whether they meet the needs of the organization's constituencies.

d. Regularly determine, in consultation with the chief executive, staff and, if the governing body deems necessary, outside experts and community representatives, whether programs are being properly evaluated, and employ appropriate evaluation techniques to ensure programs are being delivered efficiently and in accordance with best practices, are having the desired impact, and are effective in fulfilling the mission.

e. Solicit and act on feedback from program participants and constituents about the effectiveness of the programs and operations of the nonprofit.

f. Analyze and apply all meaningful data generated through periodic evaluations of the governing body, programs, and operations to ensure accountability and increase effectiveness.

g. Know and understand key financial metrics beyond just revenues; focus on the full costs to the nonprofit to provide services, operate programs, and run the organization overall.

Legal Compliance, Fiduciary Responsibility, and Responsible Stewardship

5. The full membership of the governing body is responsible for the organization, and each member acts at all times in an ethical manner and in the best interest of the organization and the public.

a. Maintain policies and practices, including a written code of ethics, a conflict of interest policy, and a whistleblower policy to ensure the governing body and staff act in an ethical and legal manner.

b. Educate the governing body and staff about what constitutes conflict of interest and prevent or manage any actual, potential, or perceived conflicts through disclosure, abstention, or other means.

c. Develop and adhere to policies to prevent inappropriate influence where one or more stakeholders (e.g., employees or substantial contributors) of the organization are voting members of the governing body.

d. Establish and adhere to a document retention policy that provides for the safekeeping of key organization documents and the prevention of their destruction upon receiving notice of a legal inquiry into the organization's operations.

6. The governing body and staff are aware of and comply with all federal, state, and local laws, regulations and fiduciary responsibilities applicable to the nonprofit.

a. Educate the governing body and staff about basic legal, accounting, audit, and tax issues (including, but not limited to those concerning internal operations, grantmaking, fundraising, licensing, financial accountability, and labor and employment), as well as applicable provisions of federal, state, local, and international laws and regulations that are relevant to the organization's activities, including with respect to advocacy, lobbying, and political campaign activities.

- The laws, rules, and regulations applicable to a nonprofit vary depending on the specific type of nonprofit (i.e., public charity or private foundation); accordingly, knowing what the laws are that are applicable to the organization at hand is critical.
- By way of example, all nonprofits may (i) advocate for issues pertinent to their missions, and (ii) not engage in political campaign activity (such as supporting or opposing a political candidate); however, the rules on "lobbying" (as defined in the Internal Revenue Code) vary between public charities and private foundations.

Legal Compliance, Fiduciary Responsibility, and Responsible Stewardship (continued)

- Public charities may engage in limited lobbying activity (in accordance with the applicable law).
- Private foundations may not lobby (but they may fund organizations that do lobby, in accordance with applicable law).

b. Seek professional legal and accounting advice when needed to determine and support compliance.

c. Develop and adhere to written financial management policies adequate for organization size, nature, complexity, and mission concerning:
   - Administrative expenditures
   - Internal controls
   - Purchasing
   - Gift acceptance
   - Fundraising expenditures
   - Endowment spending
   - Permitted and prudent investment and asset allocations

d. Provide the Form 990 or 990-PF and any 990-T to the entire governing body each year or otherwise ensure governing body members are familiar with the content.

e. Develop and adhere to a risk management plan and regularly consider the need for insurance coverage and other actions to mitigate risk, taking into account the nature and scope of the organization's activities and its resources.

7. The governing body exercises active oversight of the financial affairs of the organization and sets policies to ensure that the organization's resources are used appropriately in furtherance of the organization's mission.

a. Approve the nonprofit's budget each year and assess financial performance relative to the approved budget.

b. Maintain sufficient resources, including cash reserves, for effective administration of the organization and, if it solicits contributions, for appropriate fundraising activities.

c. Ensure that expenses are reasonable and necessary and incurred in pursuit of the mission of the organization.

d. Set compensation for chief executive officer, staff, and any others who may receive compensation at reasonable levels, considering factors including comparable data of similar organizations, nature of work performed, and time and skills required. Document the basis for decisions. Note that the governing body may, under limited circumstances, determine that it is appropriate or permissible to compensate members of the governing body; however, due consideration to the organization's governing documents, conflicts of interest policy, rules pertaining to excess benefit transactions or self-dealing, as applicable, as well as the factors enumerated in this section d. must be given and substantiated.

Legal Compliance, Fiduciary Responsibility, and Responsible Stewardship (continued)

e. Maintain accurate financial records, prepare internal financial statements no less frequently than quarterly, and provide financial reports to the governing body, addressing any differences between actual revenues and expenses and budgeted revenues and expenses.

f. Assure that any interim and annual financial statements, federal tax returns, and reports to state authorities fairly represent the financial position and financial activities of the organization and comply with the organization's governing documents through review by the governing body, committee thereof, or authorized officer or agent, as determined by the governing body to be the appropriate person or persons to review such documents on behalf of the organization.

g. Determine whether an audit of the nonprofit is legally required (see Illinois Solicitation for Charity Act, Sec. 4., Annual Report of Charities). Even if not legally required, larger organizations are strongly urged to consider securing an audit by an outside public accounting firm or, at a minimum, a review of financial condition by an outside firm.

   » For organizations that have an audit, establish an audit committee; for organizations whose size or structure makes an audit committee infeasible, the full governing body or portion thereof that is knowledgeable about financial statements should oversee the audit or review.

Communications, Accessibility, Privacy, and Disclosure

8. The organization maintains appropriate cybersecurity safeguards, including with respect to protected or confidential information; ensures that its intellectual property is used solely in furtherance of its mission; and monitors and responds to online and third-party reputational risks.

a. Periodically conduct appropriate risk assessments with respect to the nature and scope of data collected and maintained by the organization.

b. Respect and protect the confidentiality and privacy rights of individual clients, grantees, employees, donors, volunteers, governing body members, and others in the organization consistent with applicable law.

c. Develop and maintain appropriate cybersecurity safeguards, which may include, but are not limited to, antivirus software, password protocols, firewalls, encryption, and internal controls regarding access to data.

d. Understand and comply with applicable law governing disclosure and reporting of data breaches, disposal of confidential or protected information, and similar issues.

e. Monitor and enforce restrictions on the use of organization's intellectual property by third parties, including fundraisers, vendors, contract parties, and charitable or similar databases.

Communications, Accessibility, Privacy, and Disclosure (continued)

f. Review and keep up-to-date any profiles on third-party websites (e.g., GuideStar/Candid, the Illinois Attorney General's online charitable organization database, and Foundation Center).

g. Be mindful of which third-party websites are linked to on the organization's website and the content that is posted thereon; certain content on the third-party site may be deemed attributable to the organization through linking (such as support or opposition for a political candidate that would be impermissible for the non-profit to directly post).

h. Maintain appropriate policies and procedures that govern who is authorized to post content on the nonprofit's website or other social media platforms, and ensure that all posts comply with applicable law pertinent to the nonprofit.

i. Designate one or more specified individuals act as the official "spokesperson" or "spokespeople" for the nonprofit, authorized to issue public statements on behalf of the organization (in response to inquiries or otherwise), and encourage such individuals to consult with legal counsel, as applicable, before issuing any such statements.

9. The nonprofit responsibly collects, maintains, and properly disposes of personally identifiable information received from donors, employees, volunteers, and clients.

a. Entities that collect and maintain personally identifiable information such as social security numbers and financial information have a responsibility to protect the information. Nonprofit organizations may have personally identifiable information about donors, employees, volunteers, and clients.

b. Take stock of the information collected and maintained by the organization. Periodically review the information the organization collects on forms and applications to ensure the organization is only collecting information necessary for its operations.

c. Scale down and keep only the information the organization needs. If there isn't a legitimate need for collecting the sensitive information, don't collect or keep it. Phase out the use of SSNs for administrative purposes and internal identification where applicable.

d. Protect the information the organization keeps. Develop data security policies to protect personally identifiable information the organization maintains in both paper and electronic files.

e. Destroy client information in a secure way. Designate an employee or retain an outside company to oversee record keeping and disposal according to the Illinois Personal Information Protection Act, which provides guidance for safe and proper disposal.

Communications, Accessibility, Privacy, and Disclosure (continued)

f. Plan ahead. Create a plan for responding to data breaches including notification to the effected individuals and law enforcement.

g. Assess the organization's policies and procedures to ensure that the organization complies with applicable laws and data security best practices as technology changes.

10. The nonprofit embraces transparency and accountability by making information about its mission, program activities and outcomes, and finances available to the public and communicates in a clear, timely, and proactive manner.

a. Ensure all financial, organizational, and program reports and educational materials are complete and accurate in all material respects.

b. Understand the full costs of running the nonprofit's programs and operations, including the costs of the nonprofit's infrastructure (such as the cost of reasonable and necessary staff training, operational tools, and other costs that advance the nonprofit's mission), and be prepared to disclose and discuss those full costs with prospective funders.

c. Make available to the public basic informational data about the organization, which should include the Form 990 or 990-PF (or a website link to copies provided by other organizations such as Guidestar/Candid), and consider posting information useful to your constituents, such as grant guidelines, organizational and program reports and evaluations, and certain other relevant financial information. If the organization does not maintain a website, make them available upon request. If third-party providers post this information instead, review those sites periodically to ensure accuracy.

d. Make available the names of governing body members, officers, and key staff members.

e. Publish an address and the name of an individual to contact for information. Nonprofits that maintain offices, if feasible, should also publish a phone number, office location, and office hours. Whenever feasible, an email address for inquiries should be provided.

f. Respond to and act promptly on complaints.

g. Develop and follow policies defining timely response to complaints.

h. When resources permit, develop a social media strategy to ensure that relevant organizational and program information reaches all important and relevant audiences on a timely basis.

i. Remember that a nonprofit's audience is the community it serves. Build strong relationships with the community served, community leaders in that community, and other nonprofits serving that community (among others). Keeping the lines of communication open with these stakeholders and providing clear and transparent information builds trust, earns respect, and demonstrates integrity.

Communications, Accessibility, Privacy, and Disclosure (continued)

11. Nonprofits that raise funds from the public or from donor institutions maintain solicitation policies that reflect the organization's mission and use of solicited funds.

a. Represent the organization's policies and practices accurately and respect the dignity of program beneficiaries in all solicitation materials.

b. Disclose important and relevant information to potential donors.

c. Honor all statements in fundraising appeals about the use of a contribution (e.g., restrictions on use of fundraising proceeds, or commitments to allocate funds to certain programs).

d. Respect the rights of donors in accordance with established professional standards such as "A Donor Bill of Rights."

e. Ensure donated funds are used for purposes consistent with the donor's intent, whether as described in the relevant solicitation materials or as specifically directed by the donor, and maintain supporting documentation regarding donor's intent in the organization's files.

f. Ensure that internal or external fundraisers are not compensated based on a commission or a percentage of the amount raised.

g. Ensure compliance with state fundraising/solicitation registrations and requirements, including with respect to digital fundraising.

h. Provide appropriate training and supervision of people soliciting funds to ensure they understand their responsibilities and applicable federal, state, and local laws, and prohibit techniques that are coercive, intimidating, or intended to harass potential donors.

12. Grantmaking nonprofits establish, follow, and clearly communicate processes for receiving, reviewing, and acting on grant applications, and for monitoring and evaluating grants made; and act fairly and responsibly in considering the funding needs of potential grantees.

a. Make readily available a brief written statement including:
   - Program interests
   - Grantmaking policies, including types of funding provided
   - Geographic or policy restrictions
   - Preferred ways of receiving applications
   - Steps in the proposal review and due diligence process
   - Timetable for consideration of grant requests

Communications, Accessibility, Privacy, and Disclosure (continued)

b. Establish and maintain relationships with grantseekers based on mutual respect, candor, understanding, and fairness.

c. When reviewing potential grants, inquire about a non-profit's full costs of running its programs and operations, including its infrastructure costs; consider general operating support whenever possible and, if not, ensure that a reasonable and appropriate portion of grant proceeds can be utilized by the non-profit grantee to cover these costs.

d. Communicate clearly and on a timely basis with potential grantees.

e. Advise those affected by an adverse, negative funding decision or significant policy or procedure change within a reasonable period of time.

f. Clearly explain reporting and evaluation requirements and periodically review these requirements to ensure that they are necessary, appropriate, and provide sufficient benefit to the grantmaking organization to justify the time and effort they require of it grantees.

g. Ensure your diligence procedures are designed to evaluate nonprofit and program sustainability, operational health of the organization, and receipt of timely and accurate reporting to enable you to better understand your grantees and be better prepared to evaluate their future funding requests.

Managing Human Capital

13. Invest in and perform appropriate diligence to get to know your people.

a. Consult with legal counsel to understand and abide by labor and employment laws applicable to the nonprofit's workforce, adopt appropriate policies addressing matters such as whistleblower matters and employee conduct, and develop, monitor, and enforce the procedures of an employee (and, if applicable, volunteer) handbook.

b. Develop job descriptions and clear delegations of authority (under IL law, the governing body cannot delegate away its fiduciary duties), professional development and ongoing training of employees, volunteers, and staff.

c. Conduct appropriate diligence (including, for example, background checks) of members of the governing body, employees or individuals serving as staff, and volunteers, and specifically those with oversight of and responsibility for financial matters or with signing authority on behalf of the nonprofit.

d. Additionally, if the nonprofit has volunteers:

   - Conduct volunteer trainings on the nonprofit's mission and important rules and regulations applicable to the nonprofit.
   - Consider the nature of the volunteer work to be performed and conduct appropriate background checks on volunteers.

e. Set clear performance metrics and annual reviews to determine performance.

Number of Illinois Nonprofit Organizations

- All Nonprofit Organizations: 71,493
- 501(c)(3) Public Charities (includes some Religious Organizations): 47,613
- 501(c)(3) Private and Public Foundations: 6,153
- Other 501(c) Nonprofit Organizations*: 17,103

*includes Civic Leagues, Chambers of Commerce, Veterans Organizations, etc.

Economic Impact of the Illinois Nonprofit Sector

- Employs 585,086 – over 11% of the state's workforce
- Generates more than $115.1 billion in annual revenues
- Holds assets of $329.7 billion
- Illinois Foundations annually give over $3.6 billion
- Illinoisans give $9.2 billion to charity each year

Forefront
Engaging for impact

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For more information on how Forefront can support your work, go to www.MyForefront.org.

Sample Document
Should Be Reviewed by Counsel

Document Retention and Destruction Policy

I. Purpose

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this Policy provides for the systematic review, retention and destruction of documents received or created by _____ in connection with the transaction of _____ business. This Policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept and how records should be destroyed. The Policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate _____'s operations by promoting efficiency and freeing up valuable storage space.

II. Document Retention

_____ follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

III. Corporate Records

Annual Reports to Secretary of State/Attorney General	Permanent
Articles of Incorporation	Permanent
Board Meeting and Board Committee Minutes	Permanent
Board Policies/Resolutions	Permanent
By-laws	Permanent
Fixed Asset Records	Permanent
IRS Application for Tax-Exempt Status (Form 1023)	Permanent
IRS Determination Letter	Permanent
IRS 990 Tax Returns and Worksheets	Permanent
Accounting and Corporate Tax Records	Permanent
Annual Audits and Financial Statements	Permanent
State Sales Tax Exemption Letter	Permanent
Contracts (after expiration)	7 years
Correspondence (general)	3 years
Depreciation Schedules	Permanent
General Ledgers	Permanent
Business Expense Records	7 years
Invoices	7 years
Bank Records	Permanent

SAMPLE

Electronic Fund Transfer Documents	7 years
Payroll and Employment Tax Records	Permanent
Unemployment Tax Records	Permanent
Earnings Records	7 years
W-2 Statements	7 years
Employment and Termination Agreements	Permanent
Records Relating to Promotion, Demotion or Discharge	7 years after termination
Accident Reports and Worker's Compensation Records	5 years
Employment Applications	3 years
I-9 Forms	3 years after termination
Donor Records and Acknowledgement Letters	7 years
Grant Applications and Awards	5 years after completion
Copyright Registrations	Permanent
Trademark Registrations	Permanent
Insurance Policies	Permanent
Leases	7 years after expiration

IV. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an "archive" computer file folder. Backup and recovery methods will be tested on a regular basis.

V. Emergency Planning

_____'s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping _____ operating in an emergency will be duplicated or backed up at least every week and maintained off site.

VI. Document Destruction

____'s chief financial officer is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding. Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

VII. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against _____ and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair will periodically review these procedures with legal counsel or ____'s certified public accountant to ensure that they are in compliance with new or revised regulations.

SAMPLE

Sample – Should be Reviewed by Counsel

Whistleblower Policy

I. General

_____ expects its directors, officers, employees, and other representatives to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As agents and representatives of _____, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

II. Reporting Responsibility

It is the responsibility of all directors, officers, and employees to report alleged Wrongful Conduct in accordance with this Whistleblower Policy.

III. Wrongful Conduct

"Wrongful Conduct" is defined in this Whistleblower Policy to include: a serious violation of any of _____'s policies; a violation of applicable state or federal law; or the use of _____ property, resources, or authority for personal gain or other non-_____ related purposes except as provided under _____ policies. This definition of Wrongful Conduct is not intended to be an exclusive listing of the illegal or improper activity encompassed by this Policy. Rather, this Policy is intended to serve as a means of reporting all serious improprieties that potentially impact the integrity and effective operation of _____.

III. No Retaliation

No director, officer, or employee who in good faith reports alleged Wrongful Conduct will suffer harassment, retaliation or adverse employment consequence. Any director, officer, or employee who retaliates against anyone who has reported alleged Wrongful Conduct in good faith is subject to discipline up to and including termination of employment or removal from the Board or Directors, as applicable. This Policy is intended to encourage and enable persons to raise serious concerns within _____ prior to seeking resolution outside _____.

IV. Reporting Wrongful Conduct

_____ encourages its directors, officers, and employees to share their questions, concerns, suggestions, or complaints with someone who can address them properly. Any director, officer, or employee may report alleged Wrongful Conduct to the Executive Director or the President of the Board of Directors. If the alleged Wrongful Conduct involves one or both of the Executive Director or the President of the Board of Directors,

or if the reporting individual is not comfortable speaking with or not satisfied with the response of the foregoing individuals, the issue may be reported to any member of the Board of Directors. The Executive Director, President of the Board of Directors, and all members of the Board of Directors to whom a report of alleged Wrongful Conduct is made, will immediately advise the full Board of Directors of such report.

V. Acting in Good Faith

Any person filing a complaint of alleged Wrongful Conduct must be acting in good faith and have reasonable grounds for believing the information disclosed is true and indicates Wrongful Conduct. Any allegation that fails to be substantiated and which is shown to have been made maliciously, recklessly or knowingly to be false will be viewed as a serious disciplinary offense.

VI. Confidentiality

Reports of alleged Wrongful Conduct may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of alleged Wrongful Conduct will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

VII. Handling of Reported Wrongful Conduct

A representative of the Board of Directors will notify the sender and acknowledge receipt of the report of alleged Wrongful Conduct within five business days, unless such report was submitted anonymously. All reports will be promptly investigated by the Board of Directors and appropriate corrective action will be taken if warranted by the investigation.

SAMPLE

General Materials

NFP Checklist

To obtain your Illinois not-for-profit corporation status, and a federal income tax exemption, you will need to complete the following steps:

NFP Incorporation

- Plan carefully, prepare a business plan.
- File Articles of Incorporation with, and pay fee to, Illinois Secretary of State (Form NFP-102.10), including added required tax language.
- When Articles are returned to you by Secretary of State, record them with, and pay fee to, Recorder of Deeds of resident country. (Keep a photocopy).
- Prepare By-Laws.
- Hold First Meeting of Board of Directors: Officers elected; bank account authorized; attorney and CPA named; adopt By-Laws.
- Register with IL Attorney General (Form CO-1, CO-2).
- Possibly – Register with IL Department of Revenue and Department of Employment Security.

Federal Tax Exemption

- Obtain Federal Employer Identification Number (FEIN) – Form SS-4. Can obtain by phone – IRS Tele-TIN number 866-816-2065, or online, www.irs.gov
- File Form 1023 and pay the required fee with IRS.

Possible Other Steps

- Apply for Illinois sales and use tax exemption.
- Apply for Illinois real estate tax exemption.
- Obtain whatever permits and licenses required for your activity in your municipality. (Place of public amusement; retail sales; etc.)

Returns and Reports

- IRS will require Form 990 or 990EZ annually.
- IL Attorney General will require Form AG 999-IL annually.
- IL Secretary of State will require Annual Report.

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