

2009 Form 990—Significant Changes

[Form 990](#), *Return of Organization Exempt From Income Tax*, is the IRS's primary tool for gathering information about tax-exempt organizations, for educating organizations about tax law requirements, and for promoting compliance with tax law. The [2009 Form 990, schedules, and instructions](#) have been revised to modify and clarify certain reporting requirements. The table below summarizes significant changes to the Form 990, schedules, and instructions for 2009.

To see the complete 2009 Form 990, schedules, and instructions, as well as video, audio, and written materials on how to complete the Form and its schedules, go to www.irs.gov/eo.

Form	Change(s) Made/Issue(s) Addressed
Part III, <i>Statement of Program Service Accomplishments</i>	Explains that the filer must report significant changes in program services in Part III, rather than in a letter to the Exempt Organizations Determinations office
Part IV, <i>Checklist of Required Schedules</i>	<ul style="list-style-type: none"> • Line 11: Includes more detailed trigger questions to help the filer determine whether it needs to complete Parts VI, VII, VIII, IX, or X of Schedule D. • Line 12a (new): Asks whether the filer was included in consolidated, independent audited financial statements for the tax year. • Line 14: Explains how revenues or expenses from foreign investments affect whether the filer meets the \$10,000 filing threshold for Schedule F, Part I. • Line 20: As previously announced, a filer that checks <i>Yes</i> to line 20 must complete the entire Schedule H, not just Part V as was required for the 2008 tax year. • Line 24a: As previously announced, a filer that checks <i>Yes</i> to line 24a must complete the entire Schedule K, not just Part I as required for the 2008 tax year. • Line 28: Simplifies trigger questions for Schedule L, Part IV. • Line 38 (new): Asks whether the filer completed Schedule O, as required.
Part V, <i>Statements Regarding Other IRS Filings and Tax Compliance</i>	<ul style="list-style-type: none"> • Line 1a: Clarifies that the filer must include on this line the number of its employees reported on Forms 1099, 1098, 5498, and W-2G by its reporting agents. • Line 2a: Clarifies that the filer must include on this line the number of its employees reported on a Form W-3 by its reporting agents. • Lines 1c, 7g, and 7h: Clarifies that the filer should leave these blank if questions are not applicable.

Part VI, *Governance, Management, and Disclosure*

- **Line 2:** Clarifies that if, two officers, directors, trustees, or key employees of the filer serve in similar positions with another tax-exempt organization, that involvement does not create a reportable business relationship between the two.
- **Line 4:** Explains that the filer must report significant changes to its organizational documents on its Form 990, Part VI and in Schedule O, rather than in a letter to EO Determinations.
- **Line 5:** Modifies standard for determining if diversion is material and must be reported on line 5.
- **Line 11:** Describes the conditions the filer must meet to answer Yes when it emails board members a link to its Form 990.
- **Line 15:** Defines *conflict of interest* for compensation arrangements.
- **Line 18:** Explains when a filer may check the box for *Another's website*.

<p>Part VII, <i>Compensation</i></p>	<ul style="list-style-type: none"> • Clarifies that the current five highest compensated employees to be reported in the Section A table do not include officers, directors, trustees, or key employees. • Clarifies that the key employee responsibility test may be met at any time during the tax year. • Clarifies that if a person is a key employee for only part of the tax year, filer must report that person's entire compensation for the calendar year ending with or within the tax year. • Explains how compensation to foreign persons from the filing organization or a related organization should be reported in the Section A table. • Explains when and how compensation from unrelated organizations to the filing organization's officers, directors, trustees, key employees, and highest compensated employees must be reported in Section A. • Explains when and how compensation to leased employees must be reported in Part VII. • Explains how compensation paid by common paymasters and other reporting and payroll agents should be reported in Section A. • Clarifies that the filer must report all compensation paid by a related organization during the calendar year to listed persons, even if the other organization was related for a portion of the tax year. • Clarifies (in compensation table) that employee deferrals to 401(k) and 403(b) plans must be reported in Part VII, columns (D) and (E), and in Schedule J, column B(i).
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Part VIII, <i>Statement of Revenue</i>	<ul style="list-style-type: none"> • Lines 2 and 11: Asks the filers to report on these lines codes from the new Appendix J, which are derived from the North American Industry Classification System (NAICS). • Line 8: Explains how to report revenue from donated goods sold at auction.
Part IX, <i>Statement of Functional Expenses</i>	<ul style="list-style-type: none"> • Line 14: Explains the lines on which to report various technology-related expenses.
Part X, <i>Balance Sheet</i>	<ul style="list-style-type: none"> • Line 5: Clarifies that highest compensated employees are persons from whom receivables should be reported on this line. • Line 12: Indicates that the filer should report on this line publicly traded stock in a corporation that comprises more than 5% of the filer's total assets.
Part XI, <i>Financial Statements and Reporting</i>	<ul style="list-style-type: none"> • Line 2d (new): If the filer answered Yes to line 2a or 2b, it should check the appropriate box to indicate whether the financial statements were issued on a consolidated basis, a separate basis, or both.
Form 990 Glossary	<ul style="list-style-type: none"> • Includes new definitions of <i>audit</i>, <i>fair market value</i>, and <i>principal officer</i>. • Includes revised definitions of-- <ul style="list-style-type: none"> ○ Control: Clarifies means by which the filer can control or be controlled by another organization, for purposes of determining the filer's related organizations. ○ Escrow and custodial accounts: Exempts section 4947(a)(2) split-interest trusts from reporting in Schedule D, Part IV. ○ Fundraising events: Includes certain types of <i>casino nights</i> in the definition, and clarifies which types of activities are not fundraising events. ○ Permanent endowment: Clarifies that permanent endowment is established by a donor-restricted gift. ○ Quasi-endowment: Clarifies that a quasi-endowment is established by the filer, and that restrictions the filer imposes on the endowment may be temporary or permanent. ○ Related organization: Clarifies that related organizations may include governmental units and other government entities. ○ Reportable compensation: Clarifies reportable compensation of certain clergy and religious workers, foreign persons, and other persons. ○ Term endowment: Clarifies that a term endowment is established by a donor-restricted gift.

<p>Schedule A, <i>Public Charity Status and Public Support</i></p>	<ul style="list-style-type: none"> • New example explains how a filer that uses accrual method of accounting should report pledges on Schedule A. • Explains that the IRS does not update records on a filer's public charity status based on a change made on Schedule A. The filer may submit a request for a determination letter on its new public charity status to the EO Determinations office.
<p>Schedule B, <i>Schedule of Contributors</i></p>	<ul style="list-style-type: none"> • Clarifies that the filer should specifically identify a donor, rather than reporting the donor as <i>anonymous</i>, if the filer knows the donor's identity.
<p>Schedule D, <i>Supplemental Financial Statements</i></p>	<ul style="list-style-type: none"> • Part V: Clarifies that the filer should report endowments held by other organizations for the filer and/or held by other organizations to further the filer's exempt purposes. • Part VII: Explains that the filer should report publicly-traded stock in a corporation that comprised more than 5% of filer's total assets. • Part X: Asks the filer to complete Part X if its financial statements for the tax year included a footnote addressing its liability for uncertain tax positions. • Parts XI-XIII: Clarifies that if the filer was included in consolidated financial statements (not in separate financial statements), completing Parts XI-XIII is optional.
<p>Schedule F, <i>Statement of Activities Outside the United States</i></p>	<ul style="list-style-type: none"> • Part I: Deletes instruction (for tax year 2008) that a filer's interests in financial accounts reported on Part V, lines 4a and 4b should not be reported on Schedule F, Part I. • Part I, line 3: Explains how to report foreign investments. • Part I, column (d): Explains that the types of foreign activities to be reported include investments, conducting board meetings, and sending agents of the filer to attend and speak at seminars or conferences outside the United States. • Part I, column (f): Explains that expenditures to be reported include travel expenses to, from, and within the region, but allocations of indirect expenditures for foreign activities are not necessary if the filer does not separately track them. • Part III: Explains that the filer should report not only grants and other assistance to foreign individuals, but also to U.S. individuals for foreign activity.

Schedule G, <i>Supplemental Information Regarding Fundraising or Gaming Activities</i>	<ul style="list-style-type: none"> • Part I, line 3: Eliminates option to answer <i>all states</i>. • Part II, lines 7 and 8 (new): Asks for reporting of <i>food and beverage</i> expenses and <i>entertainment</i> expenses related to fundraising events. • Part III, line 16: Clarifies that the filer should report only that portion of its gaming manager's compensation that is allocable to gaming management.
Schedule H, <i>Hospitals</i>	<ul style="list-style-type: none"> • As previously announced, organizations required to file Schedule H must complete all parts of the schedule for the 2009 tax year. • Explains how to report indirect interests in joint ventures, such as a physician group practice owned by staff physicians of the filer's hospital.
Schedule J, <i>Compensation Information</i>	<ul style="list-style-type: none"> • Part I, line 9 (new): Asks if the filer answered Yes to line 8 (regarding the <i>initial contract exception</i> under Regs. 53.4958-4(a)(3)), did it also follow the rebuttable presumption of reasonableness procedure described in Regs. 53.4958-6(c)?
Schedule K, <i>Supplemental Information on Tax-Exempt Bonds</i>	<ul style="list-style-type: none"> • As previously announced, organizations required to file Schedule K must complete all parts of Schedule K for the 2009 tax year. • Explains how related organizations should report bond issues on Schedule K. • Part II, line 5: Explains that for 2009 <i>only</i>, the filer should include in this line the cumulative amount of bond proceeds used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of Code section 148(h).
Schedule L, <i>Transactions With Interested Persons</i>	<ul style="list-style-type: none"> • Part II: Explains when tax-exempt bonds purchased from filer and held by an interested person are exempted from reporting in Part II. • Part III: Explains how to report grants, scholarships, and other assistance from colleges, universities, and primary and secondary schools to interested persons. • Part IV <ul style="list-style-type: none"> ○ Explains how to report joint ventures with interested persons as business transactions ○ Clarifies that governmental units and instrumentalities are not <i>interested persons</i>.
Schedule N, <i>Liquidation, Termination, Dissolution, or Significant Disposition of Assets</i>	<ul style="list-style-type: none"> • Explains that the filer should report its liquidation, termination, or dissolution in Part I, rather than in a letter to EO Determinations; EO Determinations no longer issues letters confirming that an organization's tax-exempt status was terminated.

<p>Schedule O, <i>Supplemental Information to Form 990</i></p>	<ul style="list-style-type: none"> • Asks the filer to use Schedule O, not separate attachments, to respond to specific questions (e.g., Part VI, lines 11A, 19), and to supplement other responses. • Clarifies that the filer should use a separate attachment—not Schedule O—to explain late filing of the Form 990. • Cautions the filer not to include social security numbers on Schedule O.
<p>Schedule R, <i>Related Organizations</i></p>	<ul style="list-style-type: none"> • Explains how the filer can control or be controlled by another organization for purposes of determining <i>related</i> organizations; includes several new examples of control. • Part II: Explains that governmental units and instrumentalities and foreign governments should be treated as tax-exempt organizations for purposes of Schedule R, Part II. • Part V, line 2: Explains how to report transactions with a section 512(b)(13) controlled entity, and with related tax-exempt entities that are not exempt under Code section 501(c)(3). • Part V, line 2, column (c): Asks the filer to describe in Schedule O the method used to determine the value of services, cash, and other assets reported in column (c).