



THE NEW FORM 990

On December 20, 2007 the IRS released an updated version of Form 990, the information return that charities and other tax-exempt organizations are required to file annually.

How is the new Form 990 different?

The new Form 990 is designed to enhance transparency, promote tax compliance and minimize the filing organization's burden. Responding to public requests to enable each organization to better "tell its story", the new form allows organizations to describe tax exempt activities and accomplishments, and also to share the organization's mission. Included in this summary will be a snapshot of the organization's key financials, governance and operating information, as well as a comparison of the current year and prior years' revenues and expenses.

The form consists of an eleven-page format that must be completed by each filer, as well as sixteen schedules which the organization may or may not be required to file, depending on its activities.

How will the new Form 990 affect your organization?

In the coming year, your organization may need to be more diligent in financial recordkeeping, as well as governance, policies and activities. Also, the new disclosure requirements for compensation of officers, directors, and key employees will allow the IRS more visibility into your organization, and thus you may face more scrutiny regarding unreasonable compensation and excess benefit transactions. Perhaps most importantly, the new form will enable your organization to describe in detail the full scope and impact of the organization's activities. Initially, this may seem like a burden. However, the overall effect will be beneficial as organizations consider past activities and focus on new opportunities, resulting in successful operations.

Transitioning to the new Form 990

To smooth the adjustment to the new form, transitional relief has been announced in several areas. Smaller organizations may be able to file a Form 990-EZ in lieu of the Form 990, depending on their gross receipts or total assets. There is also a 990N postcard transition, which organizations that do not meet the filing threshold (\$25,000 for 2008 and 2009, \$50,000 for 2010) will be required to file. Finally, the IRS has provided transitional relief with regard to schedules H and K (hospital and tax-exempt bond schedules). Only certain identifying information will be required on the 2008 return, with full implementation of the schedules required for 2009.

For more information

Our purpose is to help our clients operate more efficiently and achieve success. Our unique industry focus is the key to our high-quality, responsive service. We have over 200 employees working in offices worldwide, including Oregon and California, and our nonprofit team members are specialists in the issues you face. If you need guidance with your organization's 990 form, please give AKT a call at any of the offices listed below.

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ABOUT AKT'S PUBLIC SECTOR DIVISION

Our Public Sector Division can help your organization thrive. As independent accountants and consultants, our professionals help nonprofits meet expectations set by the public, the government and other donors.

Nonprofit and public sector organizations perform valuable services to preserve and better our community. They address important, complex social needs while adhering to very high levels of integrity, transparency and accountability. They face challenges like increased competition for funding, heightened scrutiny by donors and limited resources. Successful nonprofits depend on the financial guidance of a firm that understands the unique aspects of the public sector.

Our Services group knows the issues you face, because we spend 100% of our time serving the needs of nonprofits. From consulting with over 100 nonprofit organizations, we have developed a reputation for delivering dependable services. Our clients can rest assured that our independent judgment and insight enables them to achieve their mission and maintain a passion for service.

YOUR CLIENT SERVICE PROFESSIONALS

We want to help you achieve all of your goals. We value communication and relationships, and our local presence enables us to meet you face-to-face and form a partnership that gives you a sense of security and peace of mind. Our family of companies brings together professionals that are able to provide integrated advice and counsel on many issues. They have a range of certifications – including CPA, CMA&A and CFA, CMA and many more. Our firm's owners and professionals are available to answer your questions and meet your needs. Contact us today in one of our main offices in San Diego or Portland.

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