

# Preparing Form 990-EZ

and Related Non-profit Topics



# TOPICS TO COVER TODAY

What forms do  
I need to  
prepare?

What  
information do  
I need?

What are some  
resources to  
help?

# Key Points to Remember!!!



Keep good records!



Stay current with required filings!



# FILING REQUIREMENTS

## Form 990-N

- Gross receipts of \$50,000 or less
- “e-Postcard” return

## Form 990-EZ

- Gross receipts less than \$200,000 and total assets less than \$500,000
- Slightly less complex than Form 990

## Form 990

- Gross receipts more than \$200,000 or total assets greater than \$500,000

# DEADLINES



- For June 30 year end, form 990 (including 990N and 990-EZ) is due November 15<sup>th</sup>. With extension, the 990 is due the following May 15<sup>th</sup>
- If filing forms 1099-MISC (more on this later) the deadline is January 31.

## REMEMBER:

1. Failure to file 990 for 3 consecutive years will result in automatic revocation of exempt 501(c)(3) status. Rather troublesome to seek reinstatement.
2. Late filing of 1099-MISC starts at \$25 **PER FORM** and goes up to \$260 per form if really late.

# Other Forms

Form W-9, Request for Taxpayer Identification Number and Certification. Obtain this from:

- ✓ all vendors (not Sam's Club)
- ✓ donors *of property* more than \$500
- ✓ Prize winners of \$600 or more

# Other Forms (continued)

- Form 1099-MISC or 1099-NEC
  - Report rents and payments to vendors of more than \$600 per calendar year. Not necessary to issue to corporations.
  - Issue a 1099-MISC to someone who wins prizes more than \$600
  - Report amounts paid to law firms if greater than \$600



# Donation Receipts



You need to provide receipts to donors if they make a contribution.



Required for donations of cash or property of more than \$250



Required if there's a payment received, more than \$75, that is partly for goods/services, and partly a contribution.



# Donations from Fundraisers



Generally a quid pro quo to a fundraiser (except raffles)



Examples:

Golf tournament  
Sale of candy



Organization has the responsibility to

Estimate fair market value of non-charitable benefits

Give acknowledgement of both total received, and non-contribution portion.

# Donations from Fundraisers (continued)

- No portion of a raffle ticket is considered a charitable contribution
- If donated property is given as a prize or auctioned, the donor should give a reasonable estimate of fair market value
- If within 3 years of receipt, the organization sells property with fair market value of \$500 or more that was donated, they are required to give the donor IRS Form 8282

## *Exceptions:*

- ☐ Marketable securities
- ☐ Donated property is consumed or distributed in exempt purpose (example - Band Boosters receive donated instruments and distributes such equipment to the band musicians)



# Individual Accounts

IRS frowns on these. Subject  
to penalty.





# Disqualified Person



Tracked and reported in the  
Form 990 Schedule A



Any officer, director or trustee



Any person who donates more  
than \$5,000 (provided that  
this is more than 2% of the  
total donations received)



# Less Frequently Encountered Situations

Donor advised funds

Unrelated Business  
Income

Conflicts of interest

Vehicle donations


# Donor Advised Funds

If you have these, you cannot file Form 990-EZ, and instead must file the long Form 990.



What is a donor advised fund? It is where the donor has a reasonable expectation of advisory privileges in the disbursement of the fund.

Example - donor gives \$500 and directs the organization to buy football equipment for student Michael Smith.



## Not donor advised funds:

Fund directed to be disbursed to a single identifiable organization.

Grants or disbursements are on an objective and nondiscriminatory basis. Example - donation to scholarship fund to be used exclusively for scholarships, provided the organization has a process to award such scholarships.



# Unrelated Business Income (UBI)

- Even if 501(c)(3) organization, it is still possible to owe income taxes if you engage in certain types of activity.
  - IRS wants to discourage charitable organizations from seeking profits in carrying on a business.
- Local PTO's or booster clubs generally don't have UBI.
  - Most common source of UBI might be if an organization hires a third party to solicit advertising for yearbook or sports. This would probably make this advertising income UBI and subject to income taxes.

# Conflicts of Interest

- Officers, directors and large donors are generally considered by the IRS as “disqualified” persons. Transactions between the organization and a disqualified person might invite IRS scrutiny.
  - Compensation and benefits
  - Purchase of assets
  - Payments for goods or services
  - Grants or scholarships
  - Leasing transactions



# Quick Dip in the 990 Swimming Pool



# Form 990-N

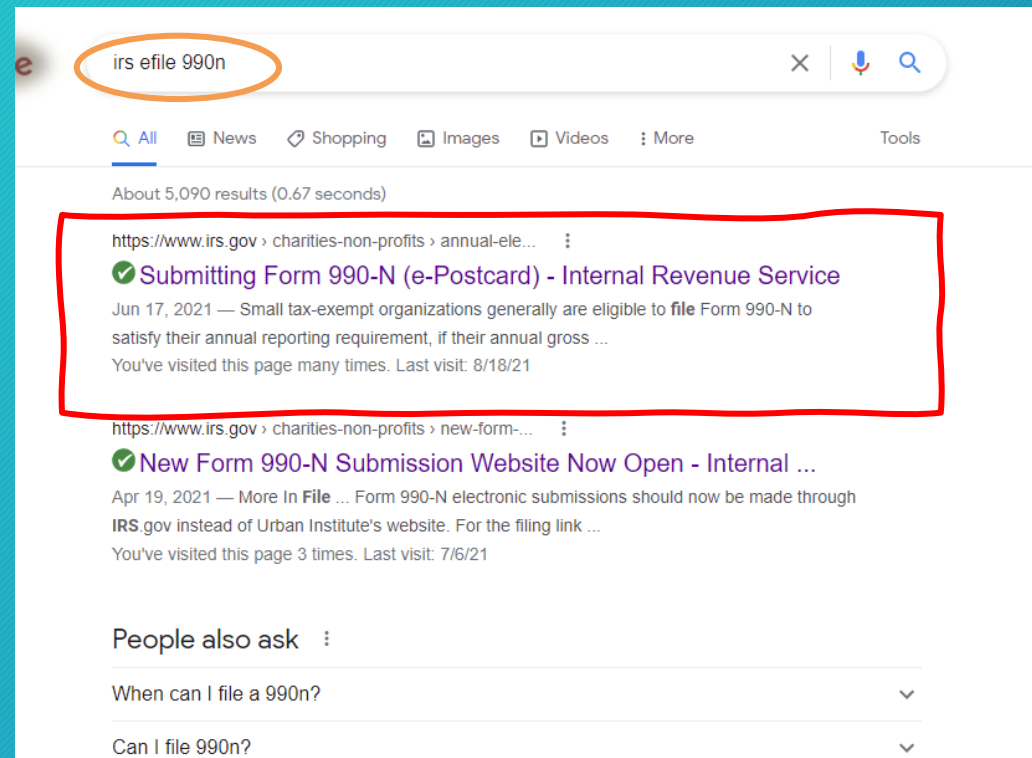
Gross receipts are  
\$50,000 or less

Online only - no paper  
filing

Asks for very basic info  
such as

- Tax ID number
- Legal name
- Address
- Principal officer

# 990N Easy to find





patrickpatterson.coache

CPA Academy | UNDERSTANDIN

Forensic Services | AICPA

Acquisition due diligence check

2020 Introduction to the New M

Annual Electronic Filing Require

IRS Your Hamma

https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard

An official website of the United States Government

IRS

Help | News | English | Charities & Nonprofits | Tax Pros

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# Annual Electronic Filing Requirement for Small Exempt Organizations — Form 990-N (e-Postcard)

Individuals

Businesses and Self-Employed

**Charities and Nonprofits**

Exempt Organization Types

Lifecycle of an Exempt Organization

Annual Filing and Forms

Charitable Contributions

Search for Charities

## 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.) 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.

Charities & Non-Profits Topics

- [A-Z Index](#)
- [Educational Resources and Guidance](#)
- [Publications](#)
- [Audit Process](#)
- [Contact IRS Exempt Organizations](#)
- [About Us](#)



return filed by its central organization does not file Form 990-N because the group return satisfies its annual reporting requirement.

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## Submitting Form 990-N (e-Postcard)

### Are you eligible to submit Form 990-N (e-Postcard)?

1. [Register](#) for your account
2. Review the [submission guidance](#)
3. Gather the [information needed](#)

**Submit Form 990-N (e-Postcard)**

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## How to Register and Submit Form 990-N

Review the [IRS Form 990-N Electronic Filing System \(e-Postcard\) User Guide](#) for step by step instructions on how to register and submit electronic Form 990-N (e-Postcard). Most common problems can be avoided by following the User Guide



## Sign Up

Don't have an account? Create one now.

CREATE ACCOUNT >

## Log In

Already have a username? Welcome back!

Username

maxrdunlap

LOG IN >

[Forgot Username](#)

*PTIN and FIRE users need a separate account in this system*

# Form 990-EZ



Gross receipts are between \$50,000 and \$200,000



Form 990-EZ is four pages, but there are additional schedules to the 990-EZ



Schedule A *Public Charity Status and Public Support* (Check box 10 and go to page 3)



Schedule B *Schedule of Contributors* (if anyone gives \$5,000 or more, list their name, address and amount)



Schedule G - If you do a fundraiser you will prepare Part II



Schedule O - This is a form used to provide additional explanation for certain questions in the 990-EZ



Oh no!! This sounds like it's very complicated!!

It's not really daunting if you keep these two things in mind:

1. Maintain good records!!

2. File required forms on time!!



# Questions?



If you need help

Max Dunlap, CPA

Reimer McGuinness Hess, PC

[mdunlap@rmh-cpa.com](mailto:mdunlap@rmh-cpa.com)

713-590-3000

