

Preparing Form 990-EZ

and Related Non-profit Topics



Reimer, McGuinness & Associates, PC

CPAs & Advisors

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 15th. With extension, the 990 is due the following May 15th
- If filing forms 1099-MISC (more on this later) the deadline is January 31.

REMEMBER:

Failure to file 990 for 3 consecutive years will result in automatic revocation of exempt 501(c)(3) status. Rather troublesome to seek reinstatement.

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
- ✓ donors *of property* more than \$500
- ✓ Prize winners of \$600 or more

Other Forms (continued)

- Form 1099-MISC
 - 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 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

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

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C P A s & A d v i s o r s