



# 2021 Form 990 changes

**Including Annotated Forms and  
Instructions**

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# 2021 Form 990

## Introduction



# Changes to the 2021 Form 990-Series Returns, Schedules, and Instructions

This publication highlights the modifications to the 2021 Form 990-series returns (that is, Forms 990, 990-EZ, 990-PF, and 990-T for tax years beginning in 2021), schedules, and corresponding instructions, as well as to the Form 4720 and corresponding instructions. The changes to the 2021 forms and instructions are relatively minor; they primarily include clarifications, reminders, and updates. As a reminder, electronic filing is required for organizations with tax years beginning on or after July 2, 2019; the instructions therefore no longer provide information regarding paper filing.

## Form 990 and 990-EZ

One change of possible interest to Form 990 filers is that the instructions are now consistent in requiring officers, directors, trustees, key employees, and highest compensated employees to be listed in order from highest to lowest compensation. While instructions to this effect were first added in 2019, the instructions to the 2019 and 2020 Forms 990 were inconsistent on this point, in that the specific instructions for column A of line 1a of Part VII continued to instruct filers to list persons in order of position, starting with trustees or directors (who commonly receive no compensation) and then moving to officers, key employees, and highest compensated employees.

Another change is that black lung trusts described in section 501(c)(21) must now file on either the Form 990, 990-EZ, or 990-N (not the Form 990-BL, which is now a historical form). (A new question on Form 990, Part V, line 17 requests information about activities that would result in an excise tax under IRC Section 4951, 4952, or 4953.)

In addition, the names of all of the Schedules that are attached to both the Form 990 and Form 990-EZ (Schedules A, B, C, E, G, L, N, and O) have been changed to reference only the Form 990, even though the Forms and instructions make clear that these Schedules are still attached to both the Form 990 and Form 990-EZ (and, in the case of the Schedule B, the Form 990-PF as well). These name changes are also reflected throughout the Form 990 series instructions. The deletions of the reference to "Form 990-EZ" in all of these instances has not been marked, as they do not represent a substantive change and are many in number.

## 990-PF

Generally, Form 990-PF and its instructions are substantially similar to their previous versions. The most notable change to Form 990-PF itself is the removal of the Part of the Form regarding qualification for reduced tax on net investment income under section 4940(e) (formerly, Part V) to reflect the repeal of section 4940(e) and the corresponding re-numbering of the remaining Parts in the Form. Certain lines used to determine qualification for the reduced tax rate on net investment income were also deleted.

Perhaps the most notable change to the instructions is that they now require a private foundation to check yes to line 5a(4) of Part VI-B - which asks whether the foundation has made a grant to non-charities - if the foundation has made such a grant in a prior year and has a continuing obligation to exercise expenditure responsibility over that grant.

The instructions also contain additional information related to accounting method adoption procedures and the circumstances when IRS consent is required.

## Form 990-T

While the revisions to the 2021 Form 990-T are relatively minor compared to the substantial revisions made in the 2020 Form 990-T and its instructions, they are arguably the most substantial revisions in the Form 990 series for 2021. The changes to the Form 990-T and its instructions include the following:

- The instructions now provide that higher education tax-exempt organizations that are not recognized as tax-exempt under IRC Section 501(c)(3) should not check any box in Item B of the header to the Form and should check "501(c) corporation" in Item G.
- Base erosion minimum tax under section 59A and tax and interest on nonqualified withdrawals described in section 7518(g) are now reported as "Other tax amounts" on line 4 of Part II rather than as "Other taxes" on line 3 of Part III. Tax attributable to a partner's audit liability are also now reported on line 4 of Part II.

- Part IV contains new lines for the reporting of pre-2018 NOLs carried over to the 2021 tax year. Similarly, post-2017 NOLs carried over to the 2021 tax year are reported separately in Part IV for each trade or business from which they arose.
- The instructions note that a "transition rule" for reporting UBTI from certain partnerships (described in Treas. Reg. § 1.509(a)-6(c)(9)) is not applicable to tax years beginning in 2021 and references to that transition rule have been deleted.
- The instructions for the completion of Schedule A by filers with gross unrelated business income of \$10,000 or less have been modified.

## Form 4720

The changes to the Form 4720 and its corresponding instructions primarily include updates to reporting any corrective actions taken and explanations for such actions (for transactions that may have a tax applied under IRC Sections 4941, 4942, 4943, 4944, 4955, or 4958). Instead of including such information in one section of the Form 4720, tax-exempt organizations must now include accurate and complete information about corrections in Schedules A, B, C, D, E, F, or I, as applicable, according to the instructions. The Form 4720, Item B now requires an entity or person subject to tax and required to file Form 4720 for more than one organization that year to list each organization's name and EIN for which a Form 4720 will be filed for that tax year. The instructions also include updates regarding electronic filing and when it is mandatory (e.g., for private foundations reporting liability information for a tax imposed under Chapter 42).

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Annotated 2021  
Form 990-Series  
Returns,  
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# Form 990

Return of Organization Exempt From Income Tax

Form 990

Return of Organization Exempt From Income Tax

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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.

A For the 2021 calendar year, or tax year beginning, 2021, 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, Room/suite, City or town, state or province, country, and ZIP or foreign postal code. D Employer identification number, E Telephone number, F Name and address of principal officer, G Gross receipts \$, H(a) Is this a group return for subordinates?, H(b) Are all subordinates included?, 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

Table with 22 rows and 4 columns. Rows include: 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; 3-7a Revenue and expenses summary; 7b Net unrelated business taxable income; 8-12 Revenue breakdown; 13-19 Expenses breakdown; 20-22 Net Assets or Fund Balances.

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: 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

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**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A . . . . .</i>	<b>1</b>	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? See instructions . . . . .	<b>2</b>	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I . . . . .</i>	<b>3</b>	
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II . . . . .</i>	<b>4</b>	
<b>5</b> 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? <i>If "Yes," complete Schedule C, Part III . . . . .</i>	<b>5</b>	
<b>6</b> 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? <i>If "Yes," complete Schedule D, Part I . . . . .</i>	<b>6</b>	
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II . . . . .</i>	<b>7</b>	
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III . . . . .</i>	<b>8</b>	
<b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV . . . . .</i>	<b>9</b>	
<b>10</b> Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V . . . . .</i>	<b>10</b>	
<b>11</b> 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.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI . . . . .</i>	<b>11a</b>	
<b>b</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? <i>If "Yes," complete Schedule D, Part VII . . . . .</i>	<b>11b</b>	
<b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII . . . . .</i>	<b>11c</b>	
<b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX . . . . .</i>	<b>11d</b>	
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X . . . . .</i>	<b>11e</b>	
<b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X . . . . .</i>	<b>11f</b>	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII . . . . .</i>	<b>12a</b>	
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .</i>	<b>12b</b>	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E . . . . .</i>	<b>13</b>	
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<b>14a</b>	
<b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV. . . . .</i>	<b>14b</b>	
<b>15</b> 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? <i>If "Yes," complete Schedule F, Parts II and IV . . . . .</i>	<b>15</b>	
<b>16</b> 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? <i>If "Yes," complete Schedule F, Parts III and IV. . . . .</i>	<b>16</b>	
<b>17</b> 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? <i>If "Yes," complete Schedule G, Part I. See instructions . . . . .</i>	<b>17</b>	
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II . . . . .</i>	<b>18</b>	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III . . . . .</i>	<b>19</b>	
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H . . . . .</i>	<b>20a</b>	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<b>20b</b>	
<b>21</b> 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? <i>If "Yes," complete Schedule I, Parts I and II . . . . .</i>	<b>21</b>	

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**Part IV Checklist of Required Schedules** *(continued)*

	Yes	No
<b>22</b> 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? <i>If "Yes," complete Schedule I, Parts I and III</i>	<b>22</b>	
<b>23</b> 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? <i>If "Yes," complete Schedule J</i>	<b>23</b>	
<b>24a</b> 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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	<b>24a</b>	
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	<b>24b</b>	
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	<b>24c</b>	
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	<b>24d</b>	
<b>25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	<b>25a</b>	
<b>b</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? <i>If "Yes," complete Schedule L, Part I</i>	<b>25b</b>	
<b>26</b> 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? <i>If "Yes," complete Schedule L, Part II</i>	<b>26</b>	
<b>27</b> 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? <i>If "Yes," complete Schedule L, Part III</i>	<b>27</b>	
<b>28</b> 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):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i>	<b>28a</b>	
<b>b</b> A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i>	<b>28b</b>	
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in line 28a or 28b? <i>If "Yes," complete Schedule L, Part IV</i>	<b>28c</b>	
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	<b>29</b>	
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	<b>30</b>	
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	<b>31</b>	
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	<b>32</b>	
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	<b>33</b>	
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	<b>34</b>	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	
<b>b</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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	<b>35b</b>	
<b>36 Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	<b>36</b>	
<b>37</b> 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? <i>If "Yes," complete Schedule R, Part VI</i>	<b>37</b>	
<b>38</b> Did the organization complete Schedule O and provide explanations on Schedule O for Part VI, lines 11b and 19? <b>Note:</b> All Form 990 filers are required to complete Schedule O	<b>38</b>	

**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
<b>1a</b> Enter the number reported in box 3 of Form 1096. Enter -0- if not applicable	<b>1a</b>	
<b>b</b> Enter the number of Forms W-2G included on line 1a. Enter -0- if not applicable	<b>1b</b>	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1c</b>	

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Part V Statements Regarding Other IRS Filings and Tax Compliance (continued)

Table with columns for question number, question text, and Yes/No response boxes. Includes questions 2a through 17 regarding employee reporting, tax returns, business income, foreign accounts, prohibited transactions, and charitable trusts.

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New question regarding Sections 4951, 4952, and 4953 excise tax on section 501(c)(21) black lung trusts

**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
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . . 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>1b</b>	Enter the number of voting members included on line 1a, above, who are independent . . . . .		
<b>2</b>	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? . . . . .		
<b>3</b>	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? . . . . .		
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		
<b>6</b>	Did the organization have members or stockholders? . . . . .		
<b>7a</b>	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? . . . . .		
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .		
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	a The governing body? . . . . .		
<b>8b</b>	b Each committee with authority to act on behalf of the governing body? . . . . .		
<b>9</b>	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 . . . . .		

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		
<b>10b</b>	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? . . . . .		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .		
<b>12a</b>	b Describe on Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .		
<b>12b</b>	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .		
<b>12c</b>	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe on Schedule O how this was done . . . . .		
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .		
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .		
<b>15</b>	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?		
<b>15a</b>	a The organization's CEO, Executive Director, or top management official . . . . .		
<b>15b</b>	b Other officers or key employees of the organization . . . . .		
If "Yes" to line 15a or 15b, describe the process on Schedule O. See instructions.			
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .		
<b>16b</b>	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? . . . . .		

**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 ► \_\_\_\_\_

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**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, 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** 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.

Added reference to Form 1099-NEC.

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) .....										

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**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)										
<b>1b Subtotal</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

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**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
<b>3</b> Did the organization list any <b>former</b> officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		
<b>4</b> 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? <i>If "Yes," complete Schedule J for such individual</i>		
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		

**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	
<b>Contributions, Gifts, Grants, and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b>				
	<b>b</b>	Membership dues . . . . .	<b>1b</b>				
	<b>c</b>	Fundraising events . . . . .	<b>1c</b>				
	<b>d</b>	Related organizations . . . . .	<b>1d</b>				
	<b>e</b>	Government grants (contributions)	<b>1e</b>				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>				
	<b>g</b>	Noncash contributions included in lines 1a-1f . . . . .	<b>1g</b> \$				
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . . ▶					
	<b>Program Service Revenue</b>	<b>2a</b>	----- Business Code				
<b>b</b>		-----					
<b>c</b>		-----					
<b>d</b>		-----					
<b>e</b>		-----					
<b>f</b>		All other program service revenue . . . . .					
<b>g</b>		<b>Total.</b> Add lines 2a-2f . . . . . ▶					
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶					
	<b>4</b>	Income from investment of tax-exempt bond proceeds ▶					
	<b>5</b>	Royalties . . . . . ▶					
	<b>6a</b>	Gross rents . . . . .	(i) Real				
			(ii) Personal				
	<b>b</b>	Less: rental expenses	<b>6b</b>				
	<b>c</b>	Rental income or (loss)	<b>6c</b>				
	<b>d</b>	Net rental income or (loss) . . . . . ▶					
	<b>7a</b>	Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
	<b>b</b>	Less: cost or other basis and sales expenses . . . . .	<b>7b</b>				
	<b>c</b>	Gain or (loss) . . . . .	<b>7c</b>				
	<b>d</b>	Net gain or (loss) . . . . . ▶					
	<b>8a</b>	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 . . . . .					
			<b>8a</b>				
<b>b</b>	Less: direct expenses . . . . .	<b>8b</b>					
<b>c</b>	Net income or (loss) from fundraising events . . . . . ▶						
<b>9a</b>	Gross income from gaming activities. See Part IV, line 19 . . . . .						
		<b>9a</b>					
<b>b</b>	Less: direct expenses . . . . .	<b>9b</b>					
<b>c</b>	Net income or (loss) from gaming activities . . . . . ▶						
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .						
		<b>10a</b>					
<b>b</b>	Less: cost of goods sold . . . . .	<b>10b</b>					
<b>c</b>	Net income or (loss) from sales of inventory . . . . . ▶						
<b>Miscellaneous Revenue</b>	<b>11a</b>	----- Business Code					
	<b>b</b>	-----					
	<b>c</b>	-----					
	<b>d</b>	All other revenue . . . . .					
	<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . . ▶					
<b>12</b>	<b>Total revenue.</b> See instructions . . . . . ▶						

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**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
<b>1</b> Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .				
<b>2</b> Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .				
<b>3</b> Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .				
<b>4</b> Benefits paid to or for members . . . . .				
<b>5</b> Compensation of current officers, directors, trustees, and key employees . . . . .				
<b>6</b> Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .				
<b>7</b> Other salaries and wages . . . . .				
<b>8</b> Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .				
<b>9</b> Other employee benefits . . . . .				
<b>10</b> Payroll taxes . . . . .				
<b>11</b> Fees for services (nonemployees):				
<b>a</b> Management . . . . .				
<b>b</b> Legal . . . . .				
<b>c</b> Accounting . . . . .				
<b>d</b> Lobbying . . . . .				
<b>e</b> Professional fundraising services. See Part IV, line 17 . . . . .				
<b>f</b> Investment management fees . . . . .				
<b>g</b> Other. (If line 11g amount exceeds 10% of line 25, column (A), amount, list line 11g expenses on Schedule O.) . . . . .				
<b>12</b> Advertising and promotion . . . . .				
<b>13</b> Office expenses . . . . .				
<b>14</b> Information technology . . . . .				
<b>15</b> Royalties . . . . .				
<b>16</b> Occupancy . . . . .				
<b>17</b> Travel . . . . .				
<b>18</b> Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
<b>19</b> Conferences, conventions, and meetings . . . . .				
<b>20</b> Interest . . . . .				
<b>21</b> Payments to affiliates . . . . .				
<b>22</b> Depreciation, depletion, and amortization . . . . .				
<b>23</b> Insurance . . . . .				
<b>24</b> 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.) . . . . .				
<b>a</b> -----				
<b>b</b> -----				
<b>c</b> -----				
<b>d</b> -----				
<b>e</b> All other expenses -----				
<b>25</b> <b>Total functional expenses.</b> Add lines 1 through 24e . . . . .				
<b>26</b> <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .				

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**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
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .		<b>1</b>
	<b>2</b> Savings and temporary cash investments . . . . .		<b>2</b>
	<b>3</b> Pledges and grants receivable, net . . . . .		<b>3</b>
	<b>4</b> Accounts receivable, net . . . . .		<b>4</b>
	<b>5</b> 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 . . . . .		<b>5</b>
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) . . . . .		<b>6</b>
	<b>7</b> Notes and loans receivable, net . . . . .		<b>7</b>
	<b>8</b> Inventories for sale or use . . . . .		<b>8</b>
	<b>9</b> Prepaid expenses and deferred charges . . . . .		<b>9</b>
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	<b>10a</b>	
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b>	<b>10c</b>
	<b>11</b> Investments—publicly traded securities . . . . .		<b>11</b>
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .		<b>12</b>
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .		<b>13</b>
	<b>14</b> Intangible assets . . . . .		<b>14</b>
	<b>15</b> Other assets. See Part IV, line 11 . . . . .		<b>15</b>
<b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 33) . . . . .		<b>16</b>	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .		<b>17</b>
	<b>18</b> Grants payable . . . . .		<b>18</b>
	<b>19</b> Deferred revenue . . . . .		<b>19</b>
	<b>20</b> Tax-exempt bond liabilities . . . . .		<b>20</b>
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .		<b>21</b>
	<b>22</b> 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 . . . . .		<b>22</b>
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .		<b>23</b>
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .		<b>24</b>
	<b>25</b> 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 . . . . .		<b>25</b>
	<b>26</b> <b>Total liabilities.</b> Add lines 17 through 25 . . . . .		<b>26</b>
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here</b> <input type="checkbox"/> <b>and complete lines 27, 28, 32, and 33.</b>		
	<b>27</b> Net assets without donor restrictions . . . . .		<b>27</b>
	<b>28</b> Net assets with donor restrictions . . . . .		<b>28</b>
	<b>Organizations that do not follow FASB ASC 958, check here</b> <input type="checkbox"/> <b>and complete lines 29 through 33.</b>		
	<b>29</b> Capital stock or trust principal, or current funds . . . . .		<b>29</b>
	<b>30</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .		<b>30</b>
	<b>31</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>31</b>
<b>32</b> Total net assets or fund balances . . . . .		<b>32</b>	
<b>33</b> Total liabilities and net assets/fund balances . . . . .		<b>33</b>	

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**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	<b>4</b>	
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain on Schedule O)	<b>9</b>	
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	<b>10</b>	

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain on Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? . . . 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: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
<b>b</b> Were the organization's financial statements audited by an independent accountant? . . . . . 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: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
<b>c</b> 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? . . . If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.		
<b>3a</b> As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .		
<b>b</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 .		

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# Form 990

Instructions

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# 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](https://www.irs.gov/Form990).

## What's New

**Section 501(c)(21) trusts.** Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons, will be a historical form beginning with 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, 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.

## Reminder

**Form 1099-NEC and nonemployee compensation reporting.** Beginning with tax year 2020, Form 1099-NEC is used to report nonemployee compensation. Accordingly, where the Form 990 references reporting amounts of compensation from Form 1099-MISC, Miscellaneous Income, be sure to include nonemployee compensation from box 1 of Form 1099-NEC,

Nonemployee Compensation. See the instructions for additional information.

## 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 Form 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.

## Phone Help

If you have questions and/or need help completing Form 990, 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](https://www.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*.

 **Reminder: Don't Include Social Security Numbers 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 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. Sequencing List To Complete the Form and Schedules*, 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.



**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**.



**An organization may not file a "consolidated" Form 990 to aggregate information from another organization that has a different EIN, unless it is filing a **group return** and reporting information from a **subordinate organization** or reporting information from a **joint venture** or **entity** (see Appendix E. Group Reporting Information on Behalf of the Group, and Regarded Entities and Joint Ventures—Inclusion Requirements and Examples, 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.**

Removed "Caution" paragraph on electronic filing (which is no longer new).

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 year (with exceptions described below for organizations that are required to submit Form 990-N and for certain organizations described in *Section B. Organizations Not Required To File Form 990-EZ*, later). This includes:

- Organizations described in section 501(c)(3) (other than **private foundations**), and
- Organizations described in other 501(c) subsections.

Removed exclusion of section 501(c)(21) black lung trusts.

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*, for a discussion of gross receipts.

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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, 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 Form 990-EZ (with exceptions described below for certain section 509(a)(2) organizations and for certain organizations described in Section B, later). See *Appendix B* for a discussion of these exceptions.

**Form 990-EZ.** If an organization has gross receipts less than \$200,000 and 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. possession organizations.** **Foreign organizations** and **U.S. possession organizations** as well as **domestic organizations** must file Form 990 or 990-EZ unless specifically excepted under *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 *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 *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.



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 *Section A. Who Must File* 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, 990-EZ, or 990-BL, 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 *Section A*.

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 in *Section A*.

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 Form 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*.

11. **Foreign organizations** and organizations located in **U.S. possessions**, 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. possession organization is required to file Form 990 or Form 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)(29), (30), (31), (32), (33), (34), (35), (36), (37), (38), (39), (40), (41), (42), (43), (44), (45), (46), (47), (48), (49), (50), (51), (52), (53), (54), (55), (56), (57), (58), (59), (60), (61), (62), (63), (64), (65), (66), (67), (68), (69), (70), (71), (72), (73), (74), (75), (76), (77), (78), (79), (80), (81), (82), (83), (84), (85), (86), (87), (88), (89), (90), (91), (92), (93), (94), (95), (96), (97), (98), (99), (100), (101), (102), (103), (104), (105), (106), (107), (108), (109), (110), (111), (112), (113), (114), (115), (116), (117), (118), (119), (120), (121), (122), (123), (124), (125), (126), (127), (128), (129), (130), (131), (132), (133), (134), (135), (136), (137), (138), (139), (140), (141), (142), (143), (144), (145), (146), (147), (148), (149), (150), (151), (152), (153), (154), (155), (156), (157), (158), (159), (160), (161), (162), (163), (164), (165), (166), (167), (168), 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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 2021 Form 990 to report on the 2021 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 2021 Form 990 to report on the organization's fiscal year that began in 2021 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 2021 and the date the fiscal year ended in 2022.

**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 2021, and ended before December 31, 2021 (not on or after December 31, 2021), it may use either 2020 Form 990 or 2021 Form 990 to file for the short year. The 2021 form may also be used for a short period beginning in 2022 and ending before December 31, 2022 (not on or after December 31, 2022). When doing so, 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 2022 on the 2021 Form 990, provide the information on Schedule A, Part II, for the tax years 2018–2022, rather than for tax years 2017–2021. A short period return filed on the 2020 Form 990 can't be filed electronically unless it is an initial return for which the “Initial return” box is checked in Item B of the Heading or a final return for which the “Final return/terminated” box is checked in Item B of the Heading. See the Instructions for the 2020 Form 990 for more information.

**Accounting period change.** If the organization changes its accounting period, it must file a Form 990 for the short period resulting from the change. Enter “Change of Accounting Period” at the top of this short-period return if it is being filed on the 2020 Form 990.

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 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 an item used in such overall plan. 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.



*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, 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. 2019-43, 2019-48 I.R.B. 1107, 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. See Rev. Proc. 2015-13 for the definition of what constitutes an accounting method change.

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).



*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, 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 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 that has a change in accounting method for any differences between the method used to prepare the Form 990 that is filed. Organizations that are required to file Form 990-T (Form 990), Parts X and XI, must file Form 990-T (Form 990), Parts X and XI, as applicable, and provide an explanation for the change on Schedule O (Form 990).



See the instructions for accounting methods and methods, and the instructions for Forms 1128 and 3115, about reporting changes to accounting periods and methods.

Updated for inflation.  
\$1,084,000 and \$54,000,  
respectively, in the 2020  
instructions.

## 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 2021 Form 990, you are required to file electronically.

For additional information on the electronic filing requirement, visit [IRS.gov/E-file](https://www.irs.gov/e-file).

## F. Extension of Time To File

Use Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return, 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 in 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, Request for Copy of Tax Return.

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 \$20 a day, not to exceed the lesser of \$10,500 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 \$1,094,500 are subject to a penalty of \$105 for each day failure continues (with a maximum penalty for any one return of \$54,500). 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 \$5,000.

There are also penalties (fines and imprisonment) for 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, visit [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 *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 its Form 990, including schedules and attachments, is available for public inspection. Note, however, that certain information 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 for *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 in Schedule O (Form 990). In general, answers can be explained or supplemented in Schedule O (Form 990) if the allotted space in the form or other

Removed ", other than churches," here.

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](https://www.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 *Section F. Extension of Time To File*, 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 in 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 2021 return for calendar year 2021 and fiscal years that began in 2021 and ended in 2022. For a fiscal year return, fill in the tax year space at the top of page 1. See *General Instructions, Section D. Accounting Periods and Methods*, 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).



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. 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 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 Form 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. Employer identification number (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.



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**.



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.



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 in *General Instructions, Sections A and B*, earlier.

**Item H. Group returns.** If the organization answers "No" to line H(a), it shouldn't check a box in line H(b). If the organization answers "Yes" on line H(a) but "No" to line 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" on line H(a) and "Yes" to line 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 on line 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 on 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 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).

**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 Part 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 2020 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 *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 *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](https://www.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 social security number (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 the IRS website at [IRS.gov/Taxpros](https://www.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” to this box, 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 2022 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 **2021** 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 on Part IX, line 25, column (B), and total grants and allocations (if any) included within such total expenses that were reported on 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 on 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**.

**Public interest law firm.** A public interest law firm exempt under section 501(c)(3) or section 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 on Part VIII, line 2, column (A), and their total expenses (including grants) reported on Part IX, column (B), that are attributable to these other program services, and must report on 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” on 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” on 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<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% 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 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 often will 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; 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) 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, Section 4958 Excess Benefit Transactions, later, for a discussion of section 4958; Schedule L (Form 990), Transactions With Interested Persons, 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 Part 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).



*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 on 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.



*See Glossary for definitions of terms used in the questions in this section.*



*Some questions in this part pertain to other IRS forms. Forms are available by downloading from the IRS website at [IRS.gov/OrderForms](https://www.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. Use Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to compute these amounts.*

**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 the 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](https://www.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, see [IRS.gov](https://www.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 charitable purpose (for example, a purpose described in section 170(c)(2)(B)), 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, 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 a 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 in 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 in 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, section 306B, or section 311 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 Form 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), are not 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 USC 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 fair market value, 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 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 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" in box 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.

Instructions for new Part V, line 17.

**Worksheet line 4.** Calculate the fair market value (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 fair market value 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 fair market value of the assets of related organizations (as defined below) using the fair market value 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 fair market value 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, any disqualified person, or mine operator 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, see [IRS.gov/Charities](https://www.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 he or she 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 daughter, 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 limited liability company (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  $\frac{1}{300}$  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 boards. 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 \$60,000 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 for *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 a limited liability company. 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 Form 990, Schedule B, 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” on line 12c, 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.



*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) for 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 VII 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 section 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.



*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; and box 6 of Form 1099-MISC. 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 look-back 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 voluntary employees' beneficiary associations (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 the instructions for *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 he or she 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 a key employee 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 Form 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 *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 a limited liability company 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 he or she 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), Part IV.

**Employee leasing companies and professional organizations.** In some cases, instead of hiring a company, an exempt organization "leases" one or more employees from another company, which may be a business of leasing employees. Alternatively, the organization may enter into an agreement with a professional 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 are common law employees of the filing organization under state law. 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).



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

Revised instructions to be consistent with requirement under "Order of reporting" on page 26.

*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 for 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 in **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 he or she 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 one 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 one 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 one 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 one 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 in 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 \$6,000, \$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 the (a) \$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 in 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*, later, 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*, 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, Independent Contractor or Employee, 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 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 NAICS website at [NAICS 2017 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.*

**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 on 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 full retail value (**fair market value**) 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 in 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, 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 generally accepted accounting principles. 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.



*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 the 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. possessions**.

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 to nursing homes to provide care/Medicaid or similar benefits.
- Payments to child placement or child development programs to better

Updated to reflect release of Rev. Proc. 2021-48 (regarding the timing of tax exempt income arising from forgiven PPP loans) in November of 2021.

Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1e as contributions from a governmental unit in the tax year that the amounts are forgiven or at such time as provided in Rev. Proc. 2021-48, 2021-49 I.R.B. 835.

**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 amount 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 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 investment. Examples include investments to produce low-interest loans to charitable organizations and investments to produce income from a disaster.

Rental income from program-related investments is another example of program service revenue. If the organization reports 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 generally accepted accounting principles 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 expense 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.

Additional instructions for section 501(c)(21) black lung trusts.

**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 [2017 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 453220. 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 **fair market value**. 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 includable 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.

**Additional instructions for section 501(c)(21) black lung trusts.**

For the expenses paid or incurred for the rental expense allocable to such activity on the applicable lines of Part IX, column (B). Include interest related to rental if it is recorded in the organization's program service revenue, report any

**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 net 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 **fair market value** 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:
<ul style="list-style-type: none"> <li>• Dinners/dances,</li> <li>• Door-to-door sales of merchandise,</li> <li>• Concerts,</li> <li>• Carnivals,</li> <li>• Sports events, and</li> <li>• Auctions.</li> </ul>	<ul style="list-style-type: none"> <li>• Sales or gifts of goods or services of only nominal value,</li> <li>• Raffles or lotteries in which prizes have only nominal value, and</li> <li>• Solicitation campaigns that generate only <b>contributions</b>.</li> </ul> <p>Proceeds from these activities are considered contributions and should be reported on line 1f.</p>

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 ( <b>contributions</b> 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** activity. It shouldn't include **contributions** from gaming activity, 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:	
- <b>Bingo</b>	- Nevada Club tickets
- <b>Pull tabs</b>	- Certain Casino nights
- <b>Instant bingo</b>	- Certain Las Vegas nights
- Raffles	- Coin-operated gambling devices including:
- Scratch-offs	• Slot machines
- Charitable <b>gaming</b> tickets	• Electronic video slot or line games
- Break-opens	• Video poker
- Hard cards	• Video blackjack
- Banded tickets	• Video keno
- Jar tickets	• Video <b>bingo</b>
- Pickle cards	• Video <b>pull tab</b> 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 he or she 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 fair market value 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 [2017 NAICS Census Chart](https://www.dhs.gov/naics). 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. Since 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 chief executive officer 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 in 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 in 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, on 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.



*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), Grants and Other Assistance to Organizations, Governments, and Individuals in the United States.

**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 in Part VII) for the organization's **tax year**. Compensation includes all forms of income and other benefits earned or received from the

### 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 (C)	(5,000)	70,000	(85,000)	10,000
25	\$145,000	\$70,000	\$65,000	\$10,000

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.

**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 on 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 on 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 SOP 98-2 (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 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, now codified in FASB Accounting Standards Codification 958-720, Not-for-Profit Entities—Other Expenses (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 fair market value (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 on column (B), line 12, 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 on Part X, column (B), line 13, 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 on 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, 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 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 on Part VIII, line 12, column (A).

**Line 2.** Enter the amount of total expenses reported on 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 on Part X, line 32, column (A). This

amount should be the same amount reported on Part X, line 33, 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 on 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 *Part 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. Single Audit Act and OMB Circular A-133.** Answer "Yes" if, during the year, the organization was required under the Single Audit Act of 1984, as amended in 1996, and OMB

Circular A-133 to undergo an audit or audits because of its receipt of federal contract awards. The Single Audit Act requires states, local governments, and nonprofit organizations that spend \$750,000 or more of federal awards in a year to obtain an annual audit according to the Act.

**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 expend \$750,000 (previously was \$500,000) 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.** 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, 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 cost burdens are national averages and don’t necessarily reflect a “typical” case. Most taxpayers experience lower-than-average burden, with taxpayer burden varying considerably by taxpayer type. For instance, the estimated average time burden for all tax-exempt organizations filing Forms 990, 990-EZ, 990-PF, 990-T, and 990-N and related forms is 33.5 hours, with an average cost of \$992 per return. This average includes all associated forms and schedules, across all preparation methods and taxpayer activities.

## Fiscal Year 2022 Form 990 Series Tax 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	330,400	260,200	131,800	263,400	754,300
Estimated Average Total Time (Hours)	85	45	47	40	2
Estimated Average Total Out-of-Pocket Costs	\$2,700	\$600	\$2,100	\$1,500	\$10
Estimated Average Total Monetized Burden	\$8,200	\$1,300	\$4,000	\$4,600	\$30
Estimated Total Time (Hours)	28,000,000	11,760,000	6,140,000	10,660,000	1,660,000
Estimated Total Out-of-Pocket Costs	\$903,100,000	\$147,500,000	\$272,000,000	\$397,200,000	\$7,100,000
Estimated Total Monetized Burden	\$2,719,300,000	\$331,900,000	\$529,800,000	\$1,204,800,000	\$26,100,000
<b>Note.</b> Amounts above are for FY2022. 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.** 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 from [IRS.gov/FormComments](https://www.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 your return to this address. Instead, see the *General Instructions, Section E, When, Where, and How To File*, 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 [2017 NAICS Census](https://www.census.gov/naics/). 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			
<b>Agriculture, Forestry, Hunting and Fishing</b> <b>Code</b> 110000 Agriculture, forestry, hunting and fishing 111000 Crop production	511140 Directory and mailing list publishers (except Internet) 511190 Other publishers (except Internet) 512000 Motion picture and sound recording industries 515100 Radio and television broadcasting (except Internet) 517000 Telecommunications (including paging, cellular, satellite, cable, other telecommunications, and Internet service providers) 519100 Other information services (including news syndicates and libraries) 519130 Internet Publishing	<b>Professional, Scientific, and Technical Services</b> <b>Code</b> 541100 Legal services 541990 Consumer credit counseling services 541200 Accounting, tax preparation, bookkeeping, and payroll services 541300 Architectural, engineering, and related services 541380 Testing laboratories 541511 Custom computer programming services 541519 Other computer-related services 541610 Management consulting services 541700 Scientific research and development services 541800 Advertising and related services 541860 Direct mail advertising 541900 Other professional, scientific, and technical services	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 Community centers (except rec. only), youth Adoption agencies 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 Child day care services
<b>Mining</b> <b>Code</b> 211120 Crude petroleum extraction 211130 Natural gas extraction 212000 Mining (except oil and gas)	<b>Data Processing Services</b> <b>Code</b> 518210 Data Processing, Hosting, and Related Services	<b>Management of Companies and Enterprises</b> <b>Code</b> 551111 Offices of bank holding companies 551112 Offices of other holding companies	<b>Arts, Entertainment, and Recreation</b> <b>code</b> 711110 Theater companies and dinner theaters 711120 Dance companies 711130 Musical groups and artists 711190 Other performing art companies 711210 Spectator sports (including sports clubs and racetracks) 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)
<b>Utilities</b> <b>Code</b> 221000 Utilities	<b>Finance and Insurance</b> <b>Code</b> 522100 Depository credit intermediation (including commercial banking, savings institutions, and credit unions) 522200 Nondepository credit intermediation (including credit card issuing and sales financing) 522210 Credit card issuing 522220 Sales Financing 522291 Consumer lending 522292 Real estate credit 522298 Other nondepository credit intermediation 523000 Securities, commodity contracts, and other financial investments and related activities 523920 Portfolio management 523930 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 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)	<b>Administrative and Support Services</b> <b>Code</b> 561000 Administrative and support services 561300 Employment services 561439 Other business service centers 561499 All other business support services 561500 Travel arrangement and reservation services 561520 Tour operators 561700 Services to buildings and dwellings	<b>Accommodation and Food Services</b> <b>Code</b> 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 and buffets 722515 Snack and non-alcoholic beverage bars
<b>Construction</b> <b>Code</b> 230000 Construction 236000 Construction of buildings	<b>Real Estate and Rental Leasing</b> <b>Code</b> 531110 Lessors of residential buildings and dwellings (including equity REITs) 531120 Lessors of nonresidential buildings (except minwarehouses) (including equity REITs) 531190 Lessors of other real estate property (including equity REITs) 531310 Real estate property managers 531390 Other activities related to real estate 532000 Rental and leasing services 532420 Office machinery and equipment rental and leasing 533110 Lessors of nonfinancial intangible assets (except copyrighted works)	<b>Waste Management and Remediation Services</b> <b>Code</b> 562000 Waste management and remediation services (sanitary services)	<b>Other Services</b> <b>Code</b> 811000 Repair and maintenance 812300 Drycleaning and laundry services 812900 Other personal services 812930 Parking lots and garages
<b>Manufacturing</b> <b>Code</b> 310000 Manufacturing 323100 Printing and related support activities		<b>Educational Services</b> <b>Code</b> 611420 Computer training 611430 Professional and management development training 616000 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	<b>Other</b> <b>Code</b> 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
<b>Wholesale Trade</b> <b>Code</b> 423000 Merchant wholesalers, durable goods 424000 Merchant wholesalers, nondurable goods		<b>Healthcare and Social Assistance</b> <b>Code</b> 621110 Offices of physicians 621300 Offices of other health practitioners 621400 Outpatient care centers 621500 Medical and diagnostic laboratories	
<b>Retail Trade</b> <b>Code</b> 441100 Automobile dealers 442000 Furniture and home furnishings stores 443142 Computer and software stores 444100 Building materials and supplies dealers 445100 Grocery stores 445200 Specialty food stores 446110 Pharmacies and drug stores 446199 All other health and personal care stores 448000 Clothing and clothing accessories stores 451110 Sporting goods stores 451211 Book stores 452000 General merchandise stores 453000 Miscellaneous store retailers 453220 Gift, novelty, and souvenir stores 453310 Used merchandise stores 454110 Electronic shopping and mail-order houses			
<b>Transportation and Warehousing</b> <b>Code</b> 485000 Transit and ground passenger transportation 493000 Warehousing and storage			
<b>Information</b> <b>Code</b> 511110 Newspaper publishers (except Internet) 511120 Periodical publishers (except Internet) 511130 Book publishers (except Internet)			

Table of contents

# 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 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. 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

Was 2004-2.

*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 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 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 a nonprofit 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.

<b>Controlling organization under section 512(b)(13)</b>	<i>An exempt organization that controls a <b>controlled entity</b>. 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.</i>
<b>Core form</b>	<i>The Form 990, Return of Organization Exempt From Income Tax. It doesn't include any schedules that may be attached to Form 990.</i>
<b>Credit counseling services</b>	<i>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).</i>
<b>Current year</b>	<i>The <b>tax year</b> for which the Form 990 is being filed; see also <b>Fiscal year</b>.</i>
<b>Debt management plan services</b>	<i>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).</i>
<b>Defeasance escrow</b>	<i>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)(5).</i>
<b>Deferred compensation</b>	<i><b>Compensation</b> 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 <b>reportable compensation</b> for the <b>current year</b>.</i>
<b>Director</b>	<i>See <b>Director or trustee</b>.</i>
<b>Director or trustee</b>	<i>Unless otherwise provided, a member of the organization's <b>governing body</b> 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.</i>
<b>Disqualified person</b>	<i>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, corporation, or other entity) who was in a position to exercise substantial influence over the affairs of the <b>applicable tax-exempt organization</b> 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 <b>tax year</b>, 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 a position to exercise substantial influence over the affairs of the organization.</i>

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 possession. A trust is domestic if a court within the United States or a **U.S. possession** is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in possessions 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 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**.

<b>Fair market value (FMV)</b>	<i>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.</i>
<b>Family member, family relationship</b>	<i>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.</i>
<b>FIN 48 (FASB ASC 740)</b>	<i>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 <b>financial statements</b> regarding the organization's liability for uncertain tax positions under FIN 48 (ASC 740).</i>
<b>Financial statements</b>	<i>An organization's statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.</i>
<b>Fiscal year</b>	<i>An annual accounting period ending on the last day of a month other than December. See also <b>Tax year</b> and <b>Current year</b>.</i>
<b>Foreign government</b>	<i>A governmental agency or entity, or a political subdivision thereof, that isn't classified as a <b>United States</b> agency or <b>governmental unit</b>, regardless of where it is located or operated.</i>
<b>Foreign individual</b>	<i>A person, including a U.S. citizen or resident, who lives or resides outside the <b>United States</b>. 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 <b>foreign individual</b>.</i>
<b>Foreign organization</b>	<i>An organization that isn't a <b>domestic organization</b>. 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 <b>employee</b> of a domestic organization located outside the <b>United States</b>.</i>
<b>Fundraising</b>	<i>See <b>Fundraising activities</b>.</i>
<b>Fundraising activities</b>	<i>Activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting <b>fundraising</b> campaigns; maintaining donor mailing lists; conducting <b>fundraising events</b>; preparing and distributing fundraising manuals, instructions, and other materials; <b>professional fundraising services</b>; and conducting other activities involved with soliciting <b>contributions</b> from individuals, foundations, governments, and others. Fundraising activities don't include <b>gaming</b>, 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).</i>

**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 **possession of the United States**, or a **political subdivision** of a state or U.S. possession, 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.

<b>Gross proceeds</b>	<i>For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally any sale <b>proceeds</b>, investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations sections 1.148-1(b) and -1(c).</i>
<b>Gross receipts</b>	<i>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.</i>
<b>Group exemption</b>	<i>Tax exemption of a group of organizations all exempt under the same Code section, applied for and obtained by a <b>central organization</b> on behalf of <b>subordinate organizations</b> 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.</i>
<b>Group return</b>	<i>A Form 990 filed by the <b>central organization</b> of a <b>group exemption</b> for two or more of the <b>subordinate organizations</b>. See General Instructions, Section I. Group Return, earlier, and Appendix E. Group Returns—Reporting Information on Behalf of the Group, for more information.</i>
<b>Highest compensated employee</b>	<i>One of the five highest compensated <b>employees</b> of the organization (including employees of a <b>disregarded entity</b> of the organization), other than current <b>officers, directors, trustees, or key employees</b>, whose aggregate <b>reportable compensation</b> from the organization and <b>related organizations</b> is greater than \$100,000 for the calendar year ending with or within the organization's <b>tax year</b>. These employees should be reported in Part VII, Section A, of Form 990.</i>
<b>Historical treasure</b>	<i>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.</i>
<b>Hospital/hospital facility</b>	<i>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 <b>disregarded entity</b> or a <b>joint venture</b> treated as a partnership for federal income tax purposes. It doesn't include hospital facilities that are located outside the <b>United States</b>. 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 <b>group exemption</b> included in a <b>group return</b> filed by an organization).</i>
<b>Hospital organization</b>	<i>An organization which operates one or more <b>hospital facilities</b>.</i>
<b>Hospital (or cooperative hospital service organization)</b>	<i>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.</i>
<b>Household goods</b>	<i>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.</i>
<b>Independent contractor</b>	<i>An individual or organization that receives compensation for providing services to the organization but who isn't treated as an <b>employee</b>. See Pub. 1779 for more information.</i>

**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 301.7701-3.

## 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**.

## 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.

<b>Net assets with donor restrictions</b>	<i>Includes <b>endowment funds</b> 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 <b>ASC 958-205-45</b>), as well as all other temporarily restricted net assets held in a donor-restricted endowment, including unappropriated income from <b>permanent endowments</b> that isn't subject to a permanent restriction. After Accounting Standards Update 2016-14, <b>ASC 958</b> uses two classifications, instead of three—net assets with donor restrictions and net assets without donor restrictions. <b>ASC 958</b> no longer uses the term “temporarily-restricted endowment.”</i>
	<i>The part of net assets of a not-for-profit entity that is subject to <b>donor-imposed restrictions</b>.</i>
<b>Net assets without donor restrictions</b>	<i>Part of net assets of a not-for-profit entity that is not subject to <b>donor-imposed restrictions</b>.</i>
<b>Noncash contributions</b>	<i><b>Contributions</b> of property, tangible or intangible, other than money. Noncash contributions include, but aren't limited to, stocks, bonds, and other <b>securities</b>; real estate; <b>works of art</b>; stamps, coins, and other <b>collectibles</b>; clothing and <b>household goods</b>; 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 <b>volunteer</b> services performed for the reporting organization or donated use of materials, facilities, or equipment.</i>
<b>Nonexempt charitable trust</b>	<i>A trust that meets the following conditions.</i> <ul style="list-style-type: none"> <li>• <i>Isn't exempt from tax under section 501(a).</i></li> <li>• <i>All of its unexpired interests are devoted to charitable purposes.</i></li> <li>• <i>A charitable deduction was allowed for <b>contributions</b> 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).</i></li> </ul>
<b>Nonqualified deferred compensation</b>	<i><b>Deferred compensation</b> 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.</i>
<b>Officer</b>	<i>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 <b>tax year</b>, 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 <b>top management official</b> and <b>top financial official</b> as officers.</i>
<b>“On behalf of” issuer</b>	<i>A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a state or local <b>governmental unit</b>. 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 <b>tax-exempt bonds</b> to further public purposes. See Rev. Rul. 57-187, 1957-1 C.B. 65.</i>
<b>Organization manager</b>	<i>For purposes of section 4958, any <b>officer, director, or trustee</b> of an <b>applicable tax-exempt organization</b>, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.</i>
<b>Instructions for Form 990</b>	

<b>Political campaign activities</b>	<i>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.</i>
<b>Political subdivision</b>	<i>A division of any state or local <b>governmental unit</b> 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.</i>
<b>Possession of the United States</b>	<i>Includes the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.</i>
<b>Principal officer</b>	<i>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 <b>governing body</b>, or for supervising the management, administration, or operation of the organization.</i>
<b>Private business use</b>	<i>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 <b>unrelated trade or business</b>. 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.</i>
<b>Private foundation</b>	<i>An organization described in section 501(c)(3) that isn't a <b>public charity</b>. 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.</i>
<b>Proceeds</b>	<i>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).</i>
<b>Professional fundraising services</b>	<i>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 <b>contributions</b>, and direct solicitation of <b>contributions</b>, 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 <b>employees</b> 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.</i>
<b>Program-related investment</b>	<i>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.</i>

<b>Public charity</b>	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).
<b>Publicly traded securities</b>	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).
<b>Pull tabs</b>	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 <b>bingo</b> .
<b>Qualified 501(c)(3) bond</b>	<p>A <b>tax-exempt bond</b>, 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.</p> <ol style="list-style-type: none"> <li>1. All property financed by the bond issue is to be owned by a section 501(c)(3) organization or a <b>governmental unit</b>.</li> <li>2. At least 95% of net proceeds of the <b>bond issue</b> are used either by a <b>governmental unit</b> or a section 501(c)(3) organization in activities that aren’t <b>unrelated trades or businesses</b> (determined by applying section 513).</li> </ol>
<b>Qualified conservation contribution</b>	<p>Any <b>contribution</b> 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.</p> <ol style="list-style-type: none"> <li>1. The entire interest of the donor.</li> <li>2. A remainder interest.</li> <li>3. A restriction (such as an easement), granted in perpetuity, on the use which may be made of the real property.</li> </ol> <p>A “qualified organization” means an organization which is:</p> <ol style="list-style-type: none"> <li>a. A <b>governmental unit</b> described in section 170(c)(1);</li> <li>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</li> <li>c. A <b>supporting organization</b> described in sections 501(c)(3) and 509(a)(3) that is controlled by a governmental unit or a publicly supported charitable organization.</li> </ol> <p>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.</p>

A “conservation purpose” means:

1. The preservation of land areas for outdoor recreation by, or 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); 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.

<b>School</b>	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.
<b>Security/securities</b>	Any bond, debenture, note, or certificate or other evidence of indebtedness issued by a corporation, government or <b>political subdivision</b> , 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.
<b>Short accounting period</b>	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 <b>Tax year</b> ).
<b>Short period</b>	See <b>Short accounting period</b> .
<b>Significant disposition of net assets</b>	<p>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:</p> <ol style="list-style-type: none"> <li>1. One or more dispositions during the organization's <b>tax year</b>, amounting to more than 25% of the FMV of the organization's net assets as of the beginning of its tax year; or</li> <li>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.</li> </ol> <p>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:</p> <ul style="list-style-type: none"> <li>• 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);</li> <li>• Sales, <b>contributions</b> or other transfers of assets to establish or maintain a partnership, <b>joint venture</b>, or a 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;</li> <li>• Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest; and</li> <li>• Transfers of assets pursuant to a reorganization in which the organization is a surviving entity.</li> </ul> <p>The following types of situations aren't considered significant dispositions of net assets for purposes of Schedule N, Part II.</p> <ul style="list-style-type: none"> <li>• The change in composition of <b>publicly traded securities</b> held in an exempt organization's passive investment portfolio.</li> <li>• 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.</li> <li>• 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.</li> <li>• A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization.</li> <li>• Transfers to a <b>disregarded entity</b> of which the organization is the sole member.</li> </ul>
<b>Sponsoring organization</b>	<p>Any organization which is all of the following.</p> <ul style="list-style-type: none"> <li>• Described in section 170(c), other than governmental units described in section 170(c)(1) and without regard to section 170(c)(2)(A).</li> <li>• Not a <b>private foundation</b> as defined in section 509(a).</li> <li>• Maintains one or more <b>donor advised funds</b>.</li> </ul>

<b>State of legal domicile</b>	<i>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).</i>
<b>Subordinate organization</b>	<i>One of the organizations, typically local in nature, that is recognized as exempt in a <b>group exemption</b> letter and subject to the general supervision and control of a <b>central organization</b>.</i>
<b>Supported organization</b>	<i>A <b>public charity</b> described in section 509(a)(1) or 509(a)(2) supported by a <b>supporting organization</b> described in section 509(a)(3).</i>
<b>Supporting organization</b>	<i>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 <b>supported organizations</b>. 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 <b>disqualified persons</b> (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).</i>
<b>Tax-exempt bond</b>	<i>An obligation issued by or on behalf of a <b>governmental issuer</b> 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.</i>
<b>Tax year</b>	<i>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 <b>Current year</b>, <b>Fiscal year</b>, and <b>Short period</b>.</i>
<b>Term endowment</b>	<i>An endowment fund established to provide income for a specified period.</i>
<b>Top financial official</b>	<i>The person who has ultimate responsibility for managing the organization's finances, for example, the treasurer or chief financial officer.</i>
<b>Top management official</b>	<i>A person who has ultimate responsibility for implementing the decisions of the organization's <b>governing body</b> or for supervising the management, administration, or operation of the organization (for example, the organization's president, CEO, or executive director).</i>
<b>Total assets</b>	<i>The amount reported on Form 990, Part X, line 16, column (B).</i>
<b>Trustee</b>	<i>See <b>Director or trustee</b>.</i>
<b>United States</b>	<i>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.</i>
<b>Unrelated business</b>	<i>See <b>Unrelated trade or business</b>.</i>
<b>Unrelated business income</b>	<i>Income from an <b>unrelated trade or business</b> as defined in section 513.</i>
<b>Unrelated business gross income</b>	<i>Gross income from an <b>unrelated trade or business</b> as defined in section 513.</i>
<b>Unrelated organization</b>	<i>An organization that isn't a <b>related organization</b> to the filing organization.</i>

<b>Unrelated trade or business</b>	<i>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.</i>
<b>U.S. possession</b>	<i>See <b>Possession of the United States</b>.</i>
<b>Volunteer</b>	<p><i>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:</i></p> <ul style="list-style-type: none"> <li>• <i>Reimbursement of expenses under a reimbursement or other expense allowance arrangement in which there is adequate accounting to the organization,</i></li> <li>• <i>Working condition fringe benefits described in section 132,</i></li> <li>• <i>Liability insurance coverage for acts performed on behalf of the exempt organization, and</i></li> <li>• <i>De minimis fringe benefits.</i></li> </ul>
<b>Voting member of the governing body</b>	<i>A member of the organization's <b>governing body</b> 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).</i>
<b>Works of art</b>	<i>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 <b>collectibles</b>.</i>
<b>Year of formation</b>	<i>The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).</i>

# Appendix of Special Instructions to Form 990

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- A** Exempt Organizations Reference Chart
- B** How To Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less
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- D** Public Inspection of Returns
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- J** Contributions

# Appendix A. Exempt Organizations Reference Chart

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) & (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 6/25/1959)	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.



*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 Form 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 in *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 (Statement of Revenue), 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.

The IRS can provide copies of exempt organization returns on DVD. 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. If you are ordering a partial set on DVD, indicate the format (Alchemy or raw), state(s), and month(s) you are ordering. Sample DVD requests aren't available for individual states. DVDs and sample DVDs aren't available for individual exempt organizations. 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 Scanned 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 available for public inspection Form 990-T.

Forms 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 under the *Charities & Nonprofits* tab.



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 in General Instructions, Section H, Failure-To-File Penalties, 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.



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 Form 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 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 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 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 the 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 \$20 for each day that inspection wasn't permitted, up to a maximum of \$10,000 for each return. Organizations with gross receipts exceeding \$1 million will be assessed a penalty of \$100 for each day, not to exceed \$50,000 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 \$10,000 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 web, 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 (Tax Exempt and Government Entities) 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 (Tax Exempt and Government Entities) 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 (Tax Exempt and Government Entities). See Rev. Proc. 2021-1, 2021-1 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 (Tax Exempt and Government Entities) 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/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 in 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 in 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.
- Form 990, Schedule C (Political Campaign and Lobbying Activities), Part I-B, lines 3 and 4a.
- Form 990, Schedule C, Part I-C, line 4.
- Form 990, Schedule C, Part II-A, line 1j.
- Form 990, Schedule C, Part II-B, line 2d.
- Form 990, Schedule C, Part III-A, lines 1–3.

- Form 990, Schedule D (Supplemental Financial Statements), Part I, lines 5 and 6.
- Form 990, Schedule D, Part II, lines 5 and 8.
- Form 990, Schedule E (Schools), lines 1–4d and 7.
- Form 990, Schedule F (Statement of Activities Outside the United States), Part I, line 1.
- Form 990, Schedule G (Supplemental Information Regarding Fundraising or Gaming Activities), Part III, line 9a.
- Form 990, Schedule I (Grants and Other Assistance to Organizations, Governments, and Individuals in the United States), Part I, line 1.
- Form 990, Schedule J (Compensation Information), Part I, lines 1b and 2.
- Form 990, Schedule M (Noncash Contributions), Part I, line 31.
- Form 990, Schedule N (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.

- 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.
- 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.
- 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.
- Items E, F, and J.** Enter information for the central organization only.
- Item H. Group returns.** If the organization answers "Yes" on line H(a) but "No" to line H(b) (not all subordinate organizations are included in the group return), then attach a list (not in Schedule O (Form 990)) showing the name, address, and EIN of each subordinate organization included in the group return. Additionally, attach a list (not in 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).
- 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), Compensation Information, 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 *Appendix E*, Part VII instructions, earlier.

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 301.7701-3, is generally treated as a branch or division of its parent organization for federal tax purposes (but see the *TIP* next for 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), Political Campaign and Lobbying Activities.



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 employer identification number (EIN) for reporting and payment of employment taxes.



A single-member **limited liability company (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).

Inserted text to spell out "LLC."

**5. Part IV, lines 31–32. Liquidation or significant disposition of assets.**

See the Appendix F instructions for Schedule N (Form 990) in this Appendix, later.

**6. Part IV, lines 35–36. Transactions with related organizations.**

See the Appendix F instructions for Schedule R (Form 990) in this Appendix.

**7. Part III, lines 10a–10b, and W-3. Total number of information returns and employees to be reported.**

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 the instructions for Form 990, Part VII, Section A, *Disregarded entities*, 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

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.

as a partnership for federal tax purposes (referred to here as a “joint venture”), as described in Regulations sections 301.7701-1 through 301.7701-3, 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, **chief executive officers**, 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, and \$135,000 in 2021) 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 **supported 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 **fair market value (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 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; 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. 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 taxable 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 in *Donor advised funds* (discussed 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 **fair market value** 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](https://www.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

**Coronavirus.** Go to [IRS.gov/Coronavirus](https://www.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](https://www.irs.gov), you can get up-to-date information on current events and changes in tax law.

- [IRS.gov/Help](https://www.irs.gov/Help): A variety of tools to help you get answers to some of the most common tax questions.

- [IRS.gov/ITA](https://www.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](https://www.irs.gov/Forms): Find forms, instructions, and publications. You will find details on 2021 tax changes and hundreds of interactive links to help you find answers to your questions.
- [Online EIN Application \(IRS.gov/EIN\)](https://www.irs.gov/EIN) helps you get an employer identification number (EIN).
- 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](https://www.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](https://www.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](https://www.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 Form 990-EZ, please 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.



*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 990-W.** Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations.

**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 Automatic Extension of Time To File an Exempt Organization Return.

**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 8963.** Report of Health Insurance Provider Information.

**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 Decision 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 in 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) in 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 Instruction 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."

**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.

**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 **fair market value (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 \$56.50 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 \$11.30 or less (low-cost article amount of section 513(h)(2)).

**Fair market value 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 \$113, 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 2021 under Rev. Proc. 2020-45, 2020-46 I.R.B.1016, 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. 2020-45 (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 by a group of members. H can perform in one of the plays. For a \$60 membership fee, H can perform in 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

Adjusted for inflation. Formerly, \$56 and \$11.20 in 2020 instructions.

Adjusted for inflation. Formerly, \$112 in 2020 instructions.

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). If the ticket's value is \$60, the donor's contribution to the organization is \$60. The organization's disclosure statement even though the 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).

New instructions for section 501(c)(21) black lung trusts.

## 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	Fair market value 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 fair market value 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)(ii)	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)(i)(I)		
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).)

## Photographs of Missing Children

The Internal Revenue Service is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.ncmec.org/). 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.

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# Form 990-EZ

Short Form Return of Organization Exempt From  
Income Tax

Form **990-EZ**

**Short Form**

**Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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](http://www.irs.gov/Form990EZ) for instructions and the latest information.

**A** For the **2021** calendar year, or tax year beginning **2021**, and ending \_\_\_\_\_, 20

<p><b>B</b> Check if applicable:</p> <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<p><b>C</b> Name of organization _____</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Number and street (or P.O. box if mail is not delivered to street address)</td> <td style="width: 40%;">Room/suite</td> </tr> <tr> <td colspan="2">City or town, state or province, country, and ZIP or foreign postal code</td> </tr> </table>	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		<p><b>D</b> Employer identification number _____</p> <p><b>E</b> Telephone number _____</p> <p><b>F</b> Group Exemption Number ▶ _____</p>
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						
<p><b>G</b> Accounting Method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual Other (specify) ▶ _____</p>		<p><b>H</b> Check <input type="checkbox"/> if the organization is <b>not</b> required to attach Schedule B (Form 990).</p>				
<p><b>I</b> Website: ▶ _____</p>						
<p><b>J</b> Tax-exempt status (check only one) – <input type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527</p>						
<p><b>K</b> Form of organization: <input type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other _____</p>						
<p><b>L</b> 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 . . . . . ▶ \$ _____</p>						

**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 . . . . .

<b>Revenue</b>	<b>1</b> Contributions, gifts, grants, and similar amounts received . . . . .	<b>1</b>
	<b>2</b> Program service revenue including government fees and contracts . . . . .	<b>2</b>
	<b>3</b> Membership dues and assessments . . . . .	<b>3</b>
	<b>4</b> Investment income . . . . .	<b>4</b>
	<b>5a</b> Gross amount from sale of assets other than inventory . . . . .	<b>5a</b>
	<b>b</b> Less: cost or other basis and sales expenses . . . . .	<b>5b</b>
	<b>c</b> Gain or (loss) from sale of assets other than inventory (subtract line 5b from line 5a) . . . . .	<b>5c</b>
	<b>6</b> Gaming and fundraising events:	
	<b>a</b> Gross income from gaming (attach Schedule G if greater than \$15,000) . . . . .	<b>6a</b>
<b>b</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) . . . . .	<b>6b</b>	
<b>c</b> Less: direct expenses from gaming and fundraising events . . . . .	<b>6c</b>	
<b>d</b> Net income or (loss) from gaming and fundraising events (add lines 6a and 6b and subtract line 6c) . . . . .	<b>6d</b>	
<b>7a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>7a</b>	
<b>b</b> Less: cost of goods sold . . . . .	<b>7b</b>	
<b>c</b> Gross profit or (loss) from sales of inventory (subtract line 7b from line 7a) . . . . .	<b>7c</b>	
<b>8</b> Other revenue (describe in Schedule O) . . . . .	<b>8</b>	
<b>9</b> <b>Total revenue.</b> Add lines 1, 2, 3, 4, 5c, 6d, 7c, and 8 . . . . . ▶	<b>9</b>	
<b>Expenses</b>	<b>10</b> Grants and similar amounts paid (list in Schedule O) . . . . .	<b>10</b>
	<b>11</b> Benefits paid to or for members . . . . .	<b>11</b>
	<b>12</b> Salaries, other compensation, and employee benefits . . . . .	<b>12</b>
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	<b>15</b> Printing, publications, postage, and shipping . . . . .	<b>15</b>
	<b>16</b> Other expenses (describe in Schedule O) . . . . .	<b>16</b>
<b>17</b> <b>Total expenses.</b> Add lines 10 through 16 . . . . . ▶	<b>17</b>	
<b>Net Assets</b>	<b>18</b> Excess or (deficit) for the year (subtract line 17 from line 9) . . . . .	<b>18</b>
	<b>19</b> 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) . . . . .	<b>19</b>
	<b>20</b> Other changes in net assets or fund balances (explain in Schedule O) . . . . .	<b>20</b>
	<b>21</b> Net assets or fund balances at end of year. Combine lines 18 through 20 . . . . . ▶	<b>21</b>

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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

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
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
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)?
35b If "Yes" to line 35a, has the organization filed a Form 990-T for the year? If "No," provide an explanation in Schedule O
35c 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
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
37a Enter amount of political expenditures, direct or indirect, as described in the instructions
37b Did the organization file Form 1120-POL for this year?
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?
38b If "Yes," complete Schedule L, Part II, and enter the total amount involved
39 Section 501(c)(7) organizations. Enter:
39a Initiation fees and capital contributions included on line 9
39b Gross receipts, included on line 9, for public use of club facilities
40a Section 501(c)(3) organizations. Enter amount of tax imposed on the organization during the year under: section 4911; section 4912; section 4955
40b 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
40c 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
40d Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Enter amount of tax on line 40c reimbursed by the organization
40e 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
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
42b 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).
42c 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
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
44a Did the organization maintain any donor advised funds during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ
44b Did the organization operate one or more hospital facilities during the year? If "Yes," Form 990 must be completed instead of Form 990-EZ
44c Did the organization receive any payments for indoor tanning services during the year?
44d If "Yes" to line 44c, has the organization filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O
45a Did the organization have a controlled entity within the meaning of section 512(b)(13)?
45b 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

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	<b>Yes</b>	<b>No</b>
<b>46</b> 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 . . . . .	<b>46</b>	

**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 . . . . .

	<b>Yes</b>	<b>No</b>
<b>47</b> 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 . . . . .	<b>47</b>	
<b>48</b> Is the organization a school as described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E . . . . .	<b>48</b>	
<b>49a</b> Did the organization make any transfers to an exempt non-charitable related organization? . . . . .	<b>49a</b>	
<b>b</b> If "Yes," was the related organization a section 527 organization? . . . . .	<b>49b</b>	

**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.

<b>Sign Here</b>	▶ Signature of officer	Date
	▶ Type or print name and title	

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> 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**

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# Form 990-EZ

Instructions

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# 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](https://www.irs.gov/Form990EZ).

### What's New

**Required electronic filing of Form 990-EZ by exempt organizations.** For tax years beginning on or after July 2, 2019, section 3101 of P.L. 116-25 requires that returns by exempt organizations be filed electronically. For small exempt organizations, the legislation specifically allowed a postponement ("transitional relief"). For tax years ending before July 31, 2021, the IRS accepted either paper or electronic filing of Form 990-EZ. For tax years ending July 31, 2021, and later, Form 990-EZ must be filed electronically. Accordingly, you must file the 2021 Form 990-EZ electronically. See *General*

*Instruction D. When, Where, and How To File*, later, for more information.

**Section 501(c)(21) trusts.** Form 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons, will be a historical form beginning with 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, 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. See the Instructions for Form 990 for more information.

### Reminder

**Form 1099-NEC and nonemployee compensation reporting.** Beginning with tax year 2020, Form 1099-NEC is used to report nonemployee compensation. Accordingly, where the Form 990-EZ references reporting amounts of compensation from Form 1099-MISC, Miscellaneous Income, be sure to include nonemployee compensation from box 1 of Form 1099-NEC. See the instructions for additional 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 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

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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 the instructions for lines 44 and 45, and *General Instruction A. Who Must File*, 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 Instruction 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.

## Reminder: Do Not 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 shouldn't be included on this form. Documents subject to disclosure include schedules and attachments filed with the form. For more information, see *Appendix D*, later.



**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.**

**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.

## 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 greater than or equal to \$500,000 at the exceptions described below for submit Form 990-N and for certain in *General Instruction B. Organizations Not Required To File Form 990 or 990-EZ*, later). Organizations that must file include the following.

Removes exclusion for section 501(c)(21) black lung trusts.

- 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 Form 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 Form 990-EZ (with exceptions described later for certain section 509(a)(3) supporting organizations and for certain organizations described in *General Instruction 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 Instruction H. Requirements for a Properly Completed Form 990-EZ*, later, for a discussion of a complete return.

**Electronic filing.** Organizations are required to file Form 990-EZ electronically. See *General Instruction D. When, Where, and How To File*, later.

**Foreign and U.S. possession organizations.** Foreign organizations and U.S. possession organizations, as well as domestic organizations described above, must file Form 990 or 990-EZ unless specifically excepted under *General Instruction B*, later. Report amounts in U.S. dollars, and state what conversion rate the organization uses. Combine amounts from

within 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 section 509(a)(3), it must file 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 Instruction 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 Instruction 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 Form 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 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 Instruction A*). See *General Instruction 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 Instruction 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

Removes reference to Form 990-BL.

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 Instruction 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. possessions, 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. possession 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.



**Subordinate organizations in a group exemption which 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.**



**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 2021 Form 990-EZ to report on the 2021 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 2021 Form 990-EZ to report on the organization's fiscal year that began in 2021 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 2021 and the date the fiscal year ended in 2022.

**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 2021 and ended before December 31, 2021 (not on or after December 31, 2021), it may use either 2020 Form 990-EZ or 2021 Form 990-EZ or Form 990 to file for such short year. The 2021 form may also be used for a short period beginning in 2022 and ending before December 31, 2022 (not on or after December 31, 2022). When doing so, 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 2022 on the 2021 Form 990-EZ, provide the information in Schedule A (Form 990), Part II, for the tax years 2018 through 2022, rather than for tax years 2017 through 2021.

**Accounting period change.** If the organization changes its accounting period, it must file a Form 990-EZ for the short period resulting from the change. Enter "Change of Accounting Period" at the top of this short-period return if it is being filed on the 2020 Form 990-EZ.

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.

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 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 an item used in such overall plan. 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.



*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 generally may 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 generally should 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 generally must 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. 2019-43, 2019-48 I.R.B. 1107, 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. See Rev. Proc. 2015-13 for the definition of what constitutes an accounting method change.

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 Form 990-EZ instructions.

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.*

## 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 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), attach a statement giving the reason(s) for not filing on time.

**Required electronic filing.** If you are filing a 2021 Form 990-EZ, you are required to file electronically.

For additional information on the electronic filing requirement, visit [IRS.gov/E-file](https://www.irs.gov/E-file).

## E. Extension of Time To File

Use Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return, 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](https://www.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 \$20 a day, not to exceed the lesser of \$10,500 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 \$1,094,500 are subject to a penalty of \$105 for each day failure continues (with a maximum penalty for any one return of \$54,500). 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;

Updated for inflation. \$1,084,000 and \$54,000, respectively, in the 2020 instructions.

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 notice that it has a fixed time to fulfill these requirements. If the organization fails to comply with the maximum penalty will not exceed \$5,000.

Removes ", other than churches," here.

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](https://www.irs.gov/charities-nonprofits/annual-exempt-organization-return-who-must-file). 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 or notice. P.L. 116-25 requires the IRS to notify an organization after the organization's second consecutive failure to file their required return or notice with information about how to comply with the filing requirements. The Act applies to failures to file returns or notices for 2 consecutive years if the return or notice for the second year is required to be filed after December 31, 2019. 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](https://www.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 you have enough to photocopy inspection requirements, Tax-Exempt Status for

New text referencing electronic filing requirement even if a paper return is filed.

**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](https://www.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 generally must 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 of Schedules A, B, C, E, G, L, N, or O, 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, later*.
- 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.



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 2021 return for calendar year 2021 and fiscal years that began in 2021 and ended in 2022. For a fiscal year return, fill in the tax year space at the top of page 1 of the return. See *General Instruction C. Accounting Periods and Methods*, earlier, for additional information about accounting periods.

Removed instruction to file Form 990-EZ by paper for tax years beginning before July 31, 2021..

## 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).



*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 Instruction 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 Instruction A*, earlier) must do so

1023-EZ, 1024, or 1024-A status.

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.



*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.*



*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 Instruction C*, earlier.

## Item H. Schedule B

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 will result in a determination that the return is incomplete. Complete and file Schedule B 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 $\frac{1}{3}$ % 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 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 $\frac{1}{3}$ % 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 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

### Section 501(c)(3) Organization Meeting the 33 $\frac{1}{3}$ % Support Test of Section 170(b)(1)(A)(vi)

<b>If</b>	a section 501(c)(3) organization that met the 33 $\frac{1}{3}$ % 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,*
<b>Then</b>	the organization should check the box in <i>Item H</i> to certify that it isn't required to attach Schedule B (Form 990).
<b>Otherwise</b>	complete and attach Schedule B (Form 990).

### Section 501(c)(7), (8), or (10) Organizations

<b>If</b>	a section 501(c)(7), (8), or (10) organization received neither (1) any contribution or bequest for use <i>exclusively</i> 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,
<b>Then</b>	the organization should check the box in <i>Item H</i> to certify that it isn't required to attach Schedule B (Form 990).
<b>Otherwise</b>	complete and attach Schedule B (Form 990).

### All Other Form 990-EZ Organizations (General Rule)

<b>If</b>	the organization didn't receive a contribution of \$5,000 or more from any one contributor* (reportable on line 1 of Form 990-EZ),
<b>Then</b>	the organization should check the box in <i>Item H</i> to certify that it isn't required to attach Schedule B (Form 990).
<b>Otherwise</b>	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 Instruction 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.

### Revenue

#### 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 ASC 958 generally is acceptable (though not required) for Form 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 Contribution 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 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 \$113, whichever is less; or
2. The payment is \$56.50 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, in the aggregate, be \$11.30 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 instruction 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 instruction 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 instruction 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 charitable organization to provide services to employees of the organization is reported on line 2. A payment by a governmental agency to an organization to provide services to disabled individuals is reported on line 2. A payment by a governmental agency to an organization to operate the agency's internal service revenue reported on

Updated to reflect release of Rev. Proc. 2021-48 (regarding the timing of tax exempt income arising from forgiven PPP loans) in November of 2021.



The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1 as contributions from a governmental unit in the tax year that the amounts are forgiven or such other time as provided in Rev. Proc. 2021-48, 2021-49 I.R.B. 835.

**A6. Contributions received through other fundraising organizations.** Contributions received indirectly from the public through solicitation campaigns of federated fundraising agencies

Adjusted for inflation. Formerly, \$112, \$56, and \$11.20, respectively, in 2020 instructions.

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*.

**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 instruction 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.** 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 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 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.

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 he or she is a winner, doesn't qualify. See Pub. 598, Tax on Unrelated Business

## 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, 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, Part II (Fundraising Events). Organizations filing Form 990-EZ aren't required to complete Schedule G, 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.

### Lines 7a Through 7c. Gross Sales of Inventory

**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).**

## Expenses

### 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.



*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

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.



*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.



*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 Form 1099-NEC and Form 1099-MISC.

### 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.

### Net Assets

#### 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 Instruction 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). <ul style="list-style-type: none"><li>Describe program service accomplishments through measurements such as clients served, days of care, number of sessions or events held, or publications issued.</li><li>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.</li><li>Give reasonable estimates for any statistical information if exact figures aren't readily available. Indicate that this information is estimated.</li><li>Be clear, concise, and complete in the description. Avoid attaching brochures, newsletters, newspaper articles about the organization, etc.</li></ul>
3	<b>Public interest law firm.</b> 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	<b>Expenses and grants.</b> For each program service reported on lines 28 through 31, section 501(c)(3) and 501(c)(4) organizations must enter, in the <i>Expenses</i> column, the total expenses included on line 17 for that program service. These organizations must also enter, in the <i>Grants</i> 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 <i>Expenses</i> 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. <ul style="list-style-type: none"><li>The detailed information required for the three largest services isn't necessary for this schedule.</li><li>However, section 501(c)(3) and (4) organizations must show the expenses and grants attributable to their program services.</li></ul>
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. <ul style="list-style-type: none"><li>Disclose the applicable amounts of any donated services, etc., on the lines for the narrative description of the appropriate program service.</li><li>Do not include these amounts in the expense column in Part III.</li><li>See the instruction for <i>Line 1. B2</i>, earlier, regarding donations of services or use of property.</li></ul>

## 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 documents or resolutions of its governing body, but at a minimum, 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](https://www.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 Instruction G*, earlier. In particular, entering the phrase on Part IV, "Information available upon request," or a similar phrase, isn't acceptable.

Form 941 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), Employer's Tax Guide, 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.

In 2020, the Form permitted reporting up to 12 persons on this table.

(a)

Person required to be listed, enter the name in the top row and the person's title or position with the person 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, 2021, and ending June 30, 2022, the organization must report compensation for the calendar year ending December 31, 2021.

**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, generally is 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.** 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 Announcement 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 Form 990. Also, describe significant activities that were discontinued. If the organization has never filed a Form 990 or 990-EZ, answer "No."

**TIP** 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, which 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](https://www.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. Use Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to figure these amounts.*

### 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;

Previously  
\$119.

- c. Entities whose income is exempt from section 115; or
- d. Organizations described in (1) through (3), previously.
5. Section 501(c)(4) and (5) organizations that receive more than 90% of their annual dues from:
  - a. Persons,
  - b. Families, or
  - c. Entities

that each paid annual dues of \$120 or less in 2021 (adjusted annually for inflation). See Rev. Proc. 2020-45, 2020-46 I.R.B. 1016.

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.



*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).



*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 Schedule L instructions.

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*.

**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.

 *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](https://www.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



*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 possessions, 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 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 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.



*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 line 49 instructions.

## 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 Schedule R (Form 990) instructions 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.



*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 Schedule C instructions 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 Schedule C instructions 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 (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.

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 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.

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) 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 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.** S isn't a key employee. The organization uses a calendar tax year. During the year, S received a salary of \$80,000 and a \$2,000 bonus. S 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. S contributed another \$5,000 of the salary on a pre-tax basis to a qualified health plan. S received from the employer nontaxable health benefits for herself and her family of \$10,000, and nontaxable family educational benefits of \$5,000.

To determine whether S is to be listed as among the five highest compensated employees, S'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 her contributions to the qualified plans) and the \$2,000 bonus. S'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. S 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, S's total compensation of \$97,000 wouldn't place her 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 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.

## 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](https://www.irs.gov/PTIN) or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal.



*Enter the paid preparer's PTIN, not his or her social security number (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-EZ is a publicly disclosable document, any information entered in this block will be publicly disclosed (see Appendix D).*

**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 2022 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 6/25/1959)	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 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 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 Instruction 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](https://www.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 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, 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 Scanned EO Returns Available at [IRS.gov/Charities-&-Non-Profits/Copies-of-Scanned-EO-Returns-Available](https://www.irs.gov/Charities-&-Non-Profits/Copies-of-Scanned-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](https://www.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 Instruction 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.



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, and delivered by mail, electronic mail, facsimile, or a private delivery service, as defined in section 7502(f), to 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 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 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 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 \$20 for each day that inspection wasn't permitted, up to a maximum of \$10,500 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 \$10,500 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 make the application and/or annual information return widely available for public inspection under section 6104(d)-1(a).

Throughout this page, 'World Wide Web' was replaced with 'web.'

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, 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. 2021-1, 2021-1 I.R.B. 1, available at [IRS.gov/irb/2021-01\\_IRB](https://www.irs.gov/irb/2021-01_IRB).

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.
- 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 (\$120,000 in 2015–2018, \$125,000 in 2019, and \$130,000 in 2020–2021) 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.

**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) 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 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

## 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 990-W	Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations
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 <a href="https://efast.dol.gov/welcome.html">EFAST.dol.gov/welcome.html</a>
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 Automatic Extension of Time To File an Exempt Organization Return
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 8963	Report of Health Insurance Provider Information
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 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 Instruction C*.

## 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.** 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 (Form 990) and its instructions to determine whether Schedule B must be filed. See also the Schedule B (Form 990) instructions 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 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 makes 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 \$56.50 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 \$11.30 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 \$113, 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 2021 under Rev. Proc. 2020-45. They are adjusted annually for inflation.

When a donee organization provides a donor only with goods or services having insubstantial value under Rev. Proc. 2020-45 (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.

Previously  
\$112.

Previously  
\$56.

Previously  
\$11.20.

**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 such 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), 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).

## 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).

## 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.

## 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 the tax law.

- [IRS.gov/Help](#): A variety of tools 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 on a number of tax law topics and provide answers.
- [IRS.gov/Forms](#): Find forms, instructions, and publications. You will find details on 2021 tax changes and hundreds of interactive links to help you find answers to your questions.
- You may also be able to access tax law information in your electronic filing software.
- Apply for an **Employer Identification Number (EIN)**. The Online EIN Application ([IRS.gov/EIN](#)) helps you get an employer identification number.

**Tax reform.** Tax reform legislation affects individuals, businesses, and tax-exempt and government entities. Go to [IRS.gov/TaxReform](#) for information and updates on how this legislation affects your taxes.

**Getting tax forms and publications.** Go to [IRS.gov/Forms](#) to view, download, or print all of the forms and publications you may need. You can also download and view popular tax publications and instructions on mobile devices as an eBook at no charge at [IRS.gov/eBooks](#). Or you can go to [IRS.gov/OrderForms](#) to place an order.

**Phone.** If you have questions and/or need help completing Form 990 or Form 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](#).

**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 information 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 tax-exempt organizations 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 do not 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 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. For instance, the estimated average time burden for all tax-exempt organizations filing Forms 990, 990-EZ, 990-PF, 990-T, and 990-N and related forms is 33.5 hours, with an average cost of \$992 per return. This average includes all associated forms and schedules, across all preparation methods and taxpayer activities.

Previously  
32.8.

Previously  
\$921.

## Fiscal Year 2022 Form 990 Series Tax Compliance Cost Estimates

	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	330,400	260,200	131,800	263,400	754,300
Estimated Average Total Time (Hours)	85	45	47	40	2
Estimated Average Total Out-of-Pocket Costs	\$2,700	\$600	\$2,100	\$1,500	\$10
Estimated Average Total Monetized Burden	\$8,200	\$1,300	\$4,000	\$4,600	\$30
Estimated Total Time (Hours)	28,000,000	11,760,000	6,140,000	10,660,000	1,660,000
Estimated Total Out-of-Pocket Costs	\$903,100,000	\$147,500,000	\$272,000,000	\$397,200,000	\$7,100,000
Estimated Total Monetized Burden	\$2,719,300,000	\$331,900,000	\$529,800,000	\$1,204,800,000	\$26,100,000

**Note.** Amounts above are for FY 2022. 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 about these instructions and your suggestions for future editions. You can send us comments through [IRS.gov/FormComments](https://www.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. We can't answer tax questions sent to the above address.

**Do not** send Form 990-EZ to this address. Instead, see *General Instruction D. When, Where, and How To File*, earlier.

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    Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements [11](#)

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# Schedule A

Public Charity Status and Public Support

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**SCHEDULE A  
(Form 990)**

**Public Charity Status and Public Support**

OMB No. 1545-0047

2021

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Name of the organization	Employer identification number
--------------------------	--------------------------------

**Part I Reason for Public Charity Status.** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state:
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  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 (see instructions). Enter the name, city, and state of the college or university:
- 10  An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box on lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
- f Enter the number of supported organizations
- g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

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**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>4 Total.</b> Add lines 1 through 3 . . . . .						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) . . . . .						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
<b>7</b> Amounts from line 4 . . . . .						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on . . . . .						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . .						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2021 (line 6, column (f), divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2020 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33 1/3% support test—2021.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 33 1/3% support test—2020.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>17a 10%-facts-and-circumstances test—2021.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 10%-facts-and-circumstances test—2020.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .		<input type="checkbox"/>

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**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
<b>c</b> Add lines 7a and 7b . . . . .						
<b>8 Public support.</b> (Subtract line 7c from line 6.) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
<b>9</b> Amounts from line 6 . . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .						
<b>14 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . . . . . <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for <b>2021</b> (line 8, column (f), divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from <b>2020</b> Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2021</b> (line 10c, column (f), divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2020</b> Schedule A, Part III, line 17 . . . . .	<b>18</b>	%
<b>19a 33 1/3% support tests—2021.</b> If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>b 33 1/3% support tests—2020.</b> If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and <b>stop here</b> . The organization qualifies as a publicly supported organization . . . . . <input type="checkbox"/>		
<b>20 Private foundation.</b> If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions . . . . . <input type="checkbox"/>		

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**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

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		Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		
3b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
3c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>		
4b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
4c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
5b	<b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
5c	<b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described on line 7? <i>If "Yes," complete Part I of Schedule L (Form 990).</i>		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
9b	Did one or more disqualified persons (as defined on line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
9c	Did a disqualified person (as defined on line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		
10b	Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** *(continued)*

		Yes	No
<b>11</b>	Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b>	A person who directly or indirectly controls, either alone or together with persons described on lines 11b and 11c below, the governing body of a supported organization?	<b>11a</b>	
<b>b</b>	A family member of a person described on line 11a above?	<b>11b</b>	
<b>c</b>	A 35% controlled entity of a person described on line 11a or 11b above? <i>If "Yes" to line 11a, 11b, or 11c, provide detail in Part VI.</i>	<b>11c</b>	

**Section B. Type I Supporting Organizations**

		Yes	No
<b>1</b>	Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>	<b>1</b>	
<b>2</b>	Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>	<b>2</b>	

**Section C. Type II Supporting Organizations**

		Yes	No
<b>1</b>	Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>	<b>1</b>	

**Section D. All Type III Supporting Organizations**

		Yes	No
<b>1</b>	Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	<b>1</b>	
<b>2</b>	Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>	<b>2</b>	
<b>3</b>	By reason of the relationship described on line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>	<b>3</b>	

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b>	<i>Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).</i>		
<b>a</b>	<input type="checkbox"/> The organization satisfied the Activities Test. <i>Complete line 2 below.</i>		
<b>b</b>	<input type="checkbox"/> The organization is the parent of each of its supported organizations. <i>Complete line 3 below.</i>		
<b>c</b>	<input type="checkbox"/> The organization supported a governmental entity. <i>Describe in Part VI how you supported a governmental entity (see instructions).</i>		
<b>2</b>	Activities Test. <b>Answer lines 2a and 2b below.</b>		
<b>a</b>	Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>	<b>2a</b>	
<b>b</b>	Did the activities described on line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>	<b>2b</b>	
<b>3</b>	Parent of Supported Organizations. <b>Answer lines 3a and 3b below.</b>		
<b>a</b>	Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>If "Yes" or "No," provide details in Part VI.</i>	<b>3a</b>	
<b>b</b>	Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>	<b>3b</b>	

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**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1**  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (*explain in Part VI*). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A—Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b>	Net short-term capital gain	<b>1</b>	
<b>2</b>	Recoveries of prior-year distributions	<b>2</b>	
<b>3</b>	Other gross income (see instructions)	<b>3</b>	
<b>4</b>	Add lines 1 through 3.	<b>4</b>	
<b>5</b>	Depreciation and depletion	<b>5</b>	
<b>6</b>	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	<b>6</b>	
<b>7</b>	Other expenses (see instructions)	<b>7</b>	
<b>8</b>	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>	
<b>Section B—Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b>	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
<b>a</b>	Average monthly value of securities	<b>1a</b>	
<b>b</b>	Average monthly cash balances	<b>1b</b>	
<b>c</b>	Fair market value of other non-exempt-use assets	<b>1c</b>	
<b>d</b>	<b>Total</b> (add lines 1a, 1b, and 1c)	<b>1d</b>	
<b>e</b>	<b>Discount</b> claimed for blockage or other factors ( <i>explain in detail in Part VI</i> ):		
<b>2</b>	Acquisition indebtedness applicable to non-exempt-use assets	<b>2</b>	
<b>3</b>	Subtract line 2 from line 1d.	<b>3</b>	
<b>4</b>	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	<b>4</b>	
<b>5</b>	Net value of non-exempt-use assets (subtract line 4 from line 3)	<b>5</b>	
<b>6</b>	Multiply line 5 by 0.035.	<b>6</b>	
<b>7</b>	Recoveries of prior-year distributions	<b>7</b>	
<b>8</b>	<b>Minimum Asset Amount</b> (add line 7 to line 6)	<b>8</b>	
<b>Section C—Distributable Amount</b>			Current Year
<b>1</b>	Adjusted net income for prior year (from Section A, line 8, column A)	<b>1</b>	
<b>2</b>	Enter 0.85 of line 1.	<b>2</b>	
<b>3</b>	Minimum asset amount for prior year (from Section B, line 8, column A)	<b>3</b>	
<b>4</b>	Enter greater of line 2 or line 3.	<b>4</b>	
<b>5</b>	Income tax imposed in prior year	<b>5</b>	
<b>6</b>	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	<b>6</b>	
<b>7</b>	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990) 2021

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D—Distributions		Current Year
<b>1</b>	Amounts paid to supported organizations to accomplish exempt purposes	<b>1</b>
<b>2</b>	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	<b>2</b>
<b>3</b>	Administrative expenses paid to accomplish exempt purposes of supported organizations	<b>3</b>
<b>4</b>	Amounts paid to acquire exempt-use assets	<b>4</b>
<b>5</b>	Qualified set-aside amounts (prior IRS approval required—provide details in <b>Part VI</b> )	<b>5</b>
<b>6</b>	Other distributions (describe in <b>Part VI</b> ). See instructions.	<b>6</b>
<b>7</b>	<b>Total annual distributions.</b> Add lines 1 through 6.	<b>7</b>
<b>8</b>	Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	<b>8</b>
<b>9</b>	Distributable amount for <b>2021</b> from Section C, line 6	<b>9</b>
<b>10</b>	Line 8 amount divided by line 9 amount	<b>10</b>

Section E—Distribution Allocations (see instructions)		(i) Excess Distributions	(ii) Underdistributions Pre- <b>2021</b>	(iii) Distributable Amount for <b>2021</b>
<b>1</b>	Distributable amount for <b>2021</b> from Section C, line 6			
<b>2</b>	Underdistributions, if any, for years prior to <b>2021</b> (reasonable cause required—explain in <b>Part VI</b> ). See instructions.			
<b>3</b>	Excess distributions carryover, if any, to <b>2021</b>			
<b>a</b>	From <b>2016</b> . . . . .			
<b>b</b>	From <b>2017</b> . . . . .			
<b>c</b>	From <b>2018</b> . . . . .			
<b>d</b>	From <b>2019</b> . . . . .			
<b>e</b>	From <b>2020</b> . . . . .			
<b>f</b>	<b>Total</b> of lines 3a through 3e			
<b>g</b>	Applied to underdistributions of prior years			
<b>h</b>	Applied to <b>2021</b> distributable amount			
<b>i</b>	Carryover from <b>2016</b> not applied (see instructions)			
<b>j</b>	Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
<b>4</b>	Distributions for <b>2021</b> from Section D, line 7: \$			
<b>a</b>	Applied to underdistributions of prior years			
<b>b</b>	Applied to <b>2021</b> distributable amount			
<b>c</b>	Remainder. Subtract lines 4a and 4b from line 4.			
<b>5</b>	Remaining underdistributions for years prior to <b>2021</b> , if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b>	Remaining underdistributions for <b>2021</b> . Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7</b>	<b>Excess distributions carryover to 2022.</b> Add lines 3j and 4c.			
<b>8</b>	Breakdown of line 7:			
<b>a</b>	Excess from <b>2017</b> . . . . .			
<b>b</b>	Excess from <b>2018</b> . . . . .			
<b>c</b>	Excess from <b>2019</b> . . . . .			
<b>d</b>	Excess from <b>2020</b> . . . . .			
<b>e</b>	Excess from <b>2021</b> . . . . .			

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# Schedule A

Instructions

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# Instructions for Schedule A (Form 990)

## Public Charity Status and Public Support

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

**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](https://www.irs.gov/Form990).

## General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

### Purpose of Schedule

Schedule A (Form 990) is used by an organization that files Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, to provide the required information about **public charity** status and public support.

### Who Must File

An organization that answered “Yes” to Form 990, Part IV, line 1, must complete and attach Schedule A (Form 990) to Form 990. Any section 501(c)(3) organization (or organization treated as such) that files a Form 990-EZ must complete and attach this schedule to Form 990-EZ. These include:

- Organizations that are described in section 501(c)(3) and are **public charities**;
- Organizations that are described in sections 501(e), 501(f), 501(j), 501(k), or 501(n); and
- **Nonexempt charitable trusts** described in section 4947(a)(1) that aren’t treated as private foundations.

If an organization isn’t required to file Form 990 or 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

**TIP** Any organization that is exempt from tax under section 501(c)(3) but is a private foundation and not a public charity shouldn’t file Form 990, Form 990-EZ, or Schedule A (Form

990), but should file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as Private Foundation. See the instructions to Part I.

### Accounting Method

When completing Schedule A (Form 990), the organization must use the same accounting method it checked on Form 990, Part XII, line 1, or Form 990-EZ, line G. The organization must use this accounting method in reporting all amounts on Schedule A (Form 990), regardless of the accounting method it used in completing Schedule A (Form 990) for prior years, except that in Part V, Sections D and E, distributions must be reported on the cash receipts and disbursements method.

If the accounting method the organization used in completing the 2020 Schedule A (Form 990) was different from the accounting method checked on the 2021 Form 990, Part XII, line 1, or the 2021 Form 990-EZ, line G, the organization shouldn’t report in either Part II or Part III the amounts reported in the applicable columns of the 2020 Schedule A (Form 990). Instead, the organization should report all amounts in Part II or Part III using the accounting method checked on the 2021 Form 990, Part XII, line 1, or the 2021 Form 990-EZ, line G.

**TIP** If the organization changed its accounting method from a prior year, it should provide an explanation in Schedule O (Form 990), Supplemental Information to Form 990 or 990-EZ.

**Example 1.** An organization checks “Cash” on Form 990, Part XII, line 1. It should report the amounts in Part II or Part III using the cash method. If the organization filed a 2020 Schedule A (Form 990) using the cash method, it should report in the 2017 through 2020 columns on the 2021 Schedule A (Form 990) the same amounts that it reported in the 2017 through 2020 columns on the 2021 Schedule A (Form 990).

**Example 2.** An organization checks “Accrual” on Form 990, Part XII, line 1. The organization reports grants on Form 990, Part VIII, line 1, in accordance with the Financial Accounting Standards Board **FASB ASC 958** (see the instructions for Form 990, Part VIII, line 1). During the year, the organization receives a grant to be paid in future years. The organization should report the grant’s present value on the 2021 Schedule A (Form 990). The organization should report accruals of present value increments to the unpaid grant on Schedule A (Form 990) in future years.

## Specific Instructions

### Part I. Reason for Public Charity Status

#### Lines 1–12 (in general)

Check only one of the boxes on lines 1 through 12 to indicate the reason the organization is a **public charity** for the **tax year**. The reason can be the same as stated in the organization’s tax-exempt determination letter from the IRS (“exemption letter”) or subsequent IRS determination letter, or it can be different. An organization that doesn’t check any of the boxes on lines 1 through 12 shouldn’t file Form 990, Form 990-EZ, or Schedule A (Form 990) for the tax year, but should file Form 990-PF instead.

If an organization believes there is more than one reason why it is a public charity, it should check only one box but can explain the other reasons it qualifies for public charity status in Part VI. An organization that claims a public charity status other than section 170(b)(1)(A)(vi) can also demonstrate that it qualifies under section 170(b)(1)(A)(vi) by completing Part II; it may want to do so for purposes such as qualifying for the first Special Rule in Schedule B (Form 990), Schedule of Contributors, by meeting the 33<sup>1</sup>/<sub>3</sub>% support test.

The IRS doesn’t update its records on an organization’s public charity

status based on a change the organization makes on Schedule A (Form 990). Thus, an organization that checks a public charity status different from the reason stated in its exemption letter or subsequent determination letter, although not required, may submit a request to the IRS Exempt Organizations Determinations Office for a determination letter confirming that it qualifies for the new public charity status if the organization wants the IRS records to reflect that new public charity status (also referred to as “private foundation status”). See Form 8940, Request for Miscellaneous Determination, for instructions. A \$500 user fee must be submitted with such a request. See Appendix A of Rev. Proc. 2021-5 I.R.B. 250.

A **subordinate organization** of a **group exemption** that is filing its own return, but hasn't received its own tax exemption determination letter from the IRS, should check the public charity status box which most accurately describes its public charity status.

An organization that doesn't know the public charity status stated in its exemption letter or subsequent determination letter should call the Exempt Organizations Customer Account Services toll free at 877-829-5500 or write to:

Internal Revenue Service  
TE/GE Customer Account Services  
P.O. Box 2508  
Cincinnati, OH 45201

See the following examples.

**Example 1.** The organization received an exemption letter that it is a public charity under section 170(b)(1)(A)(vi). For the tax year, it meets the requirements for public charity status under section 170(b)(1)(A)(vi). The organization should check the box on line 7 and complete *Part II*.

**Example 2.** The organization received an exemption letter that it is a public charity under section 170(b)(1)(A)(vi). For the tax year, it doesn't meet the requirements for public charity status under section 170(b)(1)(A)(vi). Instead, it meets the requirements for public charity status under section 509(a)(2). The organization should check the box on line 10 and complete *Part III*.

**Example 3.** The organization received an exemption letter that it is a public charity under section 509(a)(2). For the tax year, it doesn't meet the

requirements for public charity status under section 509(a)(2) or 170(b)(1)(A)(vi). Instead, it meets the requirements for public charity status as a **supporting organization** under section 509(a)(3). The organization should:

1. Check the box for line 12 and either line 12a, 12b, 12c, or 12d;
2. Complete line 12f;
3. Complete the table on line 12g; and
4. Complete *Part IV* and (if applicable) *Part V*.

**Example 4.** The organization received an exemption letter that it is a **supporting organization** under section 509(a)(3). Based on Rev. Proc. 2021-5, the organization submitted a Form 8940 request to the IRS to change its classification to public charity status under section 509(a)(2). For the tax year, it meets the requirements of section 509(a)(2). The organization received a determination letter that it has been reclassified as a public charity under section 509(a)(2). The organization should check the box on line 10 and complete *Part III*.

**Example 5.** The organization received an exemption letter that it is a public charity under section 170(b)(1)(A)(vi). For the tax year, it doesn't meet the requirements for public charity status under section 170(b)(1)(A)(vi) or 509(a)(2), or as a supporting organization under section 509(a)(3). Nor does it meet the requirements for public charity status under any other provision of the Internal Revenue Code. The organization is a **private foundation** and shouldn't file Form 990, Form 990-EZ, or Schedule A (Form 990) for the tax year but should file Form 990-PF instead.

**Example 6.** The organization received an exemption letter that it is a **supporting organization** under section 509(a)(3). The letter doesn't state which type of supporting organization it is. The organization should review the instructions for lines 12a through 12d to determine which type best describes the organization. The organization may wish to file Form 8940 to request a determination of type.

**Line 1.** Check the box for a **church**, convention of churches, or association of churches. Pub. 1828, Tax Guide for Churches and Religious Organizations, lists certain characteristics 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.

**Line 2.** Check the box for a **school** whose primary function is the presentation of formal instruction, which regularly has a faculty, a curriculum, an enrolled body of students, and a place where educational activities are regularly conducted. A private school must have a racially nondiscriminatory policy toward its students. For details about these requirements, see Schedule E (Form 990), Schools, and its related instructions.

**TIP** An organization that checks the box on line 2 must also complete Schedule E (Form 990), Schools.

**Line 3.** Check the box for an organization whose main purpose is to provide hospital or medical care. 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, or vocational training institutions for handicapped individuals.

Check the box on line 3 also for a cooperative hospital service organization described in section 501(e).

**TIP** The definition of hospital for Schedule A (Form 990), Part I, is different from the definition for Schedule H (Form 990), Hospitals. Accordingly, see Who Must File in the Instructions for Schedule H (Form 990) about whether the organization is also

required to complete Schedule H (Form 990).

**Line 4.** Check the box for an organization whose principal purpose or function is to engage in **medical research**, and that is directly engaged in the continuous active conduct of medical research in conjunction with a hospital. The hospital must be described in section 501(c)(3) or operated by the federal government, a state or its political subdivision, a U.S. possession or its political subdivision, or the District of Columbia.

If the organization primarily gives funds to other organizations (or grants and scholarships to individuals) for them to do the research, the organization isn't a medical research organization.

The organization isn't required to be an affiliate of the hospital, but there must be a joint effort by the organization and the hospital to maintain continuing close cooperation in the active conduct of medical research.

 *The definition of medical research for Schedule A (Form 990), Part I, is different from the definition for Schedule H (Form 990), Hospitals. Accordingly, research that is medical research for purposes of determining whether an organization is a medical research organization isn't necessarily medical research for Schedule H (Form 990) reporting purposes.*

**Assets test/expenditure test.** An organization qualifies as a medical research organization if its principal purpose is medical research, and if it devotes more than half its assets, or spends at least 3.5% of the **fair market value** of its endowment, directly in conducting **medical research**. Either test can be met based on a computation period consisting of the immediately preceding tax year or the immediately preceding 4 tax years.

If an organization doesn't satisfy either the assets test or the expenditure test, it can still qualify as a medical research organization based on the circumstances involved.

These tests are discussed in Regulations sections 1.170A-9(d)(2)(v) and (vi). Under these tests, value the organization's assets as of any day in its tax year using the same day every year, and value the endowment at fair market value using commonly accepted valuation methods. See Regulations section 20.2031.

**Line 5.** Check the box and complete *Part II* if the organization receives and manages property for and expends funds to benefit a college or university that is owned or operated by one or more states or political subdivisions. The school must be an organization described in the instructions for line 2.

*Expending funds to benefit a college or university* includes acquiring and maintaining the campus, its buildings and equipment, granting scholarships and student loans, and making any other payments in connection with the normal functions of colleges and universities.

The organization must meet the same public support test described later for line 7. See Rev. Rul. 82-132, 1982-2 C.B. 107.

**Line 6.** Only a federal, state, or local government or **governmental unit** that has received an exemption letter recognizing it as exempt from tax under section 501(c)(3) should check this box. See Rev. Rul. 60-384, 1960-2 C.B. 172.

**Line 7.** Check the box and complete *Part II* if the organization meets one of the section 170(b)(1)(A)(vi) public support tests. See the instructions for *Part II* regarding how an organization can qualify as a publicly supported organization under section 170(b)(1)(A)(vi).

**Line 8.** Check the box and complete *Part II* if the organization is a community trust and meets a section 170(b)(1)(A)(vi) public support test. A community trust is a charity that attracts large **contributions** for the benefit of a particular community or area, often initially from a small number of donors, and is generally governed by representatives of its particular community or area. See Regulations sections 1.170A-9(f)(10), (11), and (12).



*A community trust claiming it qualifies as a public charity should check the box on line 8 whether it is structured as a corporation or as a trust.*

**Line 9.** Check the box if the organization is 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. Enter the name, city, and state of the college or university. You don't have to complete *Part II*.

**Line 10.** Check the box and complete *Part III* if the organization meets both of

the section 509(a)(2) support tests. See the instructions for *Part III* regarding how an organization can qualify as a publicly supported organization under section 509(a)(2).

**Line 11.** Check the box only if the organization has received a ruling from the IRS that it is organized and operated primarily to test for public safety.

**Lines 12 and 12a-12d.** If the organization is a **supporting organization**, check the box for line 12 and then check the appropriate box for line 12a, 12b, 12c, or 12d to indicate the type of supporting organization it is. The organization must also complete lines 12e and 12f, the table on line 12g, and *Part IV*. If the organization is a Type III non-functionally integrated supporting organization, it must also complete *Part V*.

For more information about supporting organizations, see Regulations section 1.509(a)-4 and sections 509(a)(3) and 509(f). For a brief overview of the requirements for qualification as a supporting organization, and the different types of supporting organizations, see Pub. 557, Tax-Exempt Status for Your Organization, and visit [IRS.gov/Charities-Non-Profits/Section-509\(a\)\(3\)-Supporting-Organizations](https://www.irs.gov/Charities-Non-Profits/Section-509(a)(3)-Supporting-Organizations).

Use the information later to determine the supporting organization's type. If the organization checks the box on line 12e, the letter the organization received from the IRS identifies its type. If the box checked on any of lines 12a through 12d is different from the type stated in the letter (for example, because the organization has made significant changes to its structure or operations resulting in it no longer qualifying as the type of supporting organization indicated in its letter), provide an explanation in *Part VI*. If the organization doesn't check the box on line 12e, it should check the box on line 12a, 12b, 12c, or 12d that best describes the type of supporting organization it is.



*All supporting organizations, regardless of type, must be responsive to the needs or demands of one or more supported organizations, and must constitute an integral part of, or maintain a significant involvement in, the operations of one or more supported organizations. Although Type III supporting organizations have specific "responsiveness" and "integral part" tests that must be met, the relationship between a Type I or Type II*

supporting organization and its supported organization(s) must also include these responsiveness and integral part characteristics. The ability of the supported organization(s) in a Type I or Type II relationship effectively to control the supporting organization's board generally ensures that these characteristics are present. If they aren't present, however, don't check any box for lines 12a through 12d. For more information, see Regulations sections 1.509(a)-4(f)(3) and (4).

• **Type I.** A *Type I* supporting organization is operated, supervised, or controlled by one or more publicly supported organizations. If the organization otherwise qualifies as a supporting organization and can answer "Yes" to the following question, check the box for *Type I*.

Do the supported organizations have a substantial degree of direction over the policies, programs, and activities of the supporting organization, typically by ensuring that the **governing body**, officers, or membership of the supported organizations may regularly appoint or elect a majority of the supporting organization's directors or trustees?

• **Type II.** A *Type II* supporting organization is supervised or controlled in connection with one or more publicly supported organizations. If the organization otherwise qualifies as a supporting organization and can answer "Yes" to the following question, check the box for *Type II*.

Do the same persons, such as directors, trustees, and officers, supervise or control the **supported organization(s)** and the supporting organization?

• **Type III—Functionally integrated.** Check this box if the organization qualifies as a *Type III* functionally integrated supporting organization by meeting the following requirements.

1. The organization meets the notification requirement described in Part IV, Section D, line 1;
2. The organization meets the responsiveness test (both the relationship requirement and the significant voice requirement) described in Part IV, Section D, lines 2 and 3; and
3. The organization meets one of the alternative integral part tests described in Part IV, Section E.

• **Type III—Non-functionally integrated.** Check this box if the organization qualifies as a *Type III* non-functionally integrated supporting

organization by meeting the following requirements.

1. The organization meets the notification requirement described in Part IV, Section D, line 1;
2. The organization meets the responsiveness test (both relationship requirement and significant voice requirement) described in Part IV, Section D, lines 2 and 3; and
3. The organization meets the integral part test by meeting either (a) the distribution and attentiveness requirements described in *Part V*, or (b) the alternative integral part test for certain trusts in existence on November 20, 1970, described in *Part V*, line 1.

**Line 12e.** The organization's exemption letter or subsequent determination letter may state the type of **supporting organization** it is. If it does, check the box on this line. If the letter doesn't state the type, or if the letter states *Type III* but doesn't specify whether functionally integrated or non-functionally integrated, leave this line blank.

A grantor to a section 509(a)(3) supporting organization, acting in good faith, can rely on this letter in determining whether the organization is a *Type I*, *Type II*, *Type III* functionally integrated, or *Type III* non-functionally integrated supporting organization. See Rev. Proc. 2018-32, 2018-23 I.R.B. 739.

**Line 12f.** A supporting organization must be organized and operated exclusively to support or benefit one or more specified publicly supported organizations. Please write in the space provided the number of supported organizations. Include all supported organizations that the organization was organized to support at any time during the tax year, whether or not they actually received support during the tax year.

**Line 12g.** An organization checking a box on line 12a, 12b, 12c, or 12d must complete the table on line 12g.

- **Columns (i) and (ii).** Enter the name and employer identification number (**EIN**) for each **supported organization** counted on line 12f. If the organization had more than five supported organizations during the tax year, enter the additional organizations on duplicate pages of Schedule A (Form 990), *Part I*. Use as many duplicate copies as needed, and number each page.
- **Column (iii).** For each supported organization named in column (i), enter the line number (from lines 1 through 10 above) that best describes the

foundation status of the supported organization.

**Example 1.** If the supported organization is a hospital, then that is an organization described in section 170(b)(1)(A)(iii), and you should enter "3" in column (iii).

**Example 2.** If the supported organization is a federal, state, or local governmental unit, or foreign government, then that is an organization described in section 170(b)(1)(A)(v), and you should enter "6" in column (iii).

**Example 3.** If the supported organization is exempt under section 501(c)(4), 501(c)(5), or 501(c)(6), but can be supported by a supporting organization (see Regulations section 1.509(a)-4(k)), enter the line number (from lines 1 through 10 above) that would describe the section 501(c)(4), 501(c)(5), or 501(c)(6) organization if it were a section 501(c)(3) organization. Identify the specific code section (501(c)(4), 501(c)(5), or 501(c)(6)) for each such supported organization in *Part VI*.

 *The only correct entry in column (iii) is a line number (from lines 1 through 10) that corresponds to the description of the supported organization.*

- **Column (iv).** Check "Yes" if the supported organization named in column (i) is specifically named as a supported organization in the organization's declaration of trust, articles of incorporation, or other governing document.
- **Column (v).** Enter the total amount of monetary support paid to, or for the benefit of, the supported organization named in column (i) during the **tax year**. Such monetary support may include making payments to or for the use of individual members of the charitable class benefited by the supported organization (such as scholarships), and to 501(c)(3) public charities operated, supervised, or controlled directly by or in connection with the supported organization. See Regulations section 1.509(a)-4(e). If no monetary support was provided during the tax year, enter "0".
- **Column (vi).** In this column, the organization may (but isn't required to) provide an estimate of the fair market value of goods, other property, services, and use of facilities that is provided to or for the benefit of the supported organizations during the tax year. Describe in *Part VI* any such goods, other property, services, and use of

facilities, whether or not an amount is reported for them in column (vi).

## Part II. Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)



If the organization checked a box in Part I, on line 5, 7, or 8, it should complete Part II and insert the appropriate dollar amounts. Don't leave Part II blank or report only zeros if the organization had any support during the period. If the organization checks the box in Part II, on line 13, it should stop there and not complete the rest of Part II.



If the organization checked a box in Part I, on line 5, 7, or 8 and also checks the box in Part II, on line 18, the organization should complete Part III to determine if it qualifies as a publicly supported organization under section 509(a)(2). If it does qualify, the organization should instead check the box in Part I, on line 10.

**Public Support Test.** For an organization to qualify as a publicly supported organization under section 170(b)(1)(A)(vi), either:

- 33 $\frac{1}{3}$ % or more of its total support must come from governmental agencies, contributions from the general public, and contributions or grants from other public charities; or
- 10% or more of its total support must come from governmental agencies, contributions from the general public, and contributions or grants from other public charities and the facts and circumstances indicate it is a publicly supported organization.

**Note.** An organization won't meet either of these public support tests if almost all of its support comes from gross receipts from related activities and an insignificant amount of its support comes from **governmental units** and **contributions** made directly or indirectly by the general public.

Public support is measured using a 5-year computation period that includes the current and 4 prior tax years (including short years). If the organization's current tax year or any of its 4 prior tax years were short years, explain in *Part VI*.

If the organization wasn't a section 501(c)(3) organization for the entire

5-year period in *Part II*, report amounts only for the years the organization was a section 501(c)(3) organization.

**Line 1.** Don't include any "unusual grants." See *Unusual grants*, later. Include membership fees only to the extent to which the fees are payments to provide support for the organization rather than to purchase admissions, merchandise, services, or the use of facilities. To the extent that the membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in a related activity, report the membership fees on line 12. To the extent that the membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in an unrelated business activity, report the membership fees on line 9. See Regulations section 1.170A-9(f)(7)(iv). Include qualified sponsorship payments under section 513(i).

**Noncash contributions.** Use any reasonable method to determine the value of noncash contributions reported on line 1.

Don't report any donations of services, advertising, or donations of equipment, gifts, grants, or services from governmental units on line 3.

**Loss.** If an organization has an uncollectible pledge that it reported on a prior year's Schedule A (Form 990), it should deduct that loss from the contribution amount for the year in which it originally counted that contribution as revenue. For example, if in the prior tax year the organization reported a pledged contribution with a then-present value of \$50,000 in Part II, line 1, column (e), but learned during the current tax year that it wouldn't receive any of that pledged contribution, it should deduct the \$50,000 from the amount reported in Part II, line 1, column (d), for the prior tax year.

**Support from a governmental unit.** Include on line 1 support received from a **governmental unit**. This includes **contributions**, but not gross receipts from exercising or performing the organization's tax-exempt purpose or function, which should be reported on line 12. An amount received from a governmental unit is treated as gross receipts from exercising or performing

the organization's tax-exempt purpose or function if the purpose of the payment is primarily to serve the direct and immediate needs of the payor governmental unit, and is treated as a contribution, if the purpose is primarily to provide a direct benefit to the public. For example, a payment to maintain library facilities that are open to the public should be treated as a contribution. See Regulations section 1.170A-9(f)(8) and Rev. Rul. 81-276, 1981-2 C.B. 128. Refer to the instructions for Form 990, Part VIII, lines 1e and 2, for more examples addressing the distinction between government payments that are contributions and government payments that are gross receipts from activities related to the organization's tax-exempt purpose or function. Medicare and Medicaid payments are treated as gross receipts from patients rather than as contributions from the government payor for purposes of the public support test. See Rev. Rul. 83-153, 1983-2 C.B. 48.



The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1 as contributions from a governmental unit in the tax year when the amounts are forgiven or at such other time as provided in Rev. Proc. 2021-48, 2021-49 I.R.B. 835.

**Unusual grants.** Unusual grants are generally substantial contributions and bequests from disinterested persons and are:

1. Attracted because of the organization's publicly supported nature,
2. Unusual and unexpected because of the amount, and
3. Large enough to endanger the organization's status as normally meeting either the 33 $\frac{1}{3}$ % public support test or the 10%-facts-and-circumstances test.

For a list of other factors to be considered in determining whether a grant is an unusual grant, see Regulations section 1.509(a)-3(c)(4).

Updated to reflect release of Rev. Proc. 2021-48 (regarding the timing of tax exempt income arising from forgiven PPP loans) in November of 2021

An unusual grant is excluded even if the organization receives or accrues the funds over a period of years.

Don't report gross investment income items as unusual grants. Instead, include all investment income on line 8.

See Rev. Rul. 76-440, 1976-2 C.B. 58; Regulations section 1.170A-9(f)(6)(ii); and Regulations sections 1.509(a)-3(c)(3) and (4) for details about unusual grants.

Include in *Part VI* a list showing the amount, but not the grantor, of each unusual grant actually received each year (if the cash accounting method is used) or accrued each year (if the accrual accounting method is used).

 *Don't include the names of the grantors because Part VI will be made available for public inspection.*

**Unusual grants recordkeeping.**

An organization that received any unusual grants during the 5-year period should also keep for its records a list showing, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the grant. If the organization used the cash method for the applicable year, show only the amounts the organization actually received during that year. If the organization used the accrual method for the applicable year, show only the amounts the organization accrued for that year. An example of this list is given below.

 *Don't file this list with the organization's Form 990 or 990-EZ because it may be made available for public inspection.*

**Line 1. Example—List of unusual grants**

Year	Description
2021	Undeveloped land
Name	
Date of Grant	
Amount of Grant	
Mr. Distinguished Donor	
January 15, 2021	
\$600,000	

**Conservation easements and qualified conservation contributions.** The organization must report any qualified conservation contributions and contributions of conservation easements consistently with how it reports revenue from such contributions

in its books, records, and financial statements and in Form 990, *Part VIII, Statement of Revenue*.

**Reporting contributions not reported as revenue.** If the organization reports any **contributions** on line 1 of Schedule A (Form 990), Part I, that it doesn't report on Form 990 as revenue in Part VIII or as assets in Part X, or as revenue or assets on Form 990-EZ, explain in *Part VI* the basis for characterizing such transfers as contributions but not as revenue or assets. For example, if an organization is a community foundation that receives and holds a cash transfer for another tax-exempt organization and reports contributions of such property on Schedule A (Form 990), Part II, line 1, without reporting it on Form 990 as revenue in Part VIII or assets in Part X, explain the basis for characterizing the property as contributions but not as revenue or assets.

**Line 2.** Enter tax revenue levied for the organization's benefit by a **governmental unit** and either paid to the organization or expended on its behalf. Report this amount whether or not the organization includes this amount as revenue on its financial statements or elsewhere on Form 990 or 990-EZ.

**Line 3.** Enter the value of services or facilities furnished by a **governmental unit** to the organization without charge. Don't include the value of services or facilities generally furnished to the public without charge. For example, include the fair rental value of office space furnished by a governmental unit to the organization without charge but only if the governmental unit doesn't generally furnish similar office space to the public without charge. Report these amounts whether or not the organization includes these amounts as revenue on its financial statements on Form 990 or 990-EZ.

**Line 5.** Enter the amount of total contribution received from an individual, on line 1 for which the amount exceeds 2% of the organization's gross income on line 11, column (f). In applying the 2% limitation, all contributions made by a donor and by any person or persons standing in a relationship to the donor that is described in section 4946(a)(1)(C) through (a)(1)(G) and the related regulations (for example, spouses and certain other family members, and entities where ownership or control interests exceed a threshold level) will

be treated as made by one person. However, the 2% limitation doesn't apply to contributions from organizations qualifying as publicly supported organizations under section 170(b)(1)(A)(vi), governmental units described in section 170(b)(1)(A)(v), and other organizations, such as the following, but only if they also qualify as publicly supported organizations under section 170(b)(1)(A)(vi).

- Churches described in section 170(b)(1)(A)(i),
- Educational institutions described in section 170(b)(1)(A)(ii),
- Hospitals described in section 170(b)(1)(A)(iii),
- Organizations operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv), and
- Agricultural research organizations described in section 170(b)(1)(A)(ix).

The organization should keep for its records a list showing the name of and amount contributed by each donor (other than a **governmental unit** or publicly supported organization) whose total gifts during the years reported exceed 2% of the amount reported in line 11, column (f). An example of this list is given later.

 *Don't file this list with the organization's Form 990 or 990-EZ because it may be made available for public inspection.*

**Line 8.** Include the gross income from interest, dividends, payments with respect to securities loans (section 512(a)(5)), rents, royalties, and income from similar sources. Don't include on this line payments that result from activities of the organization that further its exempt purpose. Instead, report these amounts on line 12.

**Line 9.** Enter the organization's net income from conducting **unrelated business** activities, whether or not the activities are regularly conducted as a trade or business. See sections 512 and 513 and the applicable regulations. Don't include membership fees to the extent they are payments to purchase admissions, merchandise, services, or the use of facilities in an activity that is an unrelated business.

Updated instructions for calculating UBTI from separate trades or businesses, consistent with Treas. Reg. section 1.170A-9(f)(7)(v)

When calculating unrelated business taxable income (UBTI) for this purpose, an exempt organization with more than one unrelated trade or business may use either its UBTI calculated under section 512(a)(6) or its UBTI calculated

## Line 5. Example—List of donors other than governmental units and publicly supported organizations

Assumption: 2% of the amount on Schedule A (Form 990), Part II, line 11, column (f), is \$12,000.							
Contributors whose total gifts from 2016 through 2020 were in excess of the 2% limitation							
Name	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total	(g) Excess contributions (column (f) minus the 2% limitation)
XYZ Foundation			\$59,000	\$3,000	\$18,000	\$80,000	\$68,000
Banana Office Supply	\$12,000			\$3,000	\$1,000	\$16,000	\$4,000
Plum Corporation			\$15,000	\$15,000		\$30,000	\$18,000
John Smith	\$5,000	\$5,000	\$5,000	\$1,000		\$16,000	\$4,000
Sue Adams		\$10,000		\$10,000	\$10,000	\$30,000	\$18,000
Raisin Trade Assoc.			\$20,000	\$7,000		\$27,000	\$15,000
<b>Total.</b> Add the items in column (g). Enter the total here and on Part II, column (f), line 5							\$127,000

in the aggregate. If a net loss results, enter "0" on this line.

**Line 10.** Include all support as defined in section 509(d) that isn't included elsewhere in *Part II*. Explain in *Part VI* the nature and source of each amount reported. Don't include gain or loss from amounts reportable on line 12 or from the sale of capital assets.

**Line 12.** Enter the total amount of gross receipts the organization received from related activities for all years reported in *Part II*. The organization won't be treated as meeting the section 170(b)(1)(A)(vi), 33 $\frac{1}{3}$ % public support test or the 10%-facts-and-circumstances public support test, if almost all of its support consists of gross receipts from related activities and an insignificant amount of its support comes from **governmental units** and public **contributions**. See Regulations section 1.170A-9(f)(7)(iii).

Include on line 12 gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in any activity which isn't an unrelated trade or business (within the meaning of section 513). See section 509(d)(2). Include membership fees to the extent they are payments to purchase admissions, merchandise, services, or the use of facilities in a related activity. For example, include on this line gross receipts from:

- A trade or business in which substantially all work is performed by **volunteers** (such as book fairs and sales of gift wrap paper). See section 513(a)(1).

- A trade or business carried on by the organization primarily for the convenience of its members, students, patients, **officers**, or **employees**. See section 513(a)(2).

- A trade or business which is the selling of merchandise, substantially all of which the organization received as gifts or **contributions**. See section 513(a)(3).

- "Qualified public entertainment activities" or "qualified convention and trade show activities" of certain organizations. See section 513(d).

- Furnishing certain hospital services. See section 513(e).

- A trade or business consisting of conducting **bingo** games, but only if the conduct of such games is lawful. See section 513(f).

- Qualified pole rentals by a mutual or cooperative telephone or electric company. See section 513(g).

- The distribution of certain low-cost articles incidental to the solicitation of charitable contributions (except to the extent such gross receipts are properly treated as charitable contributions reportable on line 1 rather than as proceeds of a sale or exchange), and exchange and rental of members lists. See section 513(h).

**Line 13.** An organization that checks this box should stop here and shouldn't complete the rest of *Part II*. It shouldn't make a public support computation on line 14 or 15 or check any of the boxes on lines 16 through 18.

**Example.** An organization receives an exemption letter from the IRS that it is exempt from tax under section

501(c)(3) and qualifies as a public charity under section 170(b)(1)(A)(vi) effective on its date of incorporation. When the organization prepares *Part II* for each of its first 5 tax years as a section 501(c)(3) organization, it should check the box on line 13 and shouldn't complete the rest of *Part II*. When the organization prepares *Part II* for its sixth tax year and subsequent years, it shouldn't check the box on line 13 and should complete the rest of *Part II*.



**TIP** An organization in its first 5 years as a section 501(c)(3) organization should make the public support computations on a copy of Schedule A (Form 990) that it keeps for itself. An organization should carefully monitor its public support on an ongoing basis to ensure that it will meet a public support test in the sixth year and succeeding years.

**Line 14.** Round to the nearest hundredth decimal point in reporting the percentage of public support. For example, if the organization calculates its public support percentage as 58.3456%, this percentage would be rounded to 58.35% when reported on line 14.

**Line 15.** For 2021, enter the public support percentage from the 2020 Schedule A (Form 990), Part II, line 14. Round to the nearest hundredth decimal point in reporting the percentage of public support.

**Line 16a.** If the organization didn't check the box on line 13, and line 14 is 33 $\frac{1}{3}$ % or more, **check the box on this line and don't complete the rest of**

**Part II.** The organization qualifies as a publicly supported organization for 2021 and 2022.

**Line 16b.** If the organization didn't check a box on line 13 or 16a, and line 15 is 33 $\frac{1}{3}$ % or more, **check the box on this line and don't complete the rest of Part II.** The organization qualifies as a publicly supported organization for 2021.

**Line 17a.** If the organization didn't check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, **check the box on this line and don't complete the rest of Part II.** The organization qualifies as a publicly supported organization for 2021 and 2022.

If this box is checked, explain in *Part VI* how the organization meets the facts-and-circumstances test in Regulations section 1.170A-9(f)(3). Include the following information.

- Explain whether the organization maintains a continuous and *bona fide* program for solicitation of funds from the general public, community, membership group involved, **governmental units**, or other **public charities**.
- List all other facts and circumstances, including the sources of support, whether the organization has a **governing body** that represents the broad interests of the public, and whether the organization generally provides facilities or services directly for the benefit of the general public on a continuing basis.
- If the organization is a membership organization, explain whether the solicitation for dues-paying members is designed to enroll a substantial number of persons from the community, whether dues for individual members have been fixed at rates designed to make membership available to a broad cross-section of the interested public, and whether the activities of the organization will likely appeal to persons having some broad common interest or purpose.

**Line 17b.** If the organization didn't check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, **check the box on this line and don't complete the rest of Part II.** The organization qualifies as a publicly supported organization for 2021. If this box is checked, explain in *Part VI* how the organization meets the facts-and-circumstances test in

Regulations section 1.170A-9(f)(3). Include the same information identified in the instructions for *Line 17a*, earlier.

**Line 18.** If the organization didn't check a box on line 13, 16a, 16b, 17a, or 17b, it doesn't qualify as a publicly supported organization under section 170(b)(1)(A)(iv) or 170(b)(1)(A)(vi) for the 2021 tax year and should check the box on this line. If the organization doesn't qualify as a public charity under any of the boxes in Part I, lines 1 through 12, it is a private foundation as of the beginning of the 2021 tax year for filing purposes and shouldn't file Form 990, Form 990-EZ, or Schedule A (Form 990) for the 2021 tax year. Instead, the organization should file Form 990-PF and check *Initial return of a former public charity* on Form 990-PF, at the top of page 1.

**TIP** *If Form 990 or 990-EZ is for the organization's sixth tax year as a section 501(c)(3) organization, the organization should figure the public support percentage on its Form 990 or 990-EZ for its first 5 tax years before it checks the box on line 18. If its public support percentage for its first 5 tax years is 33 $\frac{1}{3}$ % or more, or if it meets the 10%-facts-and-circumstances test for its first 5 tax years, it will qualify as a public charity for its sixth tax year. If the organization qualifies under the 10% test, explain in Part VI.*

**TIP** *If the organization doesn't qualify as a publicly supported organization under section 170(b)(1)(A)(vi), it can complete Part III to determine if it qualifies as a publicly supported organization under section 509(a)(2).*

### Part III. Support Schedule for Organizations Described in Section 509(a)(2)

**TIP** *If an organization checked the box in Part I, for line 10, it should complete Part III and insert the appropriate dollar amounts. Don't leave Part III blank or report only zeros if the organization had any support during the period. If the organization checks the box in Part III, for line 14, it should stop there and not complete the rest of Part III.*

**TIP** *If the organization checked the box in Part I, for line 10, and also checks the box in Part III, for line 20, the organization should*

*complete Part II to determine if it qualifies as a publicly supported organization under section 170(b)(1)(A)(vi). If it does qualify, the organization should instead check the box in Part I, for line 5, 7, or 8, whichever applies.*

**Public Support Test.** For an organization to qualify as a publicly supported organization under section 509(a)(2):

- More than 33 $\frac{1}{3}$ % of its support normally must come from gifts, grants, **contributions**, membership fees, and gross receipts from admissions, sales of merchandise, performance of services, or furnishing of facilities in an activity which isn't an **unrelated trade or business** under section 513; and
- No more than 33 $\frac{1}{3}$ % of its support normally must come from gross investment income and net **unrelated business income** (less section 511 tax) from businesses acquired by the organization after June 30, 1975.

Public support is measured using a 5-year computation period that includes the current and 4 prior tax years (including short years). If the organization's current tax year or any of its 4 prior tax years were short years, explain in *Part VI*.

In *Part III*, if the organization wasn't a section 501(c)(3) organization for the entire 5-year period, report amounts only for the years the organization was a section 501(c)(3) organization.

**Line 1.** Don't include any "unusual grants." See *Unusual grants*, later. Include membership fees only to the extent to which the fees are payments to provide support for the organization rather than to purchase admissions, merchandise, services, or the use of facilities. To the extent that the membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in a related activity, include the membership fees on line 2. See Regulations section 1.509(a)-3(h). To the extent that the membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in an activity that isn't an **unrelated business** under section 513, report the membership fees on line 3. To the extent that the membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in an activity that is an unrelated business, report the net amount either on line 10b or 11, as appropriate.

**Noncash contributions.** Use any reasonable method to determine the value of noncash contributions reported on line 1.

Don't report any donations of services (such as the value of donated advertising space or broadcast air time) or donations of use of materials, equipment, or facilities, on line 1 as gifts, grants, or contributions. Donated services and facilities from a **governmental unit** are reported on line 5.

**Loss on uncollectible pledge.** If an organization pledges a contribution in the prior year's Schedule A, it should deduct the contribution amount from which it originally reported a pledged contribution in the prior tax year on line 1, column (d), for the current tax year that it wouldn't receive any of that pledged contribution, it should deduct the \$50,000 from the amount reported in Part III, line 1, column (d), for the prior tax year.

**Support from a governmental unit.** Include on line 1 support received from a **governmental unit**. This includes **contributions**, but not gross receipts from exercising or performing the organization's tax-exempt purpose or function, which should be reported on line 2. Contributions are sometimes difficult to distinguish from such gross receipts—the label on the agreement isn't controlling. An amount received from a governmental unit is treated as gross receipts from exercising or performing the organization's tax-exempt purpose or function if the purpose of the payment is primarily to serve the direct and immediate needs of the payor governmental unit. An amount is treated as a contribution if the purpose of the payment is primarily to provide a direct benefit to the public. For example, if a state government agency pays an organization to operate an institute to train agency employees in the principles of management and administration, the funds received should be included on line 2 as gross receipts. See Regulations section 1.509(a)-3(g). Refer to the instructions for Form 990, Part VIII, lines 1e and 2, for more examples addressing the distinction between government payments that are contributions and government payments that are gross receipts from activities related to the

organization's tax-exempt purpose or function. Medicare and Medicaid payments are treated as gross receipts from patients rather than as contributions from the government payor for purposes of the public support test. See Rev. Rul. 83-153, 1983-2 C.B. 48.

**TIP** *The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1 as contributions from a governmental unit in the tax year when the amounts are forgiven or at such other time as provided in Rev. Proc. 2021-48, 2021-49 I.R.B. 835.*

**Unusual grants.** Unusual grants are generally substantial **contributions** and bequests from disinterested persons and are:

1. Attracted because of the organization's publicly supported nature,
2. Unusual and unexpected because of the amount, and
3. Large enough to endanger the organization's status as normally meeting the 33 $\frac{1}{3}$ % public support test.

For a list of other factors to be considered in determining whether a grant is an unusual grant, see Regulations section 1.509(a)-3(c)(4).

An unusual grant is excluded even if the organization receives or accrues the funds over a period of years.

Don't report gross investment income items as unusual grants. Instead, include all investment income on line 10a.

See Rev. Rul. 76-440, 1976-2 C.B. 58; Regulations section 1.170A-9(f)(6)(ii); and Regulations sections 1.509(a)-3(c)(3) and 1.509(a)-3(c)(4) for details about unusual grants.

Include in **Part VI** a list showing the amount, but not the grantor, of each unusual grant actually received each year (if the cash accounting method is used) or accrued each year (if the accrual accounting method is used).



Don't include the names of the grantors because Part VI will be made available for public inspection.

**Unusual grants recordkeeping.**

An organization that received any unusual grants during the 5-year period, should also keep for its records a list showing, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the grant. If the organization used the cash method for the applicable year, show only amounts the organization actually received during that year. If the organization used the accrual method for the applicable year, show only amounts the organization accrued for that year. An example of this list is given below.



Don't file this list with the organization's Form 990 or 990-EZ because it may be made available for public inspection.

**Line 1. Example—List of unusual grants**

Year	Description
2021	Undeveloped land
Name	
Date of Grant	
Amount of Grant	
Mr. Distinguished Donor	
January 15, 2021	
\$600,000	

**Conservation easements and qualified conservation contributions.** The organization must report any qualified conservation contributions and contributions of conservation easements consistently with how it reports revenue from such contributions in its books, records, and financial statements and in Form 990, *Part VIII, Statement of Revenue*.

**Reporting contributions not reported as revenue.** If the organization reports any **contributions** on Schedule A (Form 990), Part III, line 1, that it doesn't report on Form 990, as revenue in Part VIII or as assets in Part X, or as revenue or assets on Form 990-EZ, explain in *Part VI* the basis for characterizing such transfers as contributions but not as revenue or assets. For example, if an organization is a community foundation that receives and holds a cash transfer for another tax-exempt organization and reports contributions of such property on Schedule A (Form 990), Part III,

## Line 7a. Example—List of amounts received from disqualified persons

Disqualified Person	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) 2021	(f) Total
David Smith	\$7,000	\$6,000			\$2,000	\$15,000
Anne Parker			\$5,000	\$7,000	\$4,000	\$16,000
<b>Total</b>	\$7,000	\$6,000	\$5,000	\$7,000	\$6,000	\$31,000

## Line 7b. Example—List of amounts received from other than disqualified persons

Year **2021**

(a) Name	(b) Amount received in 2021	(c) 1% of amount on line 13 in 2021	(d) Enter the larger of column (c) or \$5,000	(e) 2021 excess (column (b) minus column (d))
Word Processing, Inc.	\$25,000	\$2,000	\$5,000	\$20,000
<b>Enter on Schedule A (Form 990), column (e), line 7b</b> .....				\$20,000

line 1, without reporting it on Form 990, as revenue in Part VIII or assets in Part X, explain the basis for characterizing the property as contributions but not as revenue or assets.

**Line 2.** Include gross receipts from admissions, merchandise sold, services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose (such as charitable, educational, etc.).

To the extent that membership fees are payments to purchase admissions, merchandise, services, or the use of facilities in a related activity, include the membership fees on this line 2. See Regulations section 1.509(a)-3(h).

**Line 3.** Include gross receipts from activities that aren't an unrelated trade or business under section 513, such as:

- A trade or business in which substantially all work is performed by **volunteers** (such as book fairs and sales of gift wrap paper). See section 513(a)(1).

- A trade or business carried on by the organization primarily for the convenience of its members, students, patients, **officers**, or **employees**. See section 513(a)(2).

- A trade or business that is the selling of merchandise, substantially all of which the organization received as gifts or **contributions**. See section 513(a)(3).

- "Qualified public entertainment activities" or "qualified convention and trade show activities" of certain organizations. See section 513(d).

- Furnishing certain **hospital** services. See section 513(e).

- A trade or business consisting of conducting **bingo** games, but only if the

conduct of such games is lawful. See section 513(f).

- Qualified pole rentals by a mutual or cooperative telephone or electric company. See section 513(g).

- The distribution of certain low-cost articles incidental to the solicitation of charitable contributions (except to the extent such gross receipts are properly treated as charitable contributions reportable on line 1 rather than as proceeds of a sale or exchange), and exchange and rental of members lists. See section 513(h).

While the activity of soliciting and receiving qualified sponsorship payments is also excluded from unrelated business (see section 513(i)), the qualified sponsorship payments themselves are treated as charitable contributions reportable on line 1.

**Line 4.** Enter tax revenue levied for the organization's benefit by a **governmental unit** and either paid to the organization or expended on its behalf. Report this amount whether or not the organization includes this amount as revenue on its **financial statements** or elsewhere on Form 990 or 990-EZ.

**Line 5.** Enter the value of services or facilities furnished by a governmental unit to the organization without charge. Don't include the value of services or facilities generally furnished to the public without charge. For example, include the fair rental value of office space furnished by a governmental unit to the organization without charge, but only if the governmental unit doesn't generally furnish similar office space to the public without charge. Report these amounts whether or not the organization includes these amounts as revenue on

its financial statements or elsewhere on Form 990 or 990-EZ.

**Line 7a.** Enter the amounts that are included on lines 1, 2, and 3 that the organization received from disqualified persons. See the definition of **disqualified person** in the *Glossary* of the Instructions for Form 990.

For amounts included on lines 1, 2, and 3 that were received from a disqualified person, the organization should keep for its records a list showing the name of, and total amounts received in each year from, each disqualified person. Enter the total of such amounts for each year on line 7a. See an example of this list above.

 *Don't file this list with the organization's Form 990 or 990-EZ because it may be made available for public inspection.*

**Line 7b.** For any gross receipts included on lines 2 and 3 from related activities received from a person or from a bureau or similar agency of a **governmental unit**, other than from a **disqualified person**, that exceed the greater of \$5,000 or 1% of the amount on line 13 for the applicable year, enter the excess on line 7b. The organization should keep for its records a list showing, for each year, the name of the person or government agency, the amount received during the applicable year, the larger of \$5,000 or 1% of the amount on line 13 for the applicable year, and the excess, if any. See an example of this list above.

 *Don't file this list with the organization's Form 990 or 990-EZ because it may be made available for public inspection.*

**Line 10a.** Include the gross income from interest, dividends, payments received on securities loans (section 512(a)(5)), rents, royalties, and income from similar sources. Don't include on this line payments that result from activities of the organization that further its exempt purpose. Instead, report these amounts on line 2.

**Line 10b.** Enter the excess of the organization's **unrelated business taxable income (UBTI)** (as defined in section 512) from trades or businesses that it acquired or commenced after June 30, 1975, over the amount of tax imposed on this income under section 511. Include membership fees to the extent they are payments to purchase admissions, merchandise, services, or the use of facilities in an unrelated business activity that is a trade or business that was acquired or commenced after June 30, 1975.

When calculating UBTI for this purpose, an exempt organization with more than one unrelated trade or business may use either its UBTI calculated under section 512(a)(6) or its UBTI calculated in the aggregate.

**Line 11.** Enter the organization's net income from unrelated business activities reported on line 10b. **Updated instructions for calculating UBTI from separate trades or businesses, consistent with Treas. Reg. section 1.509(a)-3(a)(3)(i) and (4).**

When calculating unrelated business taxable income (UBTI) for this purpose, an exempt organization with more than one unrelated trade or business may use either its UBTI calculated under section 512(a)(6) or its UBTI calculated in the aggregate. If a net loss results, enter "0" on this line.

**Line 12.** Include all support as defined in section 509(d) that isn't included elsewhere in *Part III*. Explain in *Part VI* the nature and source of each amount reported. Don't include gain or loss from the sale of capital assets.

**Line 14.** An organization that checks this box should stop here and shouldn't complete the rest of *Part III*. It shouldn't

make a public support computation on line 15 or 16 or an investment income computation on line 17 or 18, or check any of the boxes for line 19 or 20.

**Example.** An organization receives an exemption letter from the IRS that it is exempt from tax under section 501(c)(3) and qualifies as a **public charity** under section 509(a)(2) effective on its date of incorporation. When the organization prepares *Part III* for its first 5 tax years, it should check the box on line 14 and shouldn't complete the rest of *Part III*. When the organization prepares *Part III* for its sixth tax year and subsequent years, it shouldn't check the box on line 14 and should complete the rest of *Part III*.

**TIP** An organization in its first 5 years as a section 501(c)(3) organization should make the public support and investment income computations on a copy of Schedule A (Form 990) that it keeps for itself. An organization should carefully monitor its public support on an ongoing basis to ensure that it will meet the public support tests in the sixth year and succeeding years.

**Line 15.** Round to the nearest hundredth decimal point in reporting the percentage of public support. For example, if the organization calculates its public support percentage as 58.3456%, this percentage would be rounded to 58.35% when reported on line 15.

**Line 16.** For 2021, enter the public support percentage from the 2020 Schedule A (Form 990), Part III, line 15. Round to the nearest hundredth decimal point in reporting the percentage of public support.

**Line 17.** Round to the nearest whole percentage.

**Line 18.** For 2021, enter the investment income percentage from the 2020 Schedule A (Form 990), Part III, line 17. Round to the nearest whole percentage.

**Line 19a.** If the organization didn't check the box on line 14, line 15 is more than 33 1/3%, and line 17 isn't more than 33 1/3%, **check the box on this line and don't complete the rest of this schedule.** The organization qualifies as a publicly supported organization for 2021 and 2022.

**Line 19b.** If the organization didn't check the box on line 14 or 19a, line 16 is more than 33 1/3%, and line 18 isn't more than 33 1/3%, **check the box on this line and don't complete the rest**

**of this schedule.** The organization qualifies as a publicly supported organization for 2021.

**Line 20.** If the organization didn't check the box on line 14, 19a, or 19b, it doesn't qualify as a publicly supported organization under section 509(a)(2) for the 2021 tax year and should check the box on this line. If the organization doesn't qualify as a public charity under any of the boxes on Schedule A (Form 990), Part I, lines 1 through 12, it is a private foundation for filing purposes as of the beginning of the tax year and shouldn't file Form 990, Form 990-EZ, or Schedule A (Form 990) for the 2021 tax year. Instead, the organization should file Form 990-PF, and check *Initial return of a former public charity* on Form 990-PF, at the top of page 1.

**TIP** If Form 990 or 990-EZ is for the organization's sixth tax year as a section 501(c)(3) organization and it checked the box on line 20, it should figure the public support percentage and the investment income percentage on its Form 990 for its first 5 tax years. If its public support percentage for its first 5 tax years is more than 33 1/3% and the investment income percentage for its first 5 tax years isn't more than 33 1/3%, it will qualify as a public charity for its sixth tax year. If the organization qualifies in this manner, explain in Part VI.

**TIP** If the organization doesn't qualify as a publicly supported organization under section 509(a)(2), it can complete Part II to determine if the organization qualifies as a publicly supported organization under section 170(b)(1)(A)(vi).

## Part IV. Supporting Organizations

Complete the sections of *Part IV* that correspond below with the type of supporting organization indicated on line 12a, 12b, 12c, or 12d of *Part I*.

- Type I: Sections A and B;
- Type II: Sections A and C;
- Type III Functionally Integrated: Sections A, D, and E; and
- Type III Non-Functionally Integrated: Sections A and D, and *Part V*.

### Section A. All Supporting Organizations

**Line 1.** The organization's articles of incorporation or trust instrument must designate the publicly supported organization(s) on whose behalf the supporting organization is operated.

The articles of a Type I or Type II supporting organization may designate its supported organization(s) either by class or purpose or by name. The articles of a Type III supporting organization must designate the supported organization(s) by name, unless a historic and continuing relationship exists between the organizations.

Check “Yes” only if the organization supports no organization other than those listed by name in its governing instrument. If the organization supports any organization not specifically listed, check “No” and describe in *Part VI* how the supported organizations are designated. If designated by class or purpose, describe the class or purpose. If the organization and its supported organization(s) have a historic and continuing relationship, explain that relationship. If support of one or more organizations is subject to certain future contingencies, explain those contingencies, and explain what organizations will be supported or benefited if those contingencies occur.

**Line 2.** If the organization supported any domestic or foreign organization (other than an organization described in section 501(c)(4), (5), or (6)) that didn't have an IRS determination of status under section 509(a)(1) or (2), check “Yes” and explain in *Part VI* how the organization determined that the supported organization was described in section 509(a)(1) or (2) and why the supported organization doesn't have such an IRS determination (for example, because it has applied for but not yet received such a determination, or it isn't required to obtain recognition of its public charity status because it is a church, a state university, or described in section 4948(b)).

**Line 3a.** A supporting organization may support an organization described in section 501(c)(4), (5), or (6), if the supported organization satisfies the public support tests applicable to a section 509(a)(2) organization. See Regulations section 1.509(a)-4(k) and the instructions for *Part III*. If the organization supports a section 501(c)(4), (5), or (6) organization, check “Yes” for line 3a.

**Line 3b.** If the organization confirmed that the supported organization qualified under section 501(c)(4), (5), or (6) and met the section 509(a)(2) public support test for its most recent tax year, check “Yes” and describe in *Part VI* how the organization made this determination. For example, the organization may ask

its section 501(c)(4), (5), or (6) supported organization to furnish a copy of its IRS determination letter and to complete annually a *pro forma* Schedule A (Form 990), *Part III*, and keep the letter and support calculation in the supporting organization's files.

If the supporting organization doesn't annually confirm that its supported organization satisfies the section 509(a)(2) public support test, it must explain in *Part VI* how it knows that the supported organization would've been described in section 509(a)(2) if it were described in section 501(c)(3) during the tax year.

**Line 3c.** Support given to a supported section 501(c)(4), (5), or (6) organization must be used solely for charitable purposes. If the supporting organization has put into place measures to ensure that such support is used solely for charitable purposes, check “Yes” and describe those measures in *Part VI*. If not, check “No” and describe in *Part VI* how the supporting organization ensured during the tax year that its assets were used solely for charitable purposes.

**Line 4a.** A supporting organization can't qualify for Type III status in the tax year if any supported organization wasn't organized in the United States.

**Lines 4b and 4c.** A supporting organization must exercise control and discretion over funds granted to an organization that isn't exempt under section 501(c)(3). See Rev. Rul. 68-489, 1968-2 C.B. 210. Also, a domestic charity must generally exercise control and discretion over funds granted to a foreign organization. See Rev. Rul. 63-252, 1963-2 C.B. 101, and Rev. Rul. 66-79, 1966-1 C.B. 48.

Explain in *Part VI* how the organization retained such control and discretion despite being controlled or supervised by or in connection with such foreign supported organization(s). Also, explain what controls the organization used to ensure that all support to the foreign supported organization(s) was used exclusively for charitable, educational, etc., purposes described in section 170(c)(2)(B) if the foreign supported organization doesn't have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2).

**Line 5.** Supporting organizations may add, substitute, or remove supported organizations only in certain limited situations. See Regulations section 1.509(a)-4(d). Generally, a Type I or Type II supporting organization may add

or substitute particular supported organizations within the class or classes designated in its articles, but may not add or substitute supported organizations outside of the designated class(es). A Type III supporting organization, which must specify its supported organizations by name, may only substitute supported organizations if such substitution is conditioned upon the occurrence of an event that is beyond the control of the supporting organization (such as a supported organization's lapse into private foundation status).

If the organization has added, substituted, or removed any supported organization during the tax year, check “Yes” and provide detail in *Part VI*, including (i) the names and EINs of the organizations added, substituted, or removed; (ii) the reasons for each addition, substitution, or removal; (iii) the authority under the organization's organizing document for each addition, substitution, or removal; and (iv) an explanation of how the action was accomplished (such as by amendment to the organizing document substituting a new supported organization).

**Line 6.** A supporting organization must engage solely in activities that support or benefit its supported organization(s). In addition to making grants and providing services and facilities directly to its supported organization(s), a supporting organization may also generally make grants or provide services or facilities to (1) individual members of the charitable class benefited by its supported organization(s) or (2) other supporting organizations that also support or benefit its supported organization(s). See Regulations section 1.509(a)-4(e). If the organization made any grants or provided any benefits to any other organization or individual, check “Yes” and provide detail in *Part VI*.

**Lines 7 and 8.** Under section 4958(c)(3), any grant, loan, compensation, or other similar payment provided by a supporting organization to a substantial contributor (defined in section 4958(c)(3)(C)), to a family member (defined in section 4958(f)(4)), and to a **35% controlled entity** of such persons, is considered a *per se* excess benefit in its entirety, regardless of the fairness or reasonableness of the payment, and is subject to tax under section 4958(a). The same is true of any loan by a supporting organization to a **disqualified person** under section 4958 (other than loans to certain

exempt organizations). If the organization made any such payment or loan during the tax year, check "Yes" and report the transaction on Schedule L (Form 990), Transactions With Interested Persons, Part I. For more information on excess benefit transactions generally, see the Instructions for Schedule L (Form 990).

**Line 9.** A supporting organization may not be controlled by **disqualified persons**, as defined in section 4946. Section 509(a)(1) or (2) organizations, and foundation managers who are disqualified persons only as a result of being foundation managers, aren't treated as disqualified persons for this purpose. Impermissible control may be direct or indirect. If a disqualified person holds any of the interests described on line 9b or 9c, or derives personal benefit from any such assets, provide detail in *Part VI*.

**Line 10.** Under section 4943(f), a Type II supporting organization that accepts a contribution from a person who controls the governing body of a supported organization (or from a family member of such person, or from a **35% controlled entity** of such person) is subject to the excess business holdings tax under section 4943. All Type III non-functionally integrated supporting organizations are also generally subject to the tax. For more information about excess business holdings, see the Instructions for Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.

**Line 11.** Section 509(f)(2) prohibits Type I and Type III supporting organizations from accepting a gift or contribution from certain persons associated with a supported organization of such supporting organization. Specifically, if a Type I or Type III supporting organization accepts a contribution after August 16, 2006, from a person who controls the governing body of a supported organization (or from a family member of such person, or from a **35% controlled entity** of such person), then the supporting organization loses its status as a supporting organization. Such supporting organization must file Form 990-PF unless it qualifies as a public charity under section 509(a)(1) or (2).

## Section B. Type I Supporting Organizations

**Line 1.** A Type I supporting organization must be operated,

supervised, or controlled by one or more of its supported organizations (the "controlling supported organizations"). This means that the controlling supported organizations must have a substantial degree of direction over the policies, programs, and activities of the supporting organization, and the supporting organization in turn must be responsive to the needs or demands of the controlling supported organizations, and must constitute an integral part of, or maintain a significant involvement in, the operations of the controlling supported organizations. This relationship is most clearly established when one or more supported organizations (through their officers, directors, trustees, or membership) have the unconditional power to remove and replace at least a majority of the supporting organization's directors or trustees at any time. The relationship is also commonly established when one or more supported organizations have the power to appoint or elect at least a majority of the supporting organization's directors or trustees at regular intervals. However, there may be other ways to establish this relationship. If the organization relies on other ways to establish the relationship, check "No" and describe in *Part VI* how the necessary relationship is established.

**Line 2.** The supporting organization may benefit organizations that don't participate in the control relationship described on line 1, but only if such activity carries out the purposes of the controlling supported organizations.

## Section C. Type II Supporting Organizations

**Line 1.** A Type II supporting organization must be supervised or controlled in connection with its supported organization(s). This means that there must be common supervision or control by the persons supervising or controlling both the supporting organization and the supported organization(s) to ensure that the supporting organization will be responsive to the needs and requirements of the supported organization(s). This relationship is most clearly established when the same persons serve as all or a majority of the directors or trustees of all of the organizations involved. However, there may be other ways to establish this relationship. If the organization relies on other than overlap of at least a majority of directors or trustees of all organizations involved, check "No" and

describe in *Part VI* how the necessary relationship is established.

## Section D. All Type III Supporting Organizations

**Line 1.** A Type III supporting organization must supply annually a written notice, addressed to a principal officer of each supported organization, which includes the following.

1. A description of the type and amount of all support the supporting organization provided to the supported organization during the supporting organization's tax year preceding the tax year in which the notice is provided.
2. A copy of the supporting organization's most recently filed Form 990 (the supporting organization may redact the names and addresses of contributors).
3. A copy of the supporting organization's updated governing documents (including articles of organization, bylaws, and any amendments), to the extent not previously provided.

See Regulations section 1.509(a)-4(i)(2). The notice must be submitted by the last day of the fifth month of the supporting organization's tax year being reported (May 31 for calendar-year filers). An organization that doesn't timely submit the required information in the required manner doesn't qualify as a Type III supporting organization for the tax year in which it fails to timely submit.

State whether during the tax year being reported the organization provided a timely notice with the required information in the required manner.

**Lines 2 and 3.** A Type III supporting organization must be responsive to the needs or demands of a supported organization. An organization meets this responsiveness test with regard to a particular supported organization if:

1. The supported organization has an adequate relationship with the supporting organization because:
  - a. The supported organization regularly appoints or elects (whether or not during the tax year) at least one officer, director, or trustee of the supporting organization;
  - b. At least one member of the governing body of the supported organization also serves as an officer, director, or trustee of the supporting organization; or

c. The officers, directors, or trustees of the supporting organization and of the supported organization maintain a close and continuous working relationship; and

2. Because of this relationship, the supported organization has a *significant voice* in the supporting organization's investment policies, timing of grants, manner of making grants, selection of grant recipients, and other use of income or assets (the "significant voice" test).

In the case of a supporting organization that supported a supported organization before November 20, 1970, additional facts and circumstances such as a historic and continuing relationship between the organizations may also be taken into account in considering the responsiveness test.

If the organization had an adequate relationship with at least one supported organization only by means of a "close and continuous working relationship" or a "historic and continuing relationship," then in *Part VI* explain the relationship and how it was maintained. Also, all Type III supporting organizations that claim to meet the significant voice test must describe in *Part VI* the voice or role of the supported organization(s) in directing the supporting organization's use of its income or assets.

## Section E. Type III Functionally Integrated Supporting Organizations

**Line 1.** A Type III supporting organization must constitute an integral part of one or more of its supported organizations by maintaining significant involvement in its operations and providing support on which the supported organization is dependent. To satisfy this requirement as a Type III functionally integrated supporting organization, an organization may (a) pass an Activities Test (see the instructions for *Line 2*, later), (b) be the parent of its supported organizations (see the instructions for *Line 3*, later), or (c) support one or more governmental entities (see *Support of governmental entity*, later). If the organization can't satisfy any of these tests, it may still qualify as a Type III non-functionally integrated supporting organization (see *Part V*, later).

**Support of governmental entity.** A Type III supporting organization meets the integral part test for a functionally integrated supporting organization if it

(1) supports at least one supported organization that is a governmental entity to which the supporting organization is responsive (as discussed in the instructions for Section D, *Lines 2 and 3*, earlier), and (2) engages in activities for or on behalf of such governmental supported organization that performs the functions or carries out the purposes of such governmental supported organization and that, but for the involvement of the supporting organization, would normally be engaged in by the governmental supported organization itself. See Notice 2014-4. A Type III supporting organization that claims to meet the integral part test for a functionally integrated supporting organization by supporting a governmental entity must describe in *Part VI* how it met these requirements for the tax year.

**Line 2. Activities Test.** To meet the activities test of a Type III functionally integrated supporting organization, substantially all of the supporting organization's activities must (1) *directly further* the exempt purposes of the supported organization(s) to which the supporting organization was responsive, and (2) be activities that such supported organization(s) would normally be engaged in *but for* the supporting organization's involvement.

**Direct furtherance.** Substantially all of the supporting organization's activities must be "direct furtherance" activities. Direct furtherance activities are conducted by the supporting organization itself, rather than by a supported organization. Holding title to exempt-use assets and managing them are direct furtherance activities. Fundraising, investing and managing non-exempt-use assets, grant-making to organizations, and grant-making to individuals (unless it meets the requirements of Regulations section 1.509(a)-4(i)(4)(ii)(D)) aren't direct furtherance activities.

**But for.** In addition, the direct furtherance activities must be activities in which, but for the supporting organization's involvement, the supported organization would normally be involved.

Examples include holding and managing facilities used by a church for its religious purposes, operating a food pantry for a group of churches that normally would operate food pantries themselves, and maintaining local parks for a community foundation that

otherwise would maintain those parks. See Regulations section 1.509(a)-4(i)(4)(v) for more detailed examples.

**Line 3. Parent of Supported Organizations.** To qualify as the parent of all the supported organizations, a supporting organization must (1) have the power to appoint or elect, directly or indirectly, a majority of the officers, directors, or trustees of every supported organization; and (2) exercise a substantial degree of direction over the policies, programs, and activities of every supported organization.

## Part V. Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

A Type III supporting organization (other than a Type III functionally integrated supporting organization) must generally satisfy a distribution requirement described in Regulations section 1.509(a)-4(i)(5)(ii) along with an attentiveness requirement described in Regulations section 1.509(a)-4(i)(5)(iii) to meet the integral part test for a Type III relationship. To satisfy the distribution requirement, the organization must make a minimum amount (distributable amount) of distributions to or for the use of one or more supported organizations. Carryovers of excess distributions from certain prior years may be used for this purpose.

Sections A through E of *Part V* show whether the organization has satisfied its distribution and attentiveness requirements for its tax year. Sections A and B determine the organization's adjusted net income and minimum asset amount. These amounts are used in determining the distributable amount in Section C. Section D determines the organization's distributions that count toward the distributable amount and determines whether the attentiveness requirement is met. Section E determines whether the distributable amount is satisfied through current distributions and prior-year carryovers, and determines carryovers to future years.

A trust is excepted from the general distribution and attentiveness requirements (and need not complete Sections A through E) if on November 20, 1970, it met and continues to meet the requirements set forth in Regulations section 1.509(a)-4(i)(9). A trust that claims this status by checking the box on line 1 at the beginning of *Part*

V must explain in *Part VI* how it meets each of the requirements. A trust that has obtained a ruling from the IRS on this issue must so indicate in *Part VI*.

## Section A. Adjusted Net Income

The principles of section 4942(f) and Regulations section 53.4942(a)-2(d) apply in determining adjusted net income. See Regulations section 1.509(a)-4(i)(5)(ii)(B).

**Prior and current year columns.** The organization's adjusted net income for the prior tax year is used in determining the organization's distributable amount for the current tax year. The form also allows for reporting the organization's adjusted net income for the current tax year for use in next year's calculations; this reporting is optional but may be helpful if the organization anticipates being required to complete *Part V* next year.

**Definition.** Adjusted net income is gross income for the tax year less deductions allowable to a corporation subject to tax under section 11, with certain modifications discussed in the line instructions later. In computing gross income and deductions, the principles of the income tax provisions of the Code apply (except to the extent inconsistent with section 4942 or the underlying regulations), but exclusions, deductions, and credits aren't allowed unless expressly provided for under section 4942 or the underlying regulations. See Regulations section 53.4942(a)-2(d)(1).

**Line 1.** Report the organization's net short-term capital gain, if any. Long-term capital gains and losses from the sale or disposition of property aren't taken into account in determining adjusted net income (unless reportable on line 2 as recoveries of prior-year distributions). Net short-term capital loss can't be carried back or forward to other tax years. Amounts treated as long-term capital gains include capital gain dividends from a regulated investment company and net section 1231 gains (but net section 1231 losses are treated as ordinary losses and thus taken into account). If the fair market value of property distributed for charitable purposes exceeds adjusted basis, the excess isn't deemed includible in income.

**Adjusted basis.** The adjusted basis for purposes of determining gain from the sale or other disposition of property is the greater of:

1. The fair market value of such property on August 17, 2006, plus or minus all adjustments thereafter and before the date of disposition under sections 1011–1023, if the property was held continuously from August 17, 2006, to the date of disposition.

2. The adjusted basis under sections 1011–1023, without regard to section 362(c). If assets acquired before August 17, 2006, were subject to depreciation or depletion, to determine the adjustments to basis between the date of acquisition and August 17, 2006, straight-line depreciation or cost depletion must be taken into account. Any other adjustments that would've been made during such period (such as a change in useful life based upon additional data or a change in facts) must also be taken into account.

The adjusted basis for purposes of determining loss is only the amount described in item 2 above.

**Line 2.** Recoveries of prior-year distributions include the following.

- Repayments received of amounts which were taken into account as a distribution counting toward the distribution requirement in a prior tax year.
- Proceeds from the sale or disposition of property to the extent that acquisition of such property was taken into account as a distribution counting toward the distribution requirement in a prior tax year.
- An amount set aside and taken into account as a distribution counting toward the distribution requirement in a prior tax year to the extent it is determined that such amount isn't necessary for the purposes for which it was set aside.

**Line 3.** Report all other gross income. Gross income includes all amounts derived from, or in connection with, property held by the organization (except as specified otherwise in the instructions for *Line 1*). Include income from any related or unrelated trade or business. Include income from tax-exempt bonds. Don't include the following.

- Gifts, grants, or contributions received.
- Long-term capital gains or losses or net short-term capital losses.
- Income received from an estate, unless the estate is considered terminated due to a prolonged period of administration.
- Distributions from a trust created and funded by another person.

- Certain amounts received by an organization in the redemption of stock in a corporate disqualified person in order to avoid excess business holdings, which are treated as not essentially equivalent to a dividend under section 302(b)(1) (and thus as amounts received in exchange for the stock, giving rise to long-term capital gain or loss) if the conditions of Regulations section 53.4942(a)-2(d)(2)(iv) are met.

**Line 5.** The deduction for depreciation under section 167 is allowed, but only on the basis of the straight-line method. The deduction for depletion under section 611 is allowed, but without regard to section 613 (percentage depletion).

**Lines 6 and 7.** No deduction is allowed except ordinary and necessary expenses paid or incurred for the production or collection of gross income, or for the management, conservation, or maintenance of property held for the production of income. Such expenses may include operating expenses such as compensation of officers and employees, interest, rent, and taxes. Where only a portion of property produces income (or is held for the production of income) and the remainder is used for charitable purposes, the expenses must be apportioned between exempt and non-exempt use on a reasonable basis.

Don't deduct the following.

- Net losses from a related business or other charitable activity that produces gross income (no deduction in excess of the income from such activity).
- Charitable contributions under section 170 or 642.
- Net operating loss carrybacks and carryovers under section 172.
- Dividends under section 241 and the sections following it (the dividends-received deductions for corporations).
- Net capital losses (short-term or long-term).

Expenses and interest relating to tax-exempt income under section 265 are deductible.

## Section B. Minimum Asset Amount

The rules for determining the supporting organization's minimum asset amount are set forth in Regulations sections 1.509(a)-4(i)(5)(ii)(C) and 1.509(a)-4(i)(8), using valuation methods described in Regulations section 53.4942(a)-2(c).

**Prior and current year columns.** The organization's minimum asset amount for the prior tax year is used in determining the organization's distributable amount for the current tax year. The form also allows for reporting the organization's minimum asset amount for the current tax year for use in next year's calculations; this reporting is optional but may be helpful if the organization anticipates being required to complete *Part V* next year.

**Definition.** In figuring the minimum asset amount, include only assets of the supporting organization that aren't used or held for use by the supporting organization (or by a supported organization, if the supporting organization provides the asset free of charge or at nominal rent) to carry out the exempt purposes of the supported organization(s). 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 or held for use directly by the supporting organization or a supported organization for charitable purposes. For example, an office building used to provide offices for employees engaged in managing endowment funds for the supporting organization or supported organization isn't considered an asset used for charitable purposes.

**Dual-use property.** When property is used for both charitable and other purposes, the property is considered used entirely for charitable purposes if 95% or more of its total use is for that purpose. If less than 95% of its total use is for charitable purposes, a reasonable allocation must be made between charitable and noncharitable use.

**Excluded property.** Certain assets (in addition to exempt-use assets) are excluded entirely from the computation of the minimum asset amount. These include charitable pledges and interests in an estate or trust (created and funded by another person) prior to distribution to the supporting organization.

**Line 1a.** Report on line 1a the average monthly fair market value of securities (such as common and preferred stock, bonds, and mutual fund shares) for which market quotations are readily available. A supporting organization may use any reasonable method to make this determination if consistently

used. For example, a value for a particular month might be determined by the closing price on the first or last trading day of the month or an average of the closing prices on the first and last trading days of the month. Market quotations are considered readily available if a security is any of the following.

- Listed on the New York or American Stock Exchange or any city or regional exchange in which quotations appear on a daily basis, including foreign securities listed on a recognized foreign national or regional exchange;
  - Regularly traded in the national or regional over-the-counter market for which published quotations are available; or
  - Locally traded, for which quotations can be readily obtained from established brokerage firms.
- If securities are held in trust for, or on behalf of, a supporting organization by a bank or other financial institution that values those securities periodically using a computer pricing system, the organization may use that system to determine the value of the securities. The system must be acceptable to the IRS for federal estate tax purposes.

**Line 1b.** Figure cash balances on a monthly basis by averaging the amount of cash on hand on the first and last days of each month. Include all cash balances and amounts, even if they may be used for charitable purposes (see the instructions for *Line 4*, later) or set aside and taken as a distribution (see the instructions for Section D, *Line 5*, later).

**Line 1c.** The fair market value of assets other than securities for which market quotations are readily available is determined annually except as described later. The valuation may be made by supporting organization employees or by any other person even if that person is a disqualified person. If the IRS accepts the valuation, it is valid only for the tax year for which it is made. A new valuation is required for the next tax year.

**Valuation date.** An asset required to be valued annually may be valued as of any day in the supporting organization's tax year, provided the organization values the asset as of that date in all tax years. However, a valuation of real estate determined on a 5-year basis by a certified, independent appraisal (discussed later) may be made as of any day in the first tax year of the organization to which the valuation applies.

**Proration of value of assets held for part of year or in a short tax year.**

The value of an asset held less than a full tax year is prorated by multiplying the value of the asset by a fraction, of which the numerator is the number of days the organization held the asset during its tax year, and the denominator is 365 (366 if the tax year includes February 29). If the supporting organization has a short tax year, the value of all assets is accordingly prorated.

**5-year valuation for real estate.** A written, certified, and independent appraisal of the fair market value of any real estate, including any improvements, may be determined on a 5-year basis by a qualified person. The qualified person may not be a disqualified person with respect to the supporting organization or an employee of the supporting organization.

Commonly accepted valuation methods must be used in making the real estate appraisal. A valuation based on acceptable methods of valuing property for federal estate tax purposes will be considered acceptable.

The real estate appraisal must include a closing statement that, in the appraiser's opinion, the appraised assets were valued according to valuation principles regularly employed in making appraisals of such property, using all reasonable valuation methods. The supporting organization must keep a copy of the independent appraisal for its records. If a valuation is reasonable, the organization may use it for the tax year for which the valuation is made and for each of the 4 following tax years.

Any valuation of real estate by a certified independent appraisal may be replaced during the 5-year period by a subsequent 5-year certified independent appraisal or by an annual valuation, as described earlier. The most recent valuation should be used to figure the organization's minimum asset amount.

If the valuation is made according to the above rules, the IRS will continue to accept it during the 5-year period for which it applies even if the actual fair market value of the real estate changes during the period.

**Line 1e.** If the fair market value of any securities, real estate holdings, or other assets reported on lines 1a and 1c reflects a blockage discount, marketability discount, or other reduction from full fair market value because of the size of the asset holding

or any other factor, enter on line 1e the aggregate amount of the discounts claimed. Provide an explanation in *Part VI* that includes the following information for each asset or group of assets involved.

1. A description of the asset or asset group (for example, 20,000 shares of XYZ, Inc., common stock);

2. For securities, the percentage of the total issued and outstanding securities of the same class that is represented by the organization's holding;

3. The fair market value of the asset or asset group before any claimed blockage discount or other reduction;

4. The amount of the discount claimed; and

5. An explanation of the reason for the discount.

In the case of securities, there are certain limitations on the size of the reduction in value that can be claimed. The organization may reduce the fair market value of securities only to the extent that it can establish that the securities could only be liquidated in a reasonable period of time at a price less than the fair market value because:

- The securities are such a large block that liquidation would depress the market,
- The securities are in a closely held corporation, or
- The sale would result in a forced or distress sale.

Any reduction in value of securities may not exceed 10% of the fair market value (determined without regard to any reduction in value).

**Line 2.** Enter the total acquisition indebtedness that applies to assets included on line 1 (prorated in the case of assets held for a portion of the year or in a short tax year). For details on acquisition indebtedness, see section 514(c)(1).

**Line 4.** Supporting organizations may exclude from the minimum asset amount the reasonable cash balances necessary to cover current administrative expenses and other normal and current disbursements directly connected with the charitable, educational, or other similar activities. The amount of cash that may be excluded is generally 1.5% of the fair market value of all assets (minus any acquisition indebtedness). However, if under the facts and circumstances an amount larger than the deemed amount is necessary to pay expenses and

disbursements, then the organization may enter the larger amount instead (prorated in the case of a short tax year). If the organization uses a larger amount, explain why in *Part VI*.

**Line 7.** Enter the amount of recoveries (if any) reportable on Section A, line 2.

### Section C. Distributable Amount

The organization's distributable amount for the current tax year is ordinarily the greater of:

1. 85% of its adjusted net income for the prior tax year or

2. Its minimum asset amount for the prior tax year,

less income taxes imposed on the organization during the prior tax year. See Regulations section 1.509(a)-4(i)(5)(ii)(B).

**First tax year.** The distributable amount for the first tax year that an organization is treated as a non-functionally integrated Type III supporting organization is zero rather than the amount as ordinarily determined. Such an organization should check the box on line 7. For purposes of determining whether the organization has an excess of distributions in its tax year that can be carried over to future years, the distributable amount as ordinarily determined applies to every non-functionally integrated Type III supporting organization (including an organization that checked the box on line 7 for the current year). The distributable amount as ordinarily determined is reported in Sections C and E.

**Emergency temporary reduction.** In cases of disaster or emergency, the IRS may provide for a temporary reduction in the distributable amount by publication in the Internal Revenue Bulletin. In these cases, the reduced amount should be reported on line 6 and the reduction noted in *Part VI*.

### Section D. Distributions

Section D sets forth the supporting organization's distributions that count toward its distribution requirement, and determines whether the attentiveness requirement is met. The amount of a distribution made to a supported organization is the amount of cash or fair market value of property on the date of distribution. The organization must use the cash method of accounting for this purpose. See Regulations section 1.509(a)-4(i)(6).

**Line 1.** Report amounts paid to supported organizations to accomplish their exempt purposes. Distributions furthering the "exempt" purposes of supported organizations not described in section 501(c)(3) refer solely to distributions for section 501(c)(3) purposes.

**Line 2.** Report amounts paid to perform any activity that directly furthers exempt purposes of supported organizations and that would otherwise normally be engaged in by the supported organizations, but only to the extent that expenses from the activity exceed income from the activity. See the Schedule A (Form 990), Part IV, Section E, *Line 2*, instructions on "direct furtherance" activities.

**Line 3.** Report reasonable and necessary administrative expenses paid to accomplish exempt purposes of supported organizations. Don't include expenses incurred in the production of investment income.

**Line 4.** Report amounts paid to acquire exempt-use assets. Such assets must be used (or held for use) to carry out the exempt purposes of the supported organizations. The assets may be used or held by either the supporting organization or one or more supported organizations; if the latter, the supporting organization must make the asset available to the supported organization(s) free of charge or for nominal rent. See Regulations section 53.4942(a)-2(c)(3) for further discussion of exempt-use assets.

**Line 5.** Report qualified amounts set aside for a specific project that accomplishes the exempt purposes of a supported organization to which the supporting organization is responsive. A qualified set-aside counts toward the distribution requirement in the tax year set aside but not again when paid.

**Approval required.** For each set-aside, a supporting organization must obtain the written approval of both the pertinent supported organization(s) and the IRS. The supporting organization must apply to the IRS for approval (using Form 8940) before the end of its tax year in which the amount is set aside. Explain in *Part VI* whether the organization has requested and obtained the necessary approvals for the set-aside. See Regulations section 1.509(a)-4(i)(6)(v) for more information.

**Line 6.** Report any other distributions not described above that the organization claims are for the use of its

supported organizations, and describe such distributions in detail in *Part VI*.

**Lines 8–10.** Report on line 8 the amount of distributions reported on line 1 to supported organizations that met the attentiveness and responsiveness tests, discussed later, and provide in *Part VI* the supplemental information, discussed later.

A Type III non-functionally integrated supporting organization must distribute at least one-third of its distributable amount each tax year to one or more supported organizations that are “attentive” to its operations and to which the supporting organization is “responsive” (as described later); thus, the line 10 amount must be at least 0.333. Carryovers of excess distributions from prior years don’t count toward the attentiveness requirement.

If the line 10 amount is less than one-third (that is, the amount of distributions to supported organizations that met both the attentiveness test and responsiveness test is less than one-third of the distributable amount), then the organization doesn’t qualify as a Type III non-functionally integrated supporting organization for the tax year. See Regulations sections 1.509(a)-4(i)(5)(i) and (iii). If the organization doesn’t otherwise qualify as a public charity, then the organization is a private foundation and must file Form 990-PF for the tax year.

**Attentiveness test.** A supported organization is “attentive” to the operations of a supporting organization if, during the tax year, at least one of the following requirements is satisfied.

1. The supporting organization distributes to the supported organization at least 10% of the supported organization’s total support in its tax year ending before the beginning of the supporting organization’s tax year. For example, if the supporting organization and the supported organization both use a calendar year, and the supported organization has total support of \$X in a year, then the supporting organization’s support in the following year must be at least 10% of \$X. Where the supporting organization supports a particular department or school of a university, hospital, or church, the department’s or school’s total support is considered instead.

2. The amount of support received from the supporting organization is necessary to avoid the interruption of a particular function or activity of the supported organization.

3. The amount of support received from the supporting organization is a sufficient part of the supported organization’s total support to ensure attentiveness, based on all pertinent facts, including the number of supported organizations, the length and nature of the relationship between the supporting organization and supported organization, and the purpose to which the funds are put. The attentiveness of a supported organization is normally influenced by the amounts received from the supporting organization, but evidence of actual attentiveness to the operations (including investments) of the supporting organization is of almost equal importance. Where the supporting organization supports a particular department or school of a university, hospital, or church, the department’s or school’s total support is considered instead of the supported organization’s total support.

Amounts received from a supporting organization that are held in a donor-advised fund of the supported organization are disregarded in determining attentiveness.

See the examples in Regulations section 1.509(a)-4(i)(5)(iii)(D).

**Responsiveness test.** A supporting organization is “responsive” to the needs and demands of a supported organization if it meets the responsiveness test set forth in the instructions for Part IV, Section D, *Lines 2 and 3*, with respect to the supported organization.

**Supplemental information required.** In *Part VI*, identify each of the supported organizations listed in Part I, line 12g, column (i), that met both of the following conditions for the tax year.

1. The supporting organization was responsive to the supported organization, **and**
2. The supported organization was attentive to the supporting organization. With respect to each of the identified supported organizations, set forth the facts that show how both the attentiveness test and the responsiveness test were met by the supporting organization and the supported organization.

## Section E. Distribution Allocations

Section E determines whether the distributable amount for the current tax year (and any underdistribution for reasonable cause in a prior year) is satisfied through current-year

distributions and carryovers of prior-year excess distributions. Section E also determines carryovers of excess distributions to future years. Several lines in Section E aren’t yet applicable during the phase-in period of the new regulations for Type III non-functionally integrated supporting organizations. Those lines are grayed out.

In applying distributions, there are three basic steps.

1. First, apply distributions to eliminate any underdistribution for reasonable cause in a prior tax year.
2. Second, apply distributions to satisfy the distributable amount for the current year.
3. Third, carry over to future years any remaining excess distributions.

### Apply the oldest distributions first.

Carryovers of excess distributions from prior years are always applied in full before current-year distributions (unlike the rules for qualifying distributions by private foundations), and older carryovers are applied before newer carryovers. Excess distributions of a given year can’t be carried over for more than 5 years.

**Example 1.** X is a Type III non-functionally integrated supporting organization that for its tax year including December 28, 2018, and through its following 2019 tax year meets the requirements of Regulations section 1.509(a)-4(i)(3)(iii) as in effect prior to December 28, 2018. Under transition rules, X is deemed to meet its distribution requirement for 2019, but its distributable amount is calculated in the ordinary manner to determine its excess distributions. For 2019, X had a distributable amount, as ordinarily determined, of \$80,000 and distributions of \$100,000. Accordingly, X had excess distributions of \$20,000. For 2020, X had a distributable amount of \$95,000 and distributions of \$85,000. X first applied its 2019 excess distributions carryover of \$20,000 to the 2020 distributable amount of \$95,000. Then, X applied \$75,000 of its 2020 distributions of \$85,000 to the remaining 2020 distributable amount. Accordingly, X has excess distributions of \$10,000 from 2020 (2020 distributions of \$85,000 minus \$75,000 applied to the 2020 distributable amount), which it may carry over to 2021. For 2021, X has a distributable amount of \$100,000 and distributions of \$150,000. X applies the \$10,000 excess distribution carryover from 2020 to the 2021 distributable

amount. Then, X applies \$90,000 of its 2021 distributions to the remaining 2021 distributable amount. Section E will show \$0 carryovers for 2019 and 2020 (because the excess carryovers for each of those years were previously applied). In addition, Section E will show excess distributions of \$60,000 in 2021 (2021 distributions of \$150,000 minus \$90,000 applied to the 2021 distributable amount), which it may carry over in the next 5 tax years until applied.

**Example 2.** Y is a Type III supporting organization that for its tax year including December 28, 2018, meets the requirements of Regulations section 1.509(a)-4(i)(3)(iii) as in effect prior to such date, but doesn't meet such requirements in its following 2019 tax year (because of underdistributions for which the prior regulation didn't expressly provide a reasonable cause exception). Therefore, Y didn't benefit from the transition rule for its 2019 tax year. Y's distributable amount was \$120,000 for 2019. Y made distributions of that amount and had no excess distributions to carry over to 2020. Y calculated that its distributable amount was \$150,000 for 2020 and made distributions of exactly that amount in 2020. Early in its 2021 tax year, Y discovers that its distributable amount for 2020 actually was \$200,000. Within 180 days, Y makes a \$110,000 distribution (\$50,000 to cover the underdistribution for 2020 and \$60,000 as part of its 2021 distributions). Later in the 2021 tax year, Y makes additional distributions totaling \$200,000. Y's distributable amount in the 2021 tax year is \$190,000. In its 2021 Form 990, Y claims reasonable cause for the 2020 underdistribution due to a clerical error. Under these circumstances, Y first applies \$50,000 of its 2021 distributions of \$310,000 to the 2020 underdistribution of \$50,000 (\$200,000 minus \$150,000), then applies \$190,000 of its remaining 2021 distributions of \$260,000 (\$310,000 minus \$50,000) to satisfy its 2021 distributable amount. Y's remaining \$70,000 of distributions in 2021 (\$310,000, minus \$50,000 allocated to 2020, and minus \$190,000 allocable to 2021) are excess distributions that may be carried over to future years.

**Line 1.** Report the distributable amount for 2021 from Section C, line 6.

**Line 2.** An organization that is treated as a Type III non-functionally integrated supporting organization for the first time in its 2020 tax year will have a

distributable amount of zero during the 2020 tax year.

If the organization had any underdistributions for a prior tax year (2019 or 2020), then it didn't qualify as a Type III non-functionally integrated supporting organization in that tax year and subsequent years (and would be classified as a private foundation unless it met the requirements of another public charity status) unless it met the requirements of the reasonable cause exception or the judicial proceeding exception discussed in the instructions for *Lines 5 and 6*, later. If the organization met either of these exceptions, explain in detail in *Part VI* how the organization met the requirements for the exception.

**Line 3.** On lines 3d and 3e, enter the amounts reported on lines 8d and 8e, respectively, from the organization's return for the 2020 tax year. The sum of the amounts on lines 3d and 3e is also reported on line 3f. The amount reported on line 3f is then applied in the following priority.

1. First to any prior-year underdistributions on line 3g,
2. Second (if any remaining amount) to the current-year distributable amount on line 3h, and
3. Third (if any remaining amount) on line 3j for carryover to future years.

Excess distributions can't be carried over for more than 5 tax years and thus are forfeited if not used in the fifth year of carryover. Such amounts are set forth on line 3i (not applicable to the 2021 return).

**Line 4.** Apply the current-year distributions (from Section D, line 7) in the same order of priority as described in the instructions for *Line 3* to any prior-year underdistributions (line 4a) and current-year distributable amount (line 4b) remaining after applying carryovers on line 3. Any remaining distributions are reported on line 4c for carryover to future years.

**Lines 5 and 6.** If the current-year distributable amount is greater than the sum of the excess distributions carryover from the prior year plus the current-year distributions, then the organization doesn't meet the distribution requirement and can't qualify as a Type III non-functionally integrated supporting organization for the tax year, unless an exception applies. If the organization doesn't qualify as a supporting organization or otherwise as a public charity for the tax

year, then it is a private foundation and must file Form 990-PF for the tax year and subsequent years until private foundation status is terminated under section 507. If either the reasonable cause or judicial proceeding exception applies, then explain in detail in *Part VI* how the organization met the requirements for the exception.

**Reasonable cause exception.** An organization that fails to distribute its distributable amount won't be classified as a private foundation for the year of the failure if the organization establishes to the satisfaction of the IRS that:

1. The failure was due to unforeseen events or circumstances beyond its control, a clerical error, or an incorrect valuation of assets;
2. The failure was due to reasonable cause and not to willful neglect; and
3. The distribution requirement is met within 180 days after the organization is first able to distribute its distributable amount notwithstanding the unforeseen events or circumstances, or within 180 days after the clerical error or incorrect valuation was or should have been discovered.

Amounts paid to meet a distribution requirement of a prior tax year can't also be counted toward the distribution requirement for the tax year in which paid.

**Judicial proceeding exception.** An organization is excused from meeting the distribution requirements to the extent of a conflicting mandatory provision in its governing instrument, if a judicial proceeding is pending to reform a governing instrument that prohibits compliance, under the circumstances set forth in Regulations section 1.509(a)-4(i)(11)(ii)(E).

**Lines 7 and 8.** Enter on line 7 the prior-year carryover and the current-year distributions to the extent not applied to prior-year underdistributions and the current-year distributable amount (and not already carried over for 5 tax years). The organization may carry over these amounts to future years. Prior-year carryovers are applied before current-year distributions.

## Part VI. Supplemental Information

Use *Part VI* to provide narrative information required by these instructions or to supplement responses to questions on Schedule A (Form 990). Identify the specific part and line

number that the response supports, in the order in which they appear on Schedule A (Form 990). *Part VI* can be duplicated if more space is needed.



*Don't include in Part VI the names of any donors, grantors, or contributors because Part VI will be made available for public inspection.*

# Schedule B

Schedule of Contributors

Schedule B  
(Form 990)

Schedule of Contributors

OMB No. 1545-0047

Department of the Treasury  
Internal Revenue Service

▶ Attach to Form 990 or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

2021

Name of the organization

Employer identification number

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

- 501(c)( ) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33<sup>1</sup>/<sub>3</sub>% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990).

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Name of organization	Employer identification number
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**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$-----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)

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Name of organization

Employer identification number

**Part II** **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----

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Name of organization	Employer identification number
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**Part III** *Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ \_\_\_\_\_  
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

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# Schedule B

Instructions

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## General Instructions

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

**Future developments.** For the latest information about developments related to Schedule B (Form 990), such as legislation enacted after the schedule and its instructions were published, go to [www.irs.gov/Form990](http://www.irs.gov/Form990).

**Note:** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

### Reminders

Certain tax-exempt organizations are no longer required to report the names and addresses of their contributors on Schedule B (Form 990). However, these organizations must continue to keep this information in their books and records. Organizations described in section 501(c)(3) and section 527 are still required to report the names and addresses of their contributors on Schedule B. See Regulations section 1.6033-2 (T.D. 9898), 2020-25 I.R.B. 935, and *General Rule*, later.

### Purpose of Schedule

Schedule B (Form 990) is used to provide information on contributions the organization reported on:

- Form 990, Return of Organization Exempt From Income Tax, Part VIII, *Statement of Revenue*, line 1;
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax, Part I, line 1; or
- Form 990-PF, Return of Private Foundation, Part I, line 1.

### Who Must File

Every organization must complete and attach Schedule B to its Form 990, 990-EZ, or 990-PF, unless it certifies that it doesn't meet the filing requirements of this schedule by:

- Answering "No" on Form 990, Part IV, *Checklist of Required Schedules*, line 2; or
- Checking the box on:
  - Form 990-EZ, line H; or
  - Form 990-PF, Part I, *Analysis of Revenue and Expenses*, line 2.

See the separate instructions for these lines on those forms.

If an organization isn't required to file Form 990, 990-EZ, or 990-PF but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

### Accounting Method

When completing Schedule B (Form 990), the organization must use the same accounting method it checked on Form 990, Part XII, *Financial Statements and Reporting*, line 1; Form 990-EZ, line G; or Form 990-PF, line J.

## Public Inspection

**Note:** Don't include social security numbers of contributors as this information may be made public.

- Schedule B is open to public inspection for an organization that files Form 990-PF.
- Schedule B is open to public inspection for a section 527 political organization that files Form 990 or 990-EZ.
- For all 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. All other information, 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.

If an organization files a copy of Form 990 or 990-EZ, and attachments, with any state, it shouldn't include its Schedule B (Form 990) in the attachments for the state, unless a schedule of contributors is specifically required by the state. States that don't require the information might inadvertently make the schedule available for public inspection along with the rest of the Form 990 or 990-EZ.

See the instructions for Form 990, 990-EZ, or 990-PF for information on telephone assistance and the public inspection rules for these forms and their attachments.

## Contributions To Be Included on Part I

A *contributor* (person) includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. In addition, section 509(a)(2), 170(b)(1)(A)(iv), and 170(b)(1)(A)(vi) organizations must also report **governmental units** as contributors.

### Contributions

*Contributions* reportable on Schedule B (Form 990) are contributions, grants, bequests, devises, and gifts of money or property, whether or not for charitable purposes. For exempt organizations, contributions to such organizations are don't include fees for services. See the instructions for Part VIII, line 1, for more detailed information on contributions.

### General Rule

Unless the organization is covered by one of the *Special Rules*, later, it must report in Part I contributions from all persons who contribute \$5,000 or more (in money or other property) during the **tax year**. As described below, certain organizations report only total contribution amounts. Contributions may be made directly or indirectly and may take the form of money, **securities**, or any other type of property.

Include all separate and independent gifts that are \$1,000 or more to determine a contributor's total contribution. Gifts that are less than \$1,000 may be disregarded. Include each contribution reported on Form 990, Part VIII, line 1. For example, if an organization that uses the accrual method of accounting reports a pledge of noncash property in Part VIII, line 1, it must include the value of that contribution in calculating whether the contributor meets the General Rule (or one of the Special Rules, if applicable), even if the organization didn't receive the property during the tax year.

### Certain organizations not required to report contributor names and addresses.

Certain organizations are no longer required to report the names and addresses of their contributors on Schedule B. Such organizations are those other than:

- Section 501(c)(3) organizations (including section 4947(a)(1) nonexempt charitable trusts and nonexempt private foundations described in section 6033(d)), or
- Section 527 political organizations. Organizations not required to report the names and addresses should enter "N/A" in Part I, column (b). These organizations must continue to:
  - Collect the names and addresses of their contributors,
  - Keep this information in their records and books, and
  - Make the information available to the IRS upon request.

Section 501(c)(3) organizations (including section 4947(a)(1) nonexempt charitable trusts and nonexempt private foundations described in section 6033(d)), and section 527 political organizations must report the names and addresses of their contributors in Part I, column (b), on Schedule B.

## Special Rules

**Section 501(c)(3) organizations that file Form 990 or 990-EZ.** For an organization described in section 501(c)(3) that meets the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and not just the 10% support test (whether or not the organization is otherwise described in section 170(b)(1)(A)), list in Part I only those contributors whose contribution of \$5,000 or more during the tax year is greater than 2% of the amount reported on Form 990, Part VIII, line 1h(A); or Form 990-EZ, line 1. *An organization that claims the benefit of this special rule must either (1) establish on Schedule A (Form 990), Part II, that it met the 33 1/3% support test for the current year or prior year; or (2) check the box on Schedule A (Form 990), Part I, line 7 or 8, and the box on Schedule A, Part II, line 13, as a section 170(b)(1)(A)(vi) organization in its first 5 years.*

**Example.** A section 501(c)(3) organization, of the type described above, reported \$700,000 in total contributions, gifts, grants, and similar amounts received on Form 990, Part VIII, line 1h. The organization is only required to list in Parts I and II of its Schedule B each person who contributed more than the greater of \$5,000 or 2% of \$700,000 (\$14,000) during the tax year. Thus, a contributor who

Formerly, "thirty three and one third percent"

gave a total of \$11,000 wouldn't be reported in Parts I and II for this section 501(c)(3) organization. Even though the \$11,000 contribution to the organization was greater than \$5,000, it didn't exceed \$14,000.

### Section 501(c)(7), (8), or (10) organizations.

For contributions to these social and recreational clubs, fraternal beneficiary and domestic fraternal societies, orders, or associations that weren't for an exclusively religious, charitable, etc., purpose, list in Part I contributions from each contributor who contributed \$5,000 or more during the tax year, as described under *General Rule*, earlier.

For contributions to a section 501(c)(7), (8), or (10) organization received for use exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals (section 170(c)(4), 2055(a)(3), or 2522(a)(3)), list in Part I contributions from each contributor whose aggregate contributions for an exclusively religious, charitable, etc., purpose were more than \$1,000 during the tax year. To determine the more-than-\$1,000 amount, total all of a contributor's gifts for the tax year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that listed an exclusively religious, charitable, etc., contribution in Part II or must also complete Part III to provide further information on such contributions of more than \$1,000 during the tax year and show the total amount received from such contributions that were for \$1,000 or less during the tax year.

All section 501(c)(7), (8), or (10) organizations listing contributions under this special rule should enter "N/A" in Part I, column (b), and should not enter the name and address of any contributor.

However, if a section 501(c)(7), (8), or (10) organization didn't receive total contributions of more than \$1,000 from a single contributor during the tax year for exclusively religious, charitable, etc., purposes and consequently wasn't required to complete Parts I through III with respect to these contributions, it need only check the third *Special Rules* box on the front of Schedule B and enter, in the space provided, the total contributions it received during the tax year for an exclusively religious, charitable, etc., purpose.

## Specific Instructions



**CAUTION** Don't attach substitutes for Schedule B or attachments to Schedule B with information on contributors. Parts I, II, and III of Schedule B may be duplicated as needed to provide adequate space for listing all contributors. Number each page of each part (for example, Page 2 of 5, Part II).

**Part I.** In column (a), identify the first contributor listed as No. 1 and the second contributor as No. 2, etc. Number

consecutively. In column (b), section 501(c)(3) organizations (including section 4947(a)(1) nonexempt charitable trusts and section 501(c)(3) nonexempt private foundations) and section 527 organizations enter the contributor's name, address, and ZIP code. Identify a donor as "anonymous" only if the organization doesn't know the donor's identity. Other organizations would enter "N/A" in place of each contributor's name, address, and ZIP code. In column (c), enter the amount of total contributions for the **tax year** for the contributor listed.

In column (d), check the type of contribution. Check all that apply for the contributor listed. If a *cash contribution* came directly from a contributor (other than through payroll deduction), check the "Person" box. A cash contribution includes contributions paid by cash, credit card, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

If an **employee's** cash contribution was forwarded by an employer (indirect contribution), check the "Payroll" box. If an employer withholds contributions from employees' pay and periodically gives them to the organization, report only the employer's name and address or "N/A," as applicable, and the total amount given unless you know that a particular employee gave enough to be listed separately.

Check the "Noncash" box in column (d) for any contribution of property other than cash during the tax year, and complete Part II of this schedule. For example, if an organization that uses the accrual method of accounting reports a pledge of noncash property on Form 990, Part VIII, line 1g, it must check the "Noncash" box and complete Part II even if the organization didn't receive the property during the tax year.

For a section 527 organization that files a Form 8871, Political Organization Notice of Section 527 Status, the names and addresses of contributors that aren't reported on Form 8872, Political Organization Report of Contributions and Expenditures, don't need to be reported in Part I if the organization paid the amount specified by section 527(j)(1). In this case, enter "Pd. 527(j)(1)" in column (b) instead of a name, address, and ZIP code; but you must enter the amount of contributions in column (c).

**Part II.** In column (a), show the number that corresponds to the contributor's number in Part I. In column (b), describe the **noncash contribution** received by the organization during the tax year, regardless of the value of that noncash contribution. Note the public inspection rules discussed earlier.

In columns (c) and (d), report property with readily determinable market value (for example, market quotations for securities) by listing its **fair market value (FMV)**. If the organization immediately sells **securities** contributed to the organization (including through a broker or agent), the contribution must still be reported as a gift of property (rather than cash) in the amount of the net

proceeds plus the broker's fees and expenses. See the instructions for Form 990, Part VIII, line 1g, which provide an example to illustrate this point. If the property isn't immediately sold, measure market value of marketable securities registered and listed on a recognized securities exchange by the average of the highest and lowest quoted selling prices (or the average between the bona fide bid and asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When FMV can't be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution subject to an outstanding debt, subtract the debt from the property's FMV. Enter the date the property was received by the organization, but only if the donor has fully given up use and enjoyment of the property at that time.

The organization must report the value of any **qualified conservation contributions** and contributions of **conservation easements** listed in Part II consistently with how it reports revenue from such contributions in its books, records, and financial statements and in Form 990, Part VIII, *Statement of Revenue*.

For more information on noncash contributions, see the instructions for Schedule M (Form 990), Noncash Contributions.

If the organization received a partially completed Form 8283, Noncash Charitable Contributions, from a donor, complete it and return it so the donor can get a charitable contribution deduction. Keep a copy for your records.

Original (first) and successor donee (recipient) organizations must file Form 8282, Donee Information Return, if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (property other than money or certain publicly traded securities) within 3 years after the date the original donee received the property.

**Part III.** Section 501(c)(7), (8), or (10) organizations that received contributions for use exclusively for religious, charitable, etc., purposes during the tax year must complete Parts I through III for each person whose gifts totaled more than \$1,000 during the tax year. Show also, in the heading of Part III, the total of gifts to these organizations that were \$1,000 or less for the tax year and were for exclusively religious, charitable, etc., purposes. Complete this information only on the first Part III page if you use duplicate copies of Part III.

If an amount is set aside for an exclusively religious, charitable, etc., purpose, show in column (d) how the amount is held (for example, whether it is commingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in column (e) and explain the relationship between the two organizations.

# Schedule C

Political Campaign and Lobbying Activities

**SCHEDULE C  
(Form 990)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2021**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

**For Organizations Exempt From Income Tax Under section 501(c) and section 527**

- ▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
- ▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

**If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

**If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

**If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then**

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization	Employer identification number
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. See instructions for definition of "political campaign activities."
- 2 Political campaign activity expenditures. See instructions . . . . . ▶ \$
- 3 Volunteer hours for political campaign activities. See instructions . . . . .

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 . . . . . ▶ \$
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . . . . ▶ \$
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . . .  Yes  No
- 4a Was a correction made? . . . . .  Yes  No
- b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities . . . . . ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . . . ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b . . . . . ▶ \$
- 4 Did the filing organization file **Form 1120-POL** for this year? . . . . .  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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**Part II-A Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

- A** Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check  if the filing organization checked box A and "limited control" provisions apply.

<b>Limits on Lobbying Expenditures</b> (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .														
<b>b</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .														
<b>c</b>	Total lobbying expenditures (add lines 1a and 1b) . . . . .														
<b>d</b>	Other exempt purpose expenditures . . . . .														
<b>e</b>	Total exempt purpose expenditures (add lines 1c and 1d) . . . . .														
<b>f</b>	Lobbying nontaxable amount. Enter the amount from the following table in both columns.														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
<b>g</b>	Grassroots nontaxable amount (enter 25% of line 1f) . . . . .														
<b>h</b>	Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .														
<b>i</b>	Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .														
<b>j</b>	If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No												

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2018	(b) 2019	(c) 2020	(d) 2021	(e) Total
<b>2a</b> Lobbying nontaxable amount					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))					
<b>c</b> Total lobbying expenditures					
<b>d</b> Grassroots nontaxable amount					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e))					
<b>f</b> Grassroots lobbying expenditures					

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**Part II-B Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).**

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
<b>c</b> Media advertisements?			
<b>d</b> Mailings to members, legislators, or the public?			
<b>e</b> Publications, or published or broadcast statements?			
<b>f</b> Grants to other organizations for lobbying purposes?			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
<b>i</b> Other activities?			
<b>j</b> Total. Add lines 1c through 1i			
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).**

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	<b>1</b>	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	<b>2</b>	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?	<b>3</b>	

**Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."**

<b>1</b> Dues, assessments and similar amounts from members	<b>1</b>	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	<b>2a</b>	
<b>b</b> Carryover from last year	<b>2b</b>	
<b>c</b> Total	<b>2c</b>	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	<b>3</b>	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	<b>4</b>	
<b>5</b> Taxable amount of lobbying and political expenditures. See instructions	<b>5</b>	

**Part IV Supplemental Information**

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

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Table of contents



# Schedule C

Instructions

Table of contents



# Instructions for Schedule C (Form 990)

## Political Campaign and Lobbying Activities

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

### Future Developments

For the latest information about developments related to Schedule C (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

## General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

### Purpose of Schedule

Schedule C (Form 990) is used by:

- Section 501(c) organizations, and
- Section 527 organizations.

These organizations must use Schedule C (Form 990) to furnish additional information on **political campaign activities** or **lobbying activities**, as those terms are defined later for the various parts of this schedule.

### Who Must File

An organization that answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 3, 4, or 5, must complete the appropriate parts of Schedule C (Form 990) and attach Schedule C to Form 990. An organization that answered "Yes" on Form 990-EZ, Part V, line 46 or Part VI, line 47, must complete the appropriate parts of Schedule C (Form 990) and attach Schedule C to Form 990-EZ. An organization that answered "Yes" on Form 990-EZ, Part V, line 35c, because it is subject to the section 6033(e) notice and reporting requirements and proxy tax, must complete Schedule C (Form 990), Part III, and attach Schedule C to Form 990-EZ.

If an organization has an ownership interest in a **joint venture** that conducts **political campaign activities** or **lobbying activities**, the organization must report its share of such activity occurring in its **tax year** on Schedule C (Form 990). See Instructions for Form 990, Appendix F, *Disregarded Entities and Joint Ventures—Inclusion of Activities and Items*.

#### Part I. Political campaign activities.

*Part I* is completed by section 501(c)

organizations and section 527 organizations that file Form 990 (and Form 990-EZ). If the organization answered "Yes" on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46, then complete the specific parts as follows.

- A section 501(c)(3) organization must complete *Parts I-A* and *I-B*. Don't complete *Part I-C*.
- A section 501(c) organization other than section 501(c)(3) must complete *Parts I-A* and *I-C*. Don't complete *Part I-B*.
- A section 527 organization that files the Form 990 or Form 990-EZ must complete *Part I-A*. Don't complete *Parts I-B* and *I-C*.

**Part II. Lobbying activities.** *Part II* is completed by only section 501(c)(3) organizations. If the organization answered "Yes" on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47, then complete the specific parts as follows.

- A section 501(c)(3) organization that elected to be subject to the lobbying expenditure limitations of section 501(h) by filing Form 5768 and for which the election was valid and in effect for its **tax year** beginning in the year **2021**, must complete *Part II-A*. Don't complete *Part II-B*.
- A section 501(c)(3) organization that hasn't elected to be subject to the lobbying expenditure limitations of section 501(h) (or has revoked such election by filing Form 5768 for which the revocation was valid and in effect for its **tax year** beginning in the year **2021**) must complete *Part II-B*. Don't complete *Part II-A*.

#### Part III. Section 6033(e) notice and reporting requirements and proxy tax.

*Part III* is completed by section 501(c)(4), section 501(c)(5), and section 501(c)(6) organizations that received membership dues, assessments, or similar amounts as defined in Rev. Proc. 98-19, 1998-1 C.B. 547, and that answered "Yes" on Form 990, Part IV, line 5 or "Yes" on Form 990-EZ, line 35c, regarding the proxy tax.

If an organization isn't required to file Form 990 or 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.

## Definitions

Definitions in this section are applicable throughout this schedule, except where noted. The following terms are defined in the *Glossary*.

- **Joint venture.**
- **Legislation.**
- **Lobbying activities.**
- **Political campaign activities.**
- **Tax year.**

**TIP** See Revenue Ruling 2007-41, 2007-25 I.R.B. 1421, available at [IRS.gov/irb/2007-25\\_IRB#RR-2007-41](https://www.irs.gov/irb/2007-25_IRB#RR-2007-41), for guidelines on the scope of the tax law prohibition on campaign activities by section 501(c)(3) organizations.

**Section 527 exempt function activities.** Section 527 exempt function activities include all functions that influence or attempt to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed.

**Political expenditures.** Any expenditures made for **political campaign activities** are political expenditures. 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.

**Specific legislation.** Specific legislation includes (1) legislation that has already been introduced in a legislative body and (2) specific legislative proposals that an organization either supports or opposes.

### Definitions (Part II-A)

Definitions in this section are applicable to only *Part II-A*.

**Expenditure test.** Under the expenditure test, there are limits both upon the amount of the organization's grassroots lobbying expenditures and upon the total amount of its direct lobbying and grassroots lobbying expenditures. If

the electing public charity doesn't meet this expenditure test, it will owe a section 4911 excise tax on its excess lobbying expenditures. Moreover, if over a 4-year averaging period the organization's average annual total lobbying or grassroots lobbying expenditures are more than 150% of its dollar limits, the organization will lose its exempt status.

**Exempt purpose expenditures.** In general, an exempt purpose expenditure is paid or incurred by an electing public charity to accomplish the organization's exempt purpose.

Exempt purpose expenditures include:

1. The total amount paid or incurred for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or to foster national or international amateur sports competition (not including providing athletic facilities or equipment, other than by qualified amateur sports organizations described in section 501(j)(2));

2. The allocable portion of administrative expenses paid or incurred for the earlier purposes;

3. Amounts paid or incurred to try to influence legislation, whether or not for the purposes described in 1 earlier;

4. Allowance for depreciation or amortization; and

5. Fundraising expenditures, except that exempt purpose expenditures don't include amounts paid to or incurred for either the organization's separate fundraising unit or other organizations, if the amounts are primarily for fundraising.

See Regulations section 56.4911-4(c) for a discussion of excluded expenditures.

**Lobbying expenditures.** Lobbying expenditures are expenditures (including allocable overhead and administrative costs) paid or incurred for the purpose of attempting to influence legislation:

- Through communication with any member or employee of a legislative or similar body, or with any government official or employee who may participate in the formulation of the legislation, and
- By attempting to affect the opinions of the general public.

To determine if an organization has spent excessive amounts on lobbying, the organization must know which expenditures are lobbying expenditures and which aren't lobbying expenditures. An electing public charity's lobbying expenditures for a year are the sum of its expenditures during that year for direct lobbying communications (direct lobbying expenditures) plus grassroots lobbying communications (grassroots lobbying expenditures).

**Direct lobbying communications (direct lobbying expenditures).**

A direct lobbying communication is any attempt to influence any legislation through communication with:

- A member or employee of a legislative or similar body;
- A government official or employee (other than a member or employee of a legislative body) who may participate in the formulation of the legislation, but if the principal purpose of the communication is to influence legislation only; or
- The general public in a referendum, initiative, constitutional amendment, or similar procedure.

A communication with a legislator or government official will be treated as a direct lobbying communication if the communication only:

- Refers to specific legislation, and
- Reflects a view on such legislation.

**Grassroots lobbying communications (grassroots lobbying expenditures).**

A grassroots lobbying communication is any attempt to influence any legislation through an attempt to affect the opinions of the general public or any part of the general public.

A communication is generally not a grassroots lobbying communication unless (in addition to referring to specific legislation and reflecting a view on that legislation) it encourages recipients to take action about the specific legislation.

A communication encourages a recipient to take action when it:

1. States that the recipient should contact legislators;
2. States a legislator's address, phone number, or similar information;
3. Provides a petition, tear-off postcard, or similar material for the recipient to send to a legislator; or
4. Specifically identifies one or more legislators who:
  - a. Will vote on legislation;
  - b. Opposes the communication's view on the legislation;
  - c. Is undecided about the legislation;
  - d. Is the recipient's representative in the legislature; or
  - e. Is a member of the legislative committee that will consider the legislation.

A communication described in item 4 earlier generally is grassroots lobbying only if, in addition to referring to and reflecting a view on specific legislation, it is a communication that can't meet the full and fair exposition test as nonpartisan analysis, study, or research.

**Exceptions to lobbying.** In general, engaging in nonpartisan analysis, study,

or research and making its results available to the general public or segment of members thereof, or to governmental bodies, officials, or employees isn't considered either a direct lobbying communication or a grassroots lobbying communication. Nonpartisan analysis, study, or research may advocate a particular position or viewpoint as long as there is a sufficiently full and fair exposition of the pertinent facts to enable the public or an individual to form an independent opinion or conclusion.

A communication that responds to a governmental body's or committee's written request for technical advice isn't a direct lobbying communication.

A communication isn't a direct lobbying communication if the communication is an appearance before, or communication with, any legislative body concerning action by that body that might affect the organization's existence, its powers and duties, its tax-exempt status, or the deductibility of contributions to the organization, as opposed to affecting merely the scope of the organization's future activities.

**Communication with members.** For purposes of section 4911, expenditures for certain communications between an organization and its members are treated more leniently than are communications to nonmembers. Expenditures for a communication that refers to, and reflects a view on, specific legislation aren't lobbying expenditures if the communication satisfies the following requirements.

1. The communication is directed to only members of the organization.
2. The specific legislation the communication refers to, and reflects a view on, is of direct interest to the organization and its members.
3. The communication doesn't directly encourage the member to engage in direct lobbying (whether individually or through the organization).
4. The communication doesn't directly encourage the member to engage in grassroots lobbying (whether individually or through the organization).

Expenditures for a communication directed to only members that refers to, and reflects a view on, specific legislation and that satisfies the requirements of items (1), (2), and (4), earlier (under *Grassroots lobbying communications*), but doesn't satisfy the requirements of item (3), are treated as expenditures for direct lobbying.

Expenditures for a communication directed to only members that refers to, and reflects a view on, specific legislation and satisfies the requirements of items (1)

and (2) earlier, but doesn't satisfy the requirements of item (4), are treated as grassroots expenditures, whether or not the communication satisfies the requirements of item (3). See Regulations section 56.4911-5 for details.

There are special rules regarding certain paid mass media advertisements about highly publicized legislation; allocation of mixed purpose expenditures; certain transfers treated as lobbying expenditures; and special rules regarding lobbying on referenda, ballot initiatives, and similar procedures. See Regulations sections 56.4911-2 and 56.4911-3.

**Affiliated groups.** Members of an affiliated group are treated as a single organization to measure lobbying expenditures. Two organizations are affiliated if one is bound by the other organization's decisions on legislative issues (control) or if enough representatives of one belong to the other organization's governing board to cause or prevent action on legislative issues (interlocking directorate). If the organization isn't sure whether its group is affiliated, it may ask the IRS for a ruling letter. There is a fee for this ruling. For information on requesting rulings, see **Rev. Proc. 2021-5, 2021-1 I.R.B. 252** available at [IRS.gov/irb/2021-1\\_IRB](https://www.irs.gov/irb/2021-1_IRB) (or latest annual update).

Members of an affiliated group measure both lobbying expenditures and permitted lobbying expenditures on the basis of the affiliated group's tax year. If all members of the affiliated group have the same tax year, that year is the tax year of the affiliated group. However, if the affiliated group's members have different tax years, the tax year of the affiliated group is the calendar year, unless all the members of the group elect otherwise. See Regulations section 56.4911-7(e)(3).

**Limited control.** Two organizations that are affiliated because their governing instruments provide that the decisions of one will control the other on only national legislation are subject to the following provisions.

- The controlling organization is charged with its own lobbying expenditures and the national legislation expenditures of the affiliated organizations,
- The controlling organization isn't charged with other lobbying expenditures (or other exempt-purpose expenditures) of the affiliated organizations, and
- Each local organization is treated as though it were not a member of an affiliated group. For example, the local organization should account for its own expenditures only and not for any of the national legislation expenditures deemed as incurred by the controlling organization.

## Definitions (Part III)

Definitions in this section are applicable to only *Part III*.

**Lobbying and political expenditures.** For purposes of this section only, lobbying and political expenditures don't include any political campaign expenditures for which the tax under section 527(f) was paid (see *Part I-C*). They do include any expenditures for communications with a covered executive branch official in an attempt to influence the official actions or positions of that official.

**Covered executive branch official.** Covered executive branch officials include the President, Vice-President, officers and employees of the Executive Office of the President, the two senior level officers of each of the other agencies in the Executive Office, individuals in level I positions of the Executive Schedule and their immediate deputies, and individuals designated as having Cabinet level status and their immediate deputies.

**Direct contact lobbying.** This means a:

1. Meeting,
2. Telephone conversation,
3. Letter, or
4. Similar means of communication that is with a:

- a. Legislator, or
- b. Covered executive branch official and that is an attempt to influence the official actions or positions of that official.

**In-house expenditures include:**

1. Salaries, and
2. 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 or any dues paid to another organization that are allocable to lobbying or political activities.

## Specific Instructions

### Part I-A. Political Activity of Exempt Organizations

**Note.** Section 501(c) organizations other than those exempt under section 501(c)(3) may establish section 527(f)(3) separate segregated funds to engage in political activity. Separate segregated funds are subject to their own filing requirements. A section 501(c) organization that engages a separate segregated fund to conduct political activity should report transfers to

the fund in *Parts I-A* and *I-C*. The separate segregated fund should report specific activities on its own Form 990 if the fund is required to file.

**Line 1.** Section 501(c) organizations should provide a detailed description of their direct and indirect **political campaign activities** in *Part IV*. If the section 501(c) organization collects political contributions or member dues earmarked for a separate segregated fund, and promptly and directly transfers them to that fund as prescribed in Regulations section 1.527-6(e), don't report them here. Such amounts should be reported in Part I-C, line 5e.

Section 527 organizations should provide a detailed description of their exempt function activities in *Part IV*.

**Line 2.** Enter the total amount that the filing organization has spent conducting the activities described on line 1.

**Line 3.** If the organization used volunteer labor for its **political campaign activities** or section 527 exempt function activities, provide the total number of hours. Any reasonable method may be used to estimate this amount.

## Part I-B. Section 501(c)(3) Organizations— Disclosure of Excise Taxes Imposed Under Section 4955

Section 501(c)(3) organizations must disclose any excise tax incurred during the year under section 4955 (political expenditures), unless abated. See sections 4962 and 6033(b).

**Line 1.** Enter the amount of taxes incurred by the organization itself under section 4955, unless abated. If no tax was incurred, enter -0-.

**Line 2.** Enter the amount of taxes incurred by the organization managers under section 4955, unless abated. If no tax was incurred, enter -0-.

**Line 3.** If the filing organization reported a section 4955 tax on a Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, for the tax year, answer "Yes."

**Line 4.** Describe in *Part IV* the steps taken by the organization to correct the activity that subjected it to the section 4955 tax. Correction of a political expenditure means recovering the expenditure to the extent possible and establishing safeguards to prevent future political expenditures. Recovery of the expenditure means recovering part or all of the expenditure to the extent possible, and, where full recovery can't be accomplished, by any additional

corrective action that is necessary. (The organization that made the political expenditure isn't under any obligation to attempt to recover the expenditure by legal action if the action would in all probability not result in the satisfaction of or execution on a judgment.)

## Part I-C. Section 527 Exempt Function Activity of Section 501(c) Organizations Other Than Section 501(c)(3)

**Note.** Section 501(c) organizations that collect political contributions or member dues earmarked for a separate segregated fund, and promptly and directly transfer them to that fund as prescribed in Regulations section 1.527-6(e), don't report them on lines 1 or 2. Such amounts are reported on line 5e.

**Line 1.** Enter the amount of the organization's funds that it expended for section 527 exempt function activities. See Regulations section 1.527-6(b).

**Line 2.** Enter the amount of the organization's funds that it transferred to other organizations, including a separate segregated section 527(f)(3) fund created by the organization, for section 527 exempt function activity.

**Line 3.** Total exempt function expenditures. Add lines 1 and 2 and enter on line 3 and on Form 1120-POL, line 17b.

**Line 4.** If the filing organization reported taxable political expenditures on Form 1120-POL for this year, answer "Yes."

**Line 5.** In columns (a), (b), and (c), enter the name, address and employer identification number (EIN) of each section 527 political organization to which payments were made. In column (d), enter the amount paid from the filing organization's funds. In column (e), enter the amount of political contributions received and promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, enter information in *Part IV*.

## Part II-A. Lobbying Activity

Only section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) complete this section.

*Part II-A* provides a reporting format for any section 501(c)(3) organization for which the 501(h) lobbying expenditure election was valid and in effect during the 2021 tax year, whether or not the organization engaged in lobbying activities during that tax year. A public charity that makes a valid section 501(h)

election may spend up to a certain percentage of its exempt purpose expenditures to influence legislation without incurring tax or losing its tax exempt status.

**Affiliated groups.** If the filing organization belongs to an affiliated group, check Part II-A, box A and complete lines 1a through 1i.

- Complete column (a) for the electing member of the group.
- Complete column (b) for the affiliated group as a whole.

If the filing organization checked box A and the limited control provisions apply to the organizations in the affiliated group, each member of the affiliated group should check box B and complete only column (a).

If the filing organization doesn't check box A, don't check box B.

**Affiliated group list.** Provide in *Part IV* a list showing each affiliated group member's name, address, EIN, and expenses. Show which members made the election under section 501(h) and which didn't.

Include each electing member's share of the excess lobbying expenditures on the list.

Nonelecting members don't owe tax, but remain subject to the general rule, which provides that no substantial part of their activities may consist of carrying on propaganda or otherwise trying to influence legislation.

**Lines 1a through 1i.** Complete lines 1a through 1i in column (a) for any organization required to complete *Part II-A*, but complete column (b) for only affiliated groups.

Lines 1a through 1i are used to determine whether any of the organization's current year lobbying expenditures are subject to tax under section 4911. File Form 4720 if the organization needs to report and pay the excise tax.

**Line 1a.** Enter the amount the organization expended for grassroots lobbying communications. See Regulations section 56.4911-6(b).

**Line 1b.** Enter the amount the organization expended for direct lobbying communications. See Regulations section 56.4911-6(b).

**Line 1c.** Add lines 1a and 1b.

**Line 1d.** Enter all other amounts (excluding lobbying) the organization expended to accomplish its exempt purpose.

**Line 1e.** Add lines 1c and 1d. This is the organization's total exempt purpose expenditures.

**Lines 1h and 1i.** If there are no excess lobbying expenditures on either line 1h or 1i of column (b), treat each electing member of the affiliated group as having no excess lobbying expenditures. However, if there are excess lobbying expenditures on either line 1h or 1i of column (b), treat each electing member as having excess lobbying expenditures. In such case, each electing member must file Form 4720, and must pay the tax on its proportionate share of the affiliated group's excess lobbying expenditures. Enter the proportionate share in column (a) on line 1h or line 1i, or on both lines. In *Part IV*, provide the *affiliated group list* described earlier. Show what amounts apply to each group member. To find a member's proportionate share, see Regulations section 56.4911-8(d).

**Line 1j.** If the filing organization reported section 4911 tax on Form 4720 for this year, answer "Yes."

**Line 2.** Line 2 is used to determine if the organization exceeded lobbying expenditure limits during the 4-year averaging period.

Any organization for which a lobbying expenditure election under section 501(h) was in effect for its tax year beginning in 2021 must complete columns (a) through (e) of lines 2a through 2f except in the following situations.

1. An organization first treated as a section 501(c)(3) organization in its tax year beginning in 2021 doesn't have to complete any part of lines 2a through 2f.

2. An organization doesn't have to complete lines 2a through 2f for any period before it is first treated as a section 501(c)(3) organization.

3. If 2021 is the first year for which an organization's section 501(h) election is effective, that organization must complete line 2a, columns (d) and (e). The organization must then complete all of column (e) to determine whether the amount on line 2c, column (e), is equal to or less than the lobbying ceiling amount calculated on line 2b and whether the amount on line 2f is equal to or less than the grassroots ceiling amount calculated on line 2e. The organization doesn't satisfy both tests if either its total lobbying expenditures or grassroots lobbying expenditures exceed the applicable ceiling amounts. When this occurs, all five columns must be completed and a re-computation made unless exception 1 or 2 earlier applies.

4. If 2021 is the second or third tax year for which the organization's first section 501(h) election is in effect, that organization is required to complete only the columns for the years in which the election has been in effect, entering the totals for those years in column (e). The

organization must determine, for those 2 or 3 years, whether the amount entered in column (e), line 2c, is equal to or less than the lobbying ceiling amount reported on line 2b, and whether the amount entered in column (e), line 2f, is equal to or less than the grassroots ceiling amount calculated on line 2e. The organization doesn't satisfy both tests if either its total lobbying expenditures or grassroots lobbying expenditures exceed applicable ceiling amounts. When that occurs, all five columns must be completed and a re-computation made, unless exception 1 or 2 earlier applies. If the organization isn't required to complete all five columns, provide a statement explaining why in *Part IV*. In the statement, show the ending date of the tax year in which the organization made its first section 501(h) election and state whether or not that first election was revoked before the start of the organization's tax year that began in 2021.

**Note.** If the organization belongs to an affiliated group, enter the appropriate affiliated group totals from column (b), lines 1a through 1i, when completing lines 2a, 2c, 2d, and 2f.

**Line 2a.** For 2018, 2019, 2020, and 2021, enter the amount from Schedule C (Form 990), Part II-A, line 1f, filed for each year.

**Line 2c.** For 2018, 2019, 2020, and 2021, enter the amount from Schedule C (Form 990), Part II-A, line 1c, for each year.

**Line 2d.** For 2018, 2019, 2020, and 2021, enter the amount from Schedule C (Form 990), Part II-A, line 1g, for each year.

**Line 2f.** For 2018, 2019, 2020, and 2021, enter the amount from Schedule C (Form 990), Part II-A, line 1a, for each year.

Enter the total for each line in column (e).

## Part II-B. Lobbying Activity

Only section 501(c)(3) organizations that haven't filed Form 5768 (election under section 501(h)) or have revoked a previous election can complete this section.

*Part II-B* provides a reporting format for any section 501(c)(3) organization that engaged in **lobbying activities** during the 2021 tax year but didn't make a section 501(h) lobbying expenditure election for that year by filing Form 5768. The distinction in *Part II-A* between direct and grassroots lobbying activities by organizations that made the section 501(h) election doesn't apply to organizations that complete *Part II-B*.

Nonelecting section 501(c)(3) organizations must complete *Part II-B*, columns (a) and (b), to show lobbying expenditures paid or incurred.

**Note.** A nonelecting organization will generally be regarded as engaging in lobbying activity if the organization either contacts, or urges the public to contact, members of a legislative body for the purpose of proposing, supporting, or opposing legislation or the government's budget process; or advocates the adoption or rejection of **legislation**.

Organizations should answer "Yes" or "No" in column (a) to questions 1a through 1i and provide in *Part IV* a detailed description of any activities the organization engaged in (through its **employees or volunteers**) to influence legislation. The description should include all lobbying activities, whether expenses were incurred or not. Examples of such lobbying activities include:

- Sending letters or publications to government officials or legislators,
- Meeting with or calling government officials or legislators,
- Sending or distributing letters or publications (including newsletters, brochures, etc.) to members or to the general public, or
- Using direct mail, placing advertisements, issuing press releases, holding news conferences, or holding rallies or demonstrations.

For lines 1c through 1i, enter in column (b) the lobbying expenditures paid or incurred. Enter total expenditures on column (b), line 1j.

**Line 1f.** Grants to other organizations are amounts from the organization's funds given to another organization for the purpose of assisting the other organization conducting **lobbying activities**.

**Line 1g.** Direct contact is a personal telephone call or visit with legislators, their staffs, or government officials.

**Line 1h.** Rallies, demonstrations, seminars, conventions, speeches, and lectures are examples of public forums conducted directly by the organization or paid for out of the organization's funds.

**Line 1i.** Answer "Yes" if the organization engaged in any other activities to influence legislation.

**Line 2a.** Answer "Yes" if a section 501(c)(3) organization ceased to be described as a section 501(c)(3) organization because the amount on line 1j was substantial.

**Line 2b.** Enter the amount of taxes, if any, imposed on the organization itself under section 4912, unless abated.

**Line 2c.** Enter the amount of taxes, if any, imposed on the organization managers under section 4912, unless abated.

**Line 2d.** If the filing organization reported a section 4912 tax on a Form 4720 for this year, answer "Yes."

## Part III. Section 6033(e) Notice and Reporting Requirements and Proxy Tax

Only certain organizations that are tax-exempt under:

- Section 501(c)(4) (social welfare organizations),
  - Section 501(c)(5) (agricultural and horticultural organizations), or
  - Section 501(c)(6) (business leagues),
- are subject to the section 6033(e) notice and reporting requirements, and to a potential proxy tax. These organizations must report their total lobbying expenses, political expenses, and membership dues, or similar amounts.

Section 6033(e) requires certain organizations to tell their members what portion of their membership dues 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. This tax is reported on Form 990-T, **Exempt Organization Business Income Tax Return**.

### Part III-A

**Line 1.** Answer "Yes" if any of the following exemptions from the reporting and notice requirements apply. By doing so, the organization is declaring that substantially all of its membership dues were nondeductible.

1. Local associations of employees' and veterans' organizations described in section 501(c)(4), but not section 501(c)(4) social welfare organizations.
2. Labor unions and other labor organizations described in section 501(c)(5), but not section 501(c)(5) agricultural and horticultural organizations.
3. Section 501(c)(4), section 501(c)(5), and section 501(c)(6) organizations that receive more than 90% of their dues from:
  - a. Organizations exempt from tax under section 501(a), other than section 501(c)(4), section 501(c)(5), and section 501(c)(6) organizations,
  - b. State or local governments,
  - c. Entities whose income is excluded from gross income under section 115, or
  - d. Organizations described in 1 or 2, earlier.

4. Section 501(c)(4) and section 501(c)(5) organizations that receive more than 90% of their annual dues from:

- a. Persons,
- b. Families, or
- c. Entities,

who each paid annual dues of \$120 or less in 2021 (adjusted annually for inflation). See Rev. Proc. 2020-45; 2020-46 I.R.B. 1016 sec 3.46, available at 2020-45; 2020-46 I.R.B. 1016 sec 3.46, (or latest annual update).

5. Any organization that receives a private letter ruling from the IRS stating that the organization satisfies the section 6033(e)(3) exception.

6. 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.

7. Any organization that isn't a membership organization.



*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, 1998-1 C.B. 547, section 5.03, as adjusted annually.*

**Line 2.** Answer "Yes" on line 2 if the organization satisfies the following criteria of the \$2,000 in-house lobbying exception.

1. The organization didn't make any political expenditures or foreign lobbying expenditures during the 2021 tax year.

2. The organization made lobbying expenditures during the 2021 tax year consisting of only in-house direct lobbying expenditures totaling \$2,000 or less, but excluding any allocable overhead expenses.

If the organization's in-house direct lobbying expenditures during the 2021 tax year were \$2,000 or less, but the organization also paid or incurred other lobbying or political expenditures during the 2021 tax year, it should answer "No" to question 2. If the organization is required to complete *Part III-B*, the \$2,000 or less of in-house direct lobbying expenditures shouldn't be included in the total of *Part III-B*, line 2a.

**Line 3.** Answer "Yes" on line 3 if the organization on its prior tax year agreed to carryover an amount to be included in the current year's reasonable estimate of lobbying and political expenses.

Complete only *Part III-B* if the organization answered "No" on both line 1 and line 2 or if the organization answered "Yes" on line 3.

## Part III-B. Dues Notices, Reporting Requirements, and Proxy Tax

**Dues notices.** An organization that checked "No" for both *Part III-A*, lines 1 and 2, **Adjusted for inflation. \$119 in 2020 instructions.** complete *Part III-B*, line 2a. If the organization chooses to pay the proxy tax instead of informing its members of the nondeductible portion of its dues. These dues notices must reasonably estimate the dues allocable to the nondeductible lobbying and political expenditures reported in *Part III-B*, line 2a. An organization that checked "Yes" for *Part III-A*, line 3, and thus is required to complete *Part III-B*, must send dues notices to its members at the time of assessment or payment of dues and include the amount it agreed to carryover in its reasonable estimate of the dues allocable to the nondeductible lobbying and political expenditures reported in *Part III-B*, line 2a.

### Dues, Lobbying, and Political Expenses

IF ...	THEN ...
The organization's lobbying and political expenses are more than its membership dues for the year,	The organization must: (a) Allocate all membership dues to its lobbying and political activities, and (b) Carry forward any excess lobbying and political expenses to the next tax year.
The organization: (a) Had only <i>de minimis</i> in-house expenses (\$2,000 or less) and no other nondeductible lobbying or political expenses (including any amount it agreed to carryover); or (b) Paid a proxy tax, instead of notifying its members on the allocation of dues to lobbying and political expenses; or (c) Established that substantially all of its membership dues, etc., aren't deductible by members.	The organization need not disclose to its membership the allocation of dues, etc., to its lobbying and political activities.

Members of the organization can't take a trade or business expense deduction on their tax returns for the portion of their dues, etc., allocable to the organization's lobbying and political activities.

### Proxy Tax

IF ...	THEN ...
The organization's actual lobbying and political expenses are more than it estimated in its dues notices,	The organization is liable for a proxy tax on the excess.
The organization: (a) Elects to pay the proxy tax, and (b) Chooses not to give its members a notice allocating dues to lobbying and political campaign activities,	All the members' dues remain eligible for a section 162 trade or business expense deduction.
The organization: (a) Makes a reasonable estimate of dues allocable to nondeductible lobbying and political activities, and (b) Agrees to adjust its estimate in the following year*.	The IRS may permit a waiver of the proxy tax.

\*A facts and circumstances test determines whether or not a reasonable estimate was made in good faith.

**Allocation of costs to lobbying activities and influencing legislation.** An organization that is subject to the lobbying disclosure rules of section 6033(e) must use a reasonable allocation method to determine total costs of its direct lobbying activities; that is, costs to influence:

- **Legislation, and**
- The actions of a covered executive branch official through direct communication (for example, President, Vice-President, or cabinet-level officials, and their immediate deputies) (section 162(e)(1)(A) and section 162(e)(1)(D)).

Reasonable methods of allocating costs to direct lobbying activities include, but aren't limited to:

- The ratio method,
- The gross-up and alternative gross-up methods, and
- A method applying the principles of section 263A.

For more information, see Regulations sections 1.162-28 and 1.162-29. The special rules and definitions for these allocation methods are discussed under *Special Rules*, later.

An organization that is subject to the lobbying disclosure rules of section 6033(e) must also determine its total costs of:

- *De minimis* in-house lobbying,
- Grassroots lobbying, and
- **Political campaign activities.**

There are no special rules related to determining these costs.

**All methods.** For all the allocation methods, include labor hours and costs of personnel whose activities involve significant judgment about lobbying activities.

## Special Rules

**Ratio and gross-up methods.** These methods may be used even if volunteers conduct activities.

**Ratio method.** This method may disregard labor hours and cost of clerical or support personnel (other than lobbying personnel).

**Alternative gross-up method.** This method may disregard:

- Labor hours, and
- Costs of clerical or support personnel (other than lobbying personnel).

**Third-party costs.** These are:

- Payments to outside parties for conducting lobbying activities,
- Dues paid to another membership organization that were declared to be nondeductible lobbying expenses, and
- Travel and entertainment costs for lobbying activity.

**Direct contact lobbying.** Treat all hours spent by a person in connection with direct contact lobbying as labor hours allocable to lobbying activities.

Don't treat as direct contact lobbying the hours spent by a person who engages in research and other background activities related to direct contact lobbying, but who makes no direct contact with a legislator, or covered executive branch official.

**De minimis rule.** If less than 5% of a person's time is spent on lobbying activities, and there is no direct contact lobbying, an organization may treat that person's time spent on lobbying activities as zero.

**Purpose for engaging in an activity.**

The purpose for engaging in an activity is based on all the facts and circumstances. If an organization's lobbying communication was for both a lobbying and a non-lobbying purpose, the organization must make a reasonable allocation of cost to influence **legislation**.

**Correction of prior year lobbying costs.**

If in a prior year, an organization treated costs incurred for a future lobbying communication as a lobbying cost to influence legislation, but after the organization filed a timely return, it appears the lobbying communication will not be made under any foreseeable circumstance, the organization may apply these costs to reduce its current year's lobbying costs, but not below zero. The organization may carry forward any amount of the costs not used to reduce its

current year's lobbying costs to subsequent years.

**Example 1. Ratio method.**

X Organization incurred:

1. 6,000 labor hours for all activities,
2. 3,000 labor hours for lobbying activities (3 employees),
3. \$300,000 for operational costs, and
4. No third-party lobbying costs.

X Organization allocated its lobbying costs as follows:

Lobbying labor hrs.	Total costs of operations	Allocable third-party costs	Costs allocable to lobbying activities
$\frac{3,000}{6,000}$	$\times \$300,000$	$+ \$-0-$	$= \$150,000$
Total labor hrs.			

**Example 2. Gross-up method and alternative gross-up method.**

A and B are employees of Y Organization.

1. A's activities involve significant judgment about lobbying activities.
2. A's basic lobbying labor costs (excluding employee benefits) are \$50,000.
3. B performs clerical and support activities for A.
4. B's labor costs (excluding employee benefits) in support of A's activities are \$15,000.
5. Allocable third-party costs are \$100,000.

If Y Organization uses the gross-up method to allocate its lobbying costs, it multiplies 175% times its basic labor costs (excluding employee benefits) for all of the lobbying of its personnel and adds its allocable third-party lobbying costs as follows:

Basic lobbying labor costs of A + B	Allocable third-party costs	Costs allocable to lobbying activities
$(175\% \times \$65,000)$	$+ \$100,000$	$= \$213,750$

If Y Organization uses the alternative gross-up method to allocate its lobbying costs, it multiplies 225% times its basic labor costs (excluding employee benefits) for all of the lobbying hours of its lobbying personnel and adds its third-party lobbying costs as follows:

Basic lobbying labor costs of A	Allocable third-party costs	Costs allocable to lobbying activities
$(225\% \times \$50,000)$	$+ \$100,000$	$= \$212,500$

**Section 263A cost allocation method.**

The examples that demonstrate this method are found in Regulations section 1.162-28(f).

**Part III-B, Line 1.** Enter the total dues, assessments, and similar amounts allocable to the **2021** tax year. Dues are the amounts the organization requires a member to pay in order to be recognized as a member.

Payments that are similar to dues include:

1. Members' voluntary payments,
2. Assessments to cover basic operating costs, and
3. Special assessments to conduct lobbying and political activities.

**Line 2.** Include on line 2a the total amount of expenses paid or incurred during the **2021** tax year in connection with:

1. Influencing **legislation**;
2. Participating or intervening in any political campaign on behalf of (or in opposition to) any candidate for any public office;
3. Attempting to influence any segment of the general public with respect to elections, legislative matters, or referendums; and
4. Communicating directly with a covered executive branch official in an attempt to influence the official actions or positions of such official.

Don't include:

1. In-house direct lobbying expenditures, if the total of such expenditures is \$2,000 or less (excluding allocable overhead); or
2. Political expenditures for which the section 527(f) tax has been paid (on Form 1120-POL).

Reduce the current year's lobbying expenditures, but not below zero, by costs previously allocated in a prior year to **lobbying activities** that were cancelled after a return reporting those costs was filed.

Carryforward any amounts not used as a reduction to subsequent years.

Include the following on line 2b.

1. Lobbying and political expenditures carried over from the preceding tax year.
2. An amount equal to the taxable lobbying and political expenditures

reported on Part III-B, line 5 for the preceding tax year, if the organization received a waiver of the proxy tax imposed on that amount.

**Line 3.** Enter the total amount of dues, assessments, and similar amounts received, for which members were timely notified of the nondeductibility under section 162(e) that were allocable to the 2021 tax year.

**Example.**

- Membership dues: \$100,000 for the 2021 tax year,
- Organization's timely notices to members: 25% of membership dues nondeductible, and
- Line 3 entry: \$25,000.

**Line 4.** If the amount on line 2c exceeds the amount on line 3 and the organization sent dues notices to its members at the time of assessment or payment of dues, include the amount on line 4 that the organization agrees to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year and include the amount on the 2021 Schedule C (Form 990), in Part III-B, line 2b (carryover lobbying and political expenses), or its equivalent.

If the organization didn't send notices to its members, enter "-0-" on line 4.

**Line 5.** The taxable amount reportable on line 5 is the amount of dues, assessments, and similar amounts received:

1. Allocable to the 2021 tax year, and
2. Attributable to lobbying and political expenditures that the organization didn't timely notify its members were nondeductible.

Report the tax on Form 990-T.

If the amount on line 1 (dues, assessments, and similar amounts) is greater than the amount on line 2c (total lobbying and political expenditures), then subtract the nondeductible dues shown in notices (line 3) and the carryover amount (line 4) from the total lobbying and political expenditures (line 2c) to determine the taxable amount of lobbying and political expenditures (line 5).

If the amount on line 1 (dues, assessments, and similar amounts) is less than the amount on line 2c (total lobbying and political expenditures), then subtract the nondeductible dues shown in notices (line 3) and the carryover amount (line 4) from dues, assessments, and similar amounts (line 1) to determine the taxable lobbying and political expenditures (line 5).

Subtract dues, assessments, and similar amounts (line 1) from lobbying and political expenditures (line 2c) to determine the excess amount to be carried over to the following tax year and

reported on Part III-B, line 2b (carryover lobbying and political expenditures), or its equivalent, on the next year Schedule C (Form 990) along with the amounts the organization agreed to carryover on line 4.

**Underreporting of lobbying expenses.**

An organization is subject to the proxy tax for the 2021 tax year for underreported lobbying and political expenses only to the extent that these expenses (if actually reported) would have resulted in a proxy tax liability for that year. A waiver of proxy tax for the tax year applies to reported expenditures only.

An organization that under reports its lobbying and political expenses is also subject to the section 6652(c) daily penalty for filing an incomplete or inaccurate return. See Instructions for Form 990 *General Instructions H. Failure-to-File Penalties*, and Instructions for Form 990-EZ *General Instructions G. Failure-to-File Penalties*.

**Examples.** Organizations A, B, and C:

1. Reported on the calendar year basis,
2. Incurred only grassroots lobbying expenses (didn't qualify for the under \$2,000 in-house lobbying exception (*de minimis* rule)), and
3. Allocated dues to the tax year in which they were received.

**Organization A.** Dues, assessments, and similar amounts received in 2021 were greater than its lobbying expenses for 2021.

**Workpapers (for 2021 Form 990) — Organization A**

1. Total dues, assessments, etc., received	\$800	
2. Lobbying expenses paid or incurred		\$600
3. Less: Total nondeductible amount of dues notices	100	100
4. Subtract line 3 from both lines 1 and 2	\$700	\$500
5. Taxable amount of lobbying expenses (smaller of the two amounts on line 4)		<u>\$500</u>

**TIP** The amounts on lines 1, 2, 3, and 5 of the workpapers were entered on the 2021 Schedule C (Form 990), Part III-B, lines 1, 2c, 3, and 5.

Because dues, assessments, and similar amounts received were greater than lobbying expenses, there is no carryover of excess lobbying expenses to the 2022 Schedule C (Form 990), Part III-B, line 2b.

See the instructions for Part III-B, line 5, for the treatment of the \$500.

**Organization B.** Dues, assessments, and similar amounts received in 2021

were less than lobbying expenses for 2021.

**Workpapers (for 2021 Form 990) — Organization B**

1. Total dues, assessments, etc., received	\$400	
2. Lobbying expenses paid or incurred		\$600
3. Less: Total nondeductible amount of dues notices	100	100
4. Subtract line 3 from both lines 1 and 2	\$300	\$500
5. Taxable amount of lobbying expenses (smaller of the two amounts on line 4)		<u>\$300</u>

**TIP** The amounts on lines 1, 2, 3, and 5 of the workpapers were entered on the 2021 Schedule C (Form 990), Part III-B, lines 1, 2c, 3, and 5.

Because dues, assessments, and similar amounts received were less than lobbying expenses, excess lobbying expenses of \$200 must be carried forward to the 2022 Schedule C (Form 990) Part III-B, line 2b (excess of \$600 of lobbying expenses over \$400 dues, etc., received). The \$200 will be included along with the other lobbying and political expenses paid or incurred in the 2022 tax year.

See the instructions for Part III-B, line 5, for the treatment of the \$300.

**Organization C.** Dues, assessments, and similar amounts received in 2021 were greater than lobbying expenses for 2021 and the organization agreed to carryover a portion of its excess lobbying and political expenses to the next year.

**Workpapers (for 2021 Form 990) — Organization C**

1. Total dues, assessments, etc., received	\$800	
2. Lobbying expenses paid or incurred		\$600
3. Less: Total nondeductible amount of dues notices	100	100
4. Less: Amount agreed to carryover	100	100
5. Subtract line 3 and 4 from both lines 1 and 2	\$600	\$400
6. Taxable amount of lobbying expenses (smaller of the two amounts on line 5)		<u>\$400</u>

**TIP** The amounts on lines 1, 2, 3, 4, and 6 of the workpapers were entered on the 2021 Schedule C (Form 990), Part III-B, lines 1, 2c, 3, 4, and 5.

See the instructions for Part III-B, line 5, for the treatment of the \$400.

## Part IV. Supplemental Information

Use *Part IV* to enter narrative information required in Part I-A, line 1, Part I-B, line 4,

Part I-C, line 5, Part II-A, line 1 (affiliated group list), Part II-A, lines 1 and 2, and Part II-B, line 1. Also use *Part IV* to enter other narrative explanations and descriptions. Identify the specific part and

line number that the response supports, in the order in which they appear on Schedule C (Form 990). *Part IV* can be duplicated if more space is needed.

# Schedule D

Supplemental Financial Statements

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**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2021**

**Open to Public Inspection**

Name of the organization

Employer identification number

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year . . . . .		
2 Aggregate value of contributions to (during year) . . . . .		
3 Aggregate value of grants from (during year) . . . . .		
4 Aggregate value at end of year . . . . .		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? . . . . .		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply). <input type="checkbox"/> Preservation of land for public use (for example, recreation or education) <input type="checkbox"/> Preservation of a historically important land area <input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure <input type="checkbox"/> Preservation of open space	
2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.	
a Total number of conservation easements . . . . .	2a
b Total acreage restricted by conservation easements . . . . .	2b
c Number of conservation easements on a certified historic structure included in (a) . . . . .	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register . . . . .	2d
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶	
4 Number of states where property subject to conservation easement is located ▶	
5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶	
7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$	
8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? . . . . .	<input type="checkbox"/> Yes <input type="checkbox"/> No
9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.	

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.	
b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:	
(i) Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
(ii) Assets included in Form 990, Part X . . . . .	▶ \$
2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:	
a Revenue included on Form 990, Part VIII, line 1 . . . . .	▶ \$
b Assets included in Form 990, Part X . . . . .	▶ \$

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**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

**3** Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

- a**  Public exhibition
- b**  Scholarly research
- c**  Preservation for future generations
- d**  Loan or exchange program
- e**  Other .....

**4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  **Yes**  **No**

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  **Yes**  **No**

**b** If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
<b>1c</b> Beginning balance	
<b>1d</b> Additions during the year	
<b>1e</b> Distributions during the year	
<b>1f</b> Ending balance	

**2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  **Yes**  **No**

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance					
<b>b</b> Contributions					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships					
<b>e</b> Other expenditures for facilities and programs					
<b>f</b> Administrative expenses					
<b>g</b> End of year balance					

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment ▶ .....%
- b** Permanent endowment ▶ .....%
- c** Term endowment ▶ .....%

The percentages on lines 2a, 2b, and 2c should equal 100%.

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i)** Unrelated organizations
- (ii)** Related organizations

	Yes	No
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

**b** If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?

**4** Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land				
<b>b</b> Buildings				
<b>c</b> Leasehold improvements				
<b>d</b> Equipment				
<b>e</b> Other				

**Total.** Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ▶

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**Part VII Investments—Other Securities.**

Complete if the organization answered “Yes” on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely held equity interests . . . . .		
(3) Other _____		
(A) _____		
(B) _____		
(C) _____		
(D) _____		
(E) _____		
(F) _____		
(G) _____		
(H) _____		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) . ▶		

**Part VIII Investments—Program Related.**

Complete if the organization answered “Yes” on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) . ▶		

**Part IX Other Assets.**

Complete if the organization answered “Yes” on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	

**Part X Other Liabilities.**

Complete if the organization answered “Yes” on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) . . . . . ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization’s financial statements that reports the organization’s liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII .

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**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and descriptions. Total revenue calculation is shown at the bottom.

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include line numbers and descriptions. Total expenses calculation is shown at the bottom.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

Series of horizontal dashed lines for providing supplemental information.

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# Schedule D

Instructions

Table of contents

Removed  
"Reminders"  
section on FASB  
changes.

# Instructions for Schedule D (Form 990)

## Supplemental Financial Statements

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

### Future Developments

For the latest information about developments related to Schedule D (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

### Purpose of Schedule

Schedule D (Form 990) is used by an organization that files Form 990 to provide the required reporting for **donor advised funds, conservation easements, certain art and museum collections, escrow or custodial accounts** or arrangements, **endowment** funds, and supplemental financial information.

### Who Must File

An organization that answered "Yes" to any of lines 6 through 12a on Form 990, Part IV, *Checklist of Required Schedules*, must complete the appropriate part(s) of Schedule D (Form 990) and attach the schedule to Form 990. An organization that answered "Yes" on Form 990, Part IV, line 12b, can complete Parts XI and XII of Schedule D (Form 990), but isn't required to do so.

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.

## Specific Instructions

### Part I. Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts

Complete Part I if the organization answered "Yes" on Form 990, Part IV, line 6.

Generally, 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. 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 fund or account because of the donor's status as a donor.

**Note.** **Donor advised funds** aren't limited to funds or accounts that meet the definition of "funds" under **generally accepted accounting principles**.

**Exceptions.** 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 donors or donor advisor's advisory privileges are performed exclusively by such person in his or her capacity as a member of a committee in which all of the committee members are appointed by the sponsoring organization;
  - b. No combination of donors or donor advisors (and related persons, defined next) directly or indirectly control 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 because such fund benefits a single identified charitable purpose.

See Notice 2006-109, 2006-51 I.R.B. 1121, available at [IRS.gov/irb/2006-51\\_IRB/ar11.html](https://www.irs.gov/irb/2006-51_IRB/ar11.html), modified by Rev. Proc. 2009-32, 2009-28 I.R.B. 142, modified by Notice 2014-4, 2014-2 I.R.B. 274.

A person related to a donor or donor advisor includes any family member (as defined in section 4958(f)(4)) of the donor or donor advisor and any **35% controlled entity** (as defined in section 4958(f)(3)) of the donor, donor advisor, or their family members.

**Column (a).** Complete for all donor advised funds held at any time during the **tax year** by the organization as a **sponsoring organization**.

**Column (b).** Complete for each similar fund or account held by the organization at any time during the tax year over which a donor, or person appointed by the donor, had advisory privileges for distribution or investment of amounts held in such fund or account, but which isn't a **donor advised fund**. Examples of other similar funds or accounts include the funds or accounts listed in *Exceptions* above, as well as funds otherwise prescribed by statute as excepted from the meaning of a donor advised fund.

**Line 1.** Report in column (a) the total number of **donor advised funds** and in column (b) the total number of other similar funds or accounts held by the organization at the end of the year.

**Line 2.** Report in column (a) the aggregate value of **contributions**

during the year to all **donor advised funds** and in column (b) the aggregate value of contributions during the year to all other similar funds or accounts held by the organization.

**Line 3.** Report in column (a) the aggregate value of grants made during the year from all **donor advised funds** and in column (b) the aggregate value of grants made during the year from all other similar funds or accounts held by the organization. Report both grants outside the organization and transfers within the organization.

**Line 4.** Report in column (a) the aggregate value at the end of the year of all **donor advised funds** and in column (b) the aggregate value at the end of the year of all other similar funds or accounts held by the organization.

## Part II. Conservation Easements

Complete Part II if the organization answered "Yes" on Form 990, Part IV, line 7.

In addition to reporting on **conservation easements**, also report in Part II other interests in real property that under state law have attributes similar to a conservation easement and are established for the purpose of conservation and preservation (for example, certain restrictive covenants and equitable servitudes). Don't report utility easements.

**Line 1.** Check the box for the purpose or purposes for which the organization held the easement(s) during the tax year. Check all that apply.

**Line 2.** Provide an answer for each item.

**Line 2a.** Enter the total number of **conservation easements** held by the organization at the end of the **tax year**. This shouldn't be an estimate or a rounded number.

**Line 2b.** Enter the total acreage restricted by **conservation easements** held by the organization at the end of the **tax year**. Compute the total acreage by adding together all the acres of land subject to all the easements held as of the end of the tax year. Don't include conservation easements on certified historic structures. Acreage can be expressed in decimal points for properties subject to easements where the acreage consists of less than whole numbers. For example, two and one-half acres can be expressed as 2.5 acres.

**Line 2c.** Enter the number of **conservation easements** on **certified historic structures** held by the organization at the end of the **tax year**.

A certified historic structure is 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 of conservation easements on certified historic structures in registered historic districts.

**Line 2d.** Enter the number of **conservation easements** included in the answer to line 2c that the organization acquired after July 25, 2006, and not on a historic structure listed in the National Register.

**Line 3.** To be eligible for a federal charitable income tax deduction for the donation of a conservation easement to a qualified organization, the easement must be granted in perpetuity. For purposes of maintaining its tax exemption, the recipient tax-exempt organization must generally protect the conservation easements it holds in perpetuity.

Enter the total number of conservation easements held by the organization that were modified, transferred, released, extinguished, or terminated, in whole or in part, during the **tax year**. For example, if two easements were modified and one easement was terminated during the tax year, enter the number 3.

For each easement modified, transferred, released, extinguished, or terminated, in whole or in part, explain the changes in Part XIII. Tax exemption may be undermined by the modification, transfer, release, extinguishment, or termination of an easement.

For purposes of this Schedule D reporting requirement, an easement is *modified* when its terms are amended or altered in any manner. For example, if the deed of easement is amended to increase the amount of land subject to the easement or to add, alter, or remove restrictions regarding the use of the property subject to the easement, the easement is modified. An easement is *transferred* if, for example, the organization assigns, sells, releases, quitclaims, or otherwise disposes of the easement whether with or without consideration. An easement is *released*, *extinguished*, or *terminated* when it is condemned, extinguished by court order, transferred to the land owner, or

in any way rendered void and unenforceable, in each case whether in whole or in part. An easement is also *released*, *extinguished*, or *terminated* when all or part of the property subject to the easement is removed from the protection of the easement in exchange for the protection of some other property or cash to be used to protect some other property.

The categories described in the preceding paragraph are provided for convenience purposes only and aren't to be considered legally binding or mutually exclusive. For example, a modification may also involve a transfer and an extinguishment, depending on the circumstances. Use of a synonym for any of these terms doesn't avoid the application of the reporting requirement. For example, calling an action a "swap" or a "boundary line adjustment" doesn't mean the action isn't also a modification, transfer, or extinguishment.

**Line 4.** Enter the total number of states where property is located and subject to a **conservation easement** held by the organization during the **tax year**.

**Line 5.** A qualified organization must have a commitment to protect the conservation purposes of the easement, and have the resources to enforce the restrictions. Report whether the organization has a written policy or policies about how the organization will monitor, inspect, and handle violations, and how it will enforce **conservation easements**. If "Yes," briefly summarize such policy or policies in Part XIII. Also, indicate whether such policy or policies are reflected in the organization's easement documents. *Monitoring* means the organization investigates the use or condition of the real property restricted by the easement to determine if the property owner is adhering to the restrictions imposed by the terms of the easement to ensure the conservation purpose of the easement is being achieved. *Inspection* means an onsite visit to observe the property to carry out a monitoring purpose. *Enforcement* of an easement means action taken by the organization after it discovers a violation to compel a property owner to adhere to the terms of the conservation easement. Such activities can include communications with the property owner explaining his or her obligations with respect to the easement, arbitration, or litigation.

**Line 6.** Enter the total number of hours devoted during the tax year to monitoring, inspecting, handling

violations, and enforcing **conservation easements**, as those terms are defined in the instructions for line 5 above. Include the hours devoted to this purpose by any of the organization's paid or unpaid staff and by any of the organization's agents or **independent contractors**.

**Line 7.** Enter the total amount of expenses incurred by the organization during the **tax year** to monitor, inspect, handle violations, and enforce the **conservation easements** it held during the year as those terms are defined in the instructions for line 5.

**Line 8.** Answer "Yes" if each of the organization's façade easements acquired after July 25, 2006, satisfies the requirements of sections 170(h)(4)(B)(i) and 170(h)(4)(B)(ii).

Section 170(h)(4)(B)(i) requires each façade easement donated after August 17, 2006, to include a restriction that preserves the entire exterior of the building, including the front, sides, rear, and height of the building, and to prohibit any change in the exterior of the building that is inconsistent with the historical character of such exterior.

Section 170(h)(4)(B)(ii) requires the donor and donee to enter into a written agreement certifying, among other things, that the donee organization has the resources to manage and enforce the restriction and a commitment to do so.

**Line 9.** Enter in Part XIII a description of how the organization reports **conservation easements** in its revenue and expense statement and on its balance sheet. Include in Part XIII, if applicable, the text of the footnote to the organization's **financial statements** that describes the organization's accounting for conservation easements and the basis for its reporting position (for example, Financial Accounting Standards Board (FASB) Emerging Issues Task Force (EITF) 02-7, Example 1 (now codified in Accounting Standards Codification (ASC) 350-30-55-29 to 55-32)).



*The organization must report any **qualified conservation contributions** and **contributions of conservation easements** in Form 990, Part VIII, Statement of Revenue; Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support; Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors; and Schedule M (Form 990), Noncash Contributions, consistently with how it*

*reports revenue from such contributions in its books, records, and financial statements.*

### Part III. Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets

Complete Part III if the organization answered "Yes" on Form 990, Part IV, line 8.

Organizations that receive contributions of **works of art, historical treasures**, and similar assets that don't maintain collections as described in the Financial Accounting Standards Board Accounting Standards Codification 958 (FASB ASC 958) (including what was formerly SFAS 116) aren't required to complete Part III, but may be required to complete Schedule M.

For lines 1 and 2, refer to FASB ASC 958 for meanings of the various terms.

**Lines 1 and 2.** Pursuant to FASB ASC 958, certain organizations can choose one of two methods to report collections of **works of art, historical treasures**, or other similar assets held for public exhibition, education, or research in furtherance of public service. An organization that doesn't recognize and capitalize its collections for financial statement purposes will report its collections on the face of its statement of activities, separately from revenues, expenses, gains, losses, and assets. An organization that recognizes and capitalizes its collections for financial statement purposes will report its collections as assets and revenues based upon its fair value measurement. Line 1 pertains to collection items held by the organization in furtherance of public service, and line 2 pertains to collection items held by the organization for financial gain, as those terms are described in FASB ASC 958.

**Line 1a.** If an organization has elected not to capitalize its collections, then provide in Part XIII the footnote(s) to the organization's **financial statements** that describes these collection items.

**Line 1b.** If an organization has elected to capitalize its collections, provide on line 1b(i) the revenue relating to its collection items that is reported on Form 990, Part VIII, line 1. Also, provide on line 1b(ii) the value of the organization's collection items reported as **total assets** on Form 990.

**Line 2.** If an organization has received or held collections for financial gain, provide on line 2a the revenue reported as to these collection items from the total revenue included on Form 990, Part VIII, line 1. Also, provide on line 2b the asset value assigned to these collection items, which value should also be reported as part of the organization's **total assets** reported on Form 990, Part X.

**Line 3.** Based upon the organization's acquisition, accession, and other records, check all boxes that best describe how the organization utilizes its collections, including the collection's most significant use.

**Line 4.** In Part XIII, provide a description of the organization's collections and explain how these collections further the organization's exempt purposes.

**Line 5.** Answer "Yes" to line 5 if during the year the organization solicited or received donations of **art, historical treasures**, or other similar assets to be sold in order to raise funds rather than to be maintained as part of the organization's collection.

### Part IV. Escrow and Custodial Arrangements

Complete Part IV if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**Lines 1a through 1f.** If the organization acts as an agent, **trustee**, custodian, or other intermediary for funds payable to other organizations or individuals and hasn't reported those amounts on Form 990, Part X, as an asset or liability, check "Yes" and provide an explanation of the arrangement in Part XIII.

Organizations that maintain **escrow or custodial accounts** not reported on Form 990, Part X, must record increases or decreases in such accounts by completing lines 1c through 1f.

**Example 1.** A credit counseling organization that collects amounts from debtors to remit to creditors holds funds in an **escrow or custodial account**. If the organization acts as a go-between and doesn't report these funds as its assets or liabilities on Form 990, Part X, it must report the fund balances on lines 1c through 1f.

**Example 2.** An organization providing down-payment assistance that collects amounts from donors to be

used toward the purchase of qualifying housing holds funds in an **escrow or custodial account**. If the organization acts as a go-between and doesn't report these funds as its assets or liabilities on Form 990, Part X, it must report the fund balances on lines 1c through 1f.

**Line 2.** If the organization answered "Yes" to line 2a, explain in Part XIII the arrangements under which the amounts reported on Form 990, Part X, line 21, are held, including any obligations the organization has to other persons under such arrangements.

Explain in Part XIII any credit counseling, debt management, credit repair, or debt negotiation services the organization provided.

## Part V. Endowment Funds

Complete Part V if the organization answered "Yes" on Form 990, Part IV, line 10. For Part V, the definitions of endowment and types of endowments are governed by FASB ASC 958. Information reported in Part V should pertain to the aggregate of the donor-restricted assets held by the organization, organizations formed and maintained exclusively to further one or more exempt purposes of the organization, and organizations that hold endowment funds for the benefit of the organization.

**Term endowment** 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. These funds should be reported as "temporarily restricted endowment" for purposes of completing line 2c.

**Permanent endowments** are endowment funds that are established by donor-restricted gifts and are maintained to provide a permanent source of income, with the stipulation that principal must be invested and kept intact in perpetuity, while only the income generated can be used by the organization.

**Board-designated endowments or quasi-endowments** result from an internal designation and are generally not donor-restricted and are classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds.

**Line 1a.** Enter the beginning-of-year balances of the organization's endowment funds for the current year and prior year. The amounts entered

should agree with the organization's total permanent endowment, term endowment, and board or quasi-endowment funds at the beginning of the current year and prior year.

**Line 1b.** Enter the amounts of current year and prior year **contributions** and transfers to the organization's **endowment** funds. These amounts include all donor gifts, grants, and contributions received, as well as additional funds established by the organization's governing board to function like an endowment, but that can be expended at any time at the discretion of the board.

**Line 1c.** Enter the current year and prior year net amounts of investment earnings, gains, and losses, including both realized and unrealized amounts. For earnings reported net of transaction costs, enter the net amount on line 1c. For earnings reported on a gross basis, enter the transaction costs on line 1f.

**Line 1d.** Enter the current year and prior year amounts distributed for grants or scholarships.

 **Because scholarships represent direct aid to individuals, they are distinguished from general programmatic aid referenced in line 1e.**

**Line 1e.** Enter the current year and prior year amounts distributed for facilities and programs. Amounts on this line should include withdrawn amounts, and amounts disinvested from an organization's **quasi-endowments** to reduce or eliminate capital investment.

**Line 1f.** Enter the current year and prior year administrative expenses charged to the **endowment** funds. These expenses can arise from either internal or third-party sources.

**Line 1g.** Enter the year-end balances of the organization's **endowment** funds for the current year and prior year. To determine the year-end balances, add lines 1a, 1b, and investment earnings on line 1c, and subtract line 1c investment losses and the amounts on lines 1d through 1f.

**Line 2.** On lines 2a through 2c, enter the estimated percentage of the organization's total endowment funds at the current year end (as reported in line 1g, column (a)) held in (a) board designated or quasi-endowment funds, (b) permanent endowment funds, or (c) term endowment funds. The total of these three percentages should equal 100%. If the organization follows FASB

ASC 958, amounts should be reported on lines 2a, 2b, and 2c consistent with the organization's footnote disclosure under FASB ASC 958.

**Line 3.** Report information on **endowment** funds not in possession of the organization.

**Line 3a(i).** Check "Yes" if any of the organization's **endowment** funds are in the possession of and administered by **unrelated organizations**.

**Line 3a(ii).** Check "Yes" if any of the organization's **endowment** funds are in the possession of and administered by **related organizations**.

**Line 3b.** All **related organizations** are required to be reported on Schedule R (Form 990), Related Organizations and Unrelated Partnerships. Check "Yes" on line 3b if the organization answered "Yes" to line 3a(ii) and the organization listed all related organizations referred to on line 3a(ii) on Schedule R.

**Line 4.** Describe in Part XIII the intended uses of the organization's **endowment** funds.

## Part VI. Land, Buildings, and Equipment

Complete Part VI if the organization answered "Yes" on Form 990, Part IV, line 11a, and reported an amount on Form 990, Part X, line 10a. Reporting is required if any amount other than zero is reported on those lines.

**Column (a).** Enter the cost or other basis of all land, buildings, leasehold improvements, equipment, and other fixed assets held for investment purposes, such as rental properties.

**Column (b).** Enter the cost or other basis of all other land, buildings, leasehold improvements, equipment, and other fixed assets held for other than investment purposes, including any land, buildings, and equipment owned and used by the organization in conducting its exempt activities. The total amounts reported in columns (a) and (b) must equal the amount reported on Form 990, Part X, line 10a.

**Column (c).** Enter the accumulated depreciation recorded for the assets listed in columns (a) and (b). Don't enter an amount in column (c) for line 1a, Land. The total of column (c) must equal the amount reported on Form 990, Part X, line 10b.

**Column (d).** Enter the sum of column (a) and column (b) minus column (c).

The total of column (d) must equal the amount reported on Form 990, Part X.

## Part VII. Investments—Other Securities

Complete Part VII if the organization answered “Yes” on Form 990, Part IV, line 11b, or reported an amount on Form 990, Part X, that is 5% or more of the total assets reported on Form 990, Part X.

*Other securities* to be reported in this part include **closely held stock**. They also include (1) publicly traded stock for which the organization holds 5% or more of the outstanding shares of the same class, and (2) publicly traded stock in a corporation that comprised more than 5% of the organization's **total assets** at the end of the **tax year**. List each separate class of publicly traded stock held by the organization that meets either of these 5% ownership tests. Don't include program-related investments.

**Column (a).** Describe the type of investment. Each class of publicly traded stock for which the organization holds 5% or more of the outstanding shares must be listed by name and class, including the number of shares held. Also report all publicly traded stock in a corporation that comprised more than 5% of the organization's **total assets** at the end of the **tax year**.

**Column (b).** Enter the book value of each investment. The total of column (b) must equal the amount reported on Form 990, Part X.

**Column (c).** Indicate whether the investment is listed at cost or end-of-year market value. When reporting **securities at fair market value**, use commonly accepted valuation methods.

## Part VIII. Investments—Program Related

Complete Part VIII if the organization answered “Yes” on Form 990, Part IV, line 11c, and reported an amount on Form 990, Part X, that is 5% or more of the total assets reported on Form 990, Part X.

**Program-related investments** are 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.

**Column (a).** Briefly describe each program-related investment on a separate line, including whether the investment is a loan or equity investment. For investments in a **domestic organization**, identify the organization.

**Column (b).** Enter the book value of each program-related investment. The total of column (b) must equal the amount reported on Form 990, Part X.

**Column (c).** Indicate whether the investment is listed at cost or end-of-year market value.

## Part IX. Other Assets

Complete Part IX if the organization answered “Yes” on Form 990, Part IV, line 11d, or reported an amount on Form 990, Part X, column (B), line 15, that is 5% or more of the total assets reported on Form 990, Part X.

**Column (a).** Enter a description of assets reported on Form 990, Part X, column (B), line 15. The organization can use any reasonable basis to classify these assets.

**Column (b).** Enter the book value of each asset. The total of column (b) must equal the amount reported on Form 990, Part X.

## Part X. Other Liabilities

Complete Part X if the organization answered “Yes” on Form 990, Part IV, line 11e or line 11f, and either reported an amount on Form 990, Part X, or had **financial statements** for the **tax year** that include a footnote addressing the organization's liability for uncertain tax positions. Organizations are required to separately report all liabilities for federal income taxes and amounts owed to related organizations on Part X of this schedule.

**Line 1. Other liabilities.** In column (a), list each type of liability not reported on lines 17 through 24 of Form 990, Part X. The organization can use any reasonable basis to classify these liabilities.

In column (b), enter the book value of each liability. The total of column (b) must equal the amount reported on Form 990, Part X.

**Line 2. Liability for uncertain tax positions.** Every organization required to complete Part X must provide the text of the note in, or footnote to, its **financial**

**statements**, if applicable, regarding the organization's liability for uncertain tax positions under **FASB ASC 740**, International Financial Reporting Standards (IFRS), other country-specific accounting standards, or a modified version of any of the above (for example, modified FASB ASC 740). This includes, for example, the description of a liability for **unrelated business income** tax, or tax that may be assessed as a result of the revocation of exempt status. Provide the full text of this note or footnote in Part XIII, even if the organization did not report any liability for uncertain tax positions in the note or footnote. Any portion of the note or footnote that addresses only the filing organization's liability must be provided verbatim. The filing organization can summarize that portion, if any, of a note or 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.

## Parts XI Through XII. Reconciliation of Revenue and Expenses From Form 990 to Audited Financial Statements

Complete Parts XI and XII if the organization answered “Yes” on Form 990, Part IV, line 12a. If the organization answered “Yes” on Form 990, Part IV, line 12b (but answered “No” on line 12a), completing Parts XI and XII is optional.

If the organization did not receive **audited financial statements** for the reporting year for which it is completing this Form 990, it isn't required to complete Part XI or XII, even if it prepared Form 990 in accordance with FASB ASC 958.

Use the reconciliation statements of Parts XI and XII to reconcile the differences between the revenue and expenses reported on the organization's audited financial statements prepared in accordance with FASB ASC 958 and the revenue and expenses reported on the organization's Form 990.

On line 4a of Parts XI and XII, include only those investment expenses netted against investment income in the revenue portion of the organization's audited financial statements. Don't include **program-related investment** expenses or other expenses reported

as program service expenses in the audited statement of activities.

Parts XI and XII don't have to be completed for group returns.

### **Part XIII. Supplemental Information**

Complete Part XIII to provide narrative information required in the following.

- Part II, lines 3, 5, and 9 (**conservation easements**).

- Part III, lines 1a and 4 (**collections of works of art, historical treasures, and other similar assets**).
- Part IV, lines 1b and 2b (escrow or custodial arrangements, or credit counseling, debt management, credit repair, or debt negotiation services).
- Part V, line 4 (**endowment funds**).
- Part X, line 2 (note or footnote to **financial statements** regarding liability for uncertain tax positions).

- Part XI, lines 2d and 4b (reconciliation of revenue).
- Part XII, lines 2d and 4b (reconciliation of expenses).

Also use Part XIII to provide additional narrative explanations and descriptions, as needed. Identify the specific part and line number that the response supports in the order that it appears on Schedule D (Form 990). Part XIII can be duplicated if more space is needed.

# Schedule E

Schools

**SCHEDULE E  
(Form 990)**

**Schools**

OMB No. 1545-0047

2021

Department of the Treasury  
Internal Revenue Service

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 13, or Form 990-EZ, Part VI, line 48.
- ▶ Attach to Form 990 or Form 990-EZ.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

Open to Public Inspection

Name of the organization

Employer identification number

**Part I**

		YES	NO
<b>1</b> Does the organization have a racially nondiscriminatory policy toward students by statement in its charter, bylaws, other governing instrument, or in a resolution of its governing body? . . . . .	<b>1</b>		
<b>2</b> Does the organization include a statement of its racially nondiscriminatory policy toward students in all its brochures, catalogues, and other written communications with the public dealing with student admissions, programs, and scholarships?	<b>2</b>		
<b>3</b> Has the organization publicized its racially nondiscriminatory policy on its primary publicly accessible Internet homepage at all times during its taxable year in a manner reasonably expected to be noticed by visitors to the homepage, or through newspaper or broadcast media during the period of solicitation for students, or during the registration period if it has no solicitation program, in a way that makes the policy known to all parts of the general community it serves? If "Yes," please describe. If "No," please explain. If you need more space, use Part II . . . . .	<b>3</b>		
-----			
<b>4</b> Does the organization maintain the following?			
<b>a</b> Records indicating the racial composition of the student body, faculty, and administrative staff? . . . . .	<b>4a</b>		
<b>b</b> Records documenting that scholarships and other financial assistance are awarded on a racially nondiscriminatory basis? . . . . .	<b>4b</b>		
<b>c</b> Copies of all catalogues, brochures, announcements, and other written communications to the public dealing with student admissions, programs, and scholarships? . . . . .	<b>4c</b>		
<b>d</b> Copies of all material used by the organization or on its behalf to solicit contributions? . . . . . If you answered "No" to any of the above, please explain. If you need more space, use Part II.	<b>4d</b>		
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<b>5</b> Does the organization discriminate by race in any way with respect to:			
<b>a</b> Students' rights or privileges? . . . . .	<b>5a</b>		
<b>b</b> Admissions policies? . . . . .	<b>5b</b>		
<b>c</b> Employment of faculty or administrative staff? . . . . .	<b>5c</b>		
<b>d</b> Scholarships or other financial assistance? . . . . .	<b>5d</b>		
<b>e</b> Educational policies? . . . . .	<b>5e</b>		
<b>f</b> Use of facilities? . . . . .	<b>5f</b>		
<b>g</b> Athletic programs? . . . . .	<b>5g</b>		
<b>h</b> Other extracurricular activities? . . . . . If you answered "Yes" to any of the above, please explain. If you need more space, use Part II.	<b>5h</b>		
-----			
<b>6a</b> Does the organization receive any financial aid or assistance from a governmental agency? . . . . .	<b>6a</b>		
<b>b</b> Has the organization's right to such aid ever been revoked or suspended? . . . . . If you answered "Yes" on either line 6a or line 6b, explain on Part II.	<b>6b</b>		
<b>7</b> Does the organization certify that it has complied with the applicable requirements of sections 4.01 through 4.05 of Rev. Proc. 75-50, 1975-2 C.B. 587, covering racial nondiscrimination? If "No," explain on Part II . . . . .	<b>7</b>		

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# Schedule E

Instructions

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## General Instructions

**Future developments.** For the latest information about developments related to Schedule E (Form 990), such as legislation enacted after the schedule and its instructions were published, go to [www.irs.gov/Form990](http://www.irs.gov/Form990).

### Reminder

Rev. Proc. 2019-22, 2019-22 I.R.B. 1260, modified Rev. Proc. 75-50 to provide a third method for a private school to satisfy the publicity requirement in section 4.03. Accordingly, also answer “Yes” to line 3 if the organization has publicized its racially nondiscriminatory policy on its primary publicly accessible Internet homepage at all times during its tax year in a manner reasonably expected to be noticed by visitors to the homepage.

### Purpose of Schedule

Schedule E (Form 990) is used by an organization that files Form 990 or 990-EZ to report information on private schools.

### Who Must File

An organization that answered “Yes” on Form 990, Part IV, line 13, or Form 990-EZ, Part VI, line 48, must complete and attach Schedule E to Form 990 or 990-EZ, as applicable. This means the organization checked the box on Schedule A (Form 990), Public Charity Status and Public Support, Part I, line 2, because it’s a school.

If an organization isn’t required to file Form 990 or 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

For Forms 990 and 990-EZ filers, use Part II if additional space is needed for explanations.

## Specific Instructions

### Part I

Relevant parts of Rev. Proc. 75-50, 1975-2 C.B. 587, are given below. The revenue procedure gives guidelines and recordkeeping requirements for determining whether private schools that are recognized as exempt from tax have racially nondiscriminatory policies toward their students.

Rev. Proc. 2019-22, 2019-22 I.R.B. 1260, modified Rev. Proc. 75-50 to provide a third method for a private school to satisfy the requirement in section 4.03.

**4.01 Organizational requirements.** A school must include a statement in its charter, bylaws, or other governing instrument, or in a resolution of its governing body, that it has a racially nondiscriminatory policy as to students and therefore doesn’t discriminate against applicants and students on the basis of race, color, and national or ethnic origin.

**4.02 Statement of policy.** Every school must include a statement of its racially nondiscriminatory policy as to students in all its brochures and catalogues dealing with student admissions, programs, and scholarships. A statement substantially similar to the Notice described in paragraph (a), subsection 1, section 4.03, below, will be acceptable for this purpose. Further, every school must include a reference to its racially nondiscriminatory policy in other written advertising that it uses as a means of informing prospective students of its programs. The following references will be acceptable.

The (name) school admits students of any race, color, and national or ethnic origin.

**4.03 Publicity.** The school must make its racially nondiscriminatory policy known to all segments of the general community served by the school.

1. The school must use one of the following three methods to satisfy this requirement.

a. The school may publish a notice of its racially nondiscriminatory policy in a newspaper of general circulation that serves all racial segments of the community. This publication must be repeated at least once annually during the period of the school’s solicitation for students or, in the absence of a solicitation program, during the school’s registration period. Where more than one community is served by a school, the school may publish its notice in those newspapers that are reasonably likely to be read by all racial segments of the communities

that it serves. The notice must appear in a section of the newspaper likely to be read by prospective students and their families and it must occupy at least three column inches. It must be captioned in at least 12-point boldface type as a notice of nondiscriminatory policy as to students, and its text must be printed in at least 8-point type. The following notice will be acceptable.

### Notice of Nondiscriminatory Policy as to Students

*The (name) school admits students of any race, color, national and ethnic origin to all the rights, privileges, programs, and activities generally accorded or made available to students at the school. It does not discriminate on the basis of race, color, national and ethnic origin in administration of its educational policies, admissions policies, scholarship and loan programs, and athletic and other school-administered programs.*

b. The school may use the broadcast media to publicize its racially nondiscriminatory policy if this use makes such nondiscriminatory policy known to all segments of the general community the school serves. If this method is chosen, the school must provide documentation that the means by which this policy was communicated to all segments of the general community was reasonably expected to be effective. In this case, appropriate documentation would include copies of the tapes or script used and records showing that there was an adequate number of announcements, that they were made during hours when the announcements were likely to be communicated to all segments of the general community, that they were of sufficient duration to convey the message clearly, and that they were broadcast on radio or television stations likely to be listened to by substantial numbers of members of all racial segments of the general community. Announcements must be made during the period of the school’s solicitation for students or, in the absence of a solicitation program, during the school’s registration period.

c. The school may display a notice of its racially nondiscriminatory policy on its primary publicly accessible Internet homepage at all times during its tax year (excluding temporary outages due to website maintenance or technical problems) in a manner reasonably expected to be noticed by visitors to the homepage. The notice used to satisfy the publicity requirement under 1(a), above, is acceptable. A publicly accessible homepage is one that does not require a visitor to input information, such as an email address or a username and password, to access the homepage. Factors to be considered in determining whether a notice is reasonably expected to be noticed by visitors to the homepage include the size, color, and graphic treatment of the notice in relation to other parts of the homepage, whether the notice is unavoidable, whether other parts of the homepage distract attention from the notice, and whether the notice is visible without a visitor having to do anything other than simple scrolling on the homepage. A link on the homepage to another page where the notice appears, or a notice that appears in a carousel or only by selecting a dropdown or by hover (mouseover) is not acceptable. If a school does not have its own website, but it has webpages contained in a website, the school must display a notice of its racially nondiscriminatory policy on its primary landing page within the website in a manner that satisfies all other requirements of this subsection 1(c) to use this publication method.

Communication of a racially nondiscriminatory policy as to students by a school to leaders of racial groups as the sole means of publicity generally won’t be considered effective to make the policy known to all segments of the community.

2. The requirements of subsection 1, section 4.03, won’t apply when one of the following paragraphs applies.

a. If, for the preceding 3 years, the enrollment of a parochial or other church-related school consists of students at least 75% of whom are members of the sponsoring religious denomination or unit, the school may make known its racially nondiscriminatory policy in whatever newspapers or circulars the religious denomination or unit utilizes in the communities from which the students are drawn. These newspapers and circulars may be those distributed by a particular religious denomination or unit or by an association that represents a number of religious organizations of the same denomination. If, however, the school advertises in newspapers of general circulation in the community or communities from which its students are drawn and paragraphs (b) and (c) of this subsection aren’t applicable to it, then it must comply with paragraph (a), subsection 1, section 4.03.

b. If a school customarily draws a substantial percentage of its students nationwide, worldwide, or from a large geographic section or sections of the United States and follows a racially nondiscriminatory policy as to students, the publicity requirement may be satisfied by complying with section 4.02, earlier. Such a school may demonstrate that it follows a racially nondiscriminatory policy within the meaning of the preceding sentence either by showing that it currently enrolls students of racial minority groups in meaningful numbers or, when minority students are not enrolled in meaningful numbers, that its promotional activities and recruiting efforts in each geographic area were reasonably designed to inform students of all racial segments in the general communities within the area of the availability of the school. The question whether a school satisfies the preceding sentence will be determined on the basis of the facts and circumstances of each case.

c. If a school customarily draws its students from local communities and follows a racially nondiscriminatory policy as to students, the publicity requirement may be satisfied by complying with section 4.02, earlier. Such a school may demonstrate that it follows a racially nondiscriminatory policy within the meaning of the preceding sentence by showing that it currently enrolls students of racial minority groups in meaningful numbers. The question whether a school satisfies the preceding sentence will be determined on the basis of the facts and circumstances of each case. One of the facts and circumstances that the IRS will consider is whether the school's promotional activities and recruiting efforts in each area were reasonably designed to inform students of all racial segments in the general communities within the area of the availability of the school. The IRS recognizes that the failure by a school drawing its students from local communities to enroll racial minority group students may not necessarily indicate the absence of a racially nondiscriminatory policy as to students when there are relatively few or no such students in these communities. Actual enrollment is, however, a meaningful indication of a racially nondiscriminatory policy in a community in which a public school or schools became subject to a desegregation order of a federal court or otherwise expressly became obligated to implement a desegregation plan under the terms of any written contract or other commitment to which any federal agency was a party.

The IRS encourages schools to satisfy the publicity requirement by the methods described in subsection 1, section 4.03, regardless of whether a school considers itself within subsection 2, because it believes these methods to be the most effective to make known a school's racially nondiscriminatory policy. It's each school's responsibility to determine whether paragraph (a), (b), or (c), subsection 2, applies to it. On audit, a school must be prepared to demonstrate that the failure to publish its racially nondiscriminatory policy in accordance with subsection 1, section 4.03, was justified by the application to it of paragraph (a), (b), or (c), subsection 2. Further, a school must be prepared to demonstrate that it has publicly disavowed or repudiated any statements purported to have been made on its behalf (after November 6, 1975) that are contrary to its publicity of a racially nondiscriminatory policy as to students, to the extent that the school or its principal official were aware of such statements.

**4.04 Facilities and programs.** A school must be able to show that all of its programs and facilities are operated in a racially nondiscriminatory manner.

**4.05 Scholarship and loan programs.** As a general rule, all scholarship or other comparable benefits available for use at any school must be offered on a racially nondiscriminatory basis. Their availability on this basis must be known throughout the general community being served by the school and should be referred to in the publicity required by this section in order for that school to be considered racially nondiscriminatory as to students. Scholarships and loans that are made pursuant to financial assistance programs favoring members of one or more racial minority groups that are designed to promote a school's racially nondiscriminatory policy won't adversely affect the school's exempt status.

Financial assistance programs favoring members of one or more racial groups that don't significantly derogate from the school's racially nondiscriminatory policy similarly won't adversely affect the school's exempt status.

**4.06 Certification.** An individual authorized to take official action on behalf of a school that claims to be racially nondiscriminatory as to students is required to certify annually, under penalties of perjury, that to the best of his or her knowledge and belief the school has satisfied the applicable requirements of sections 4.01 through 4.05, Rev. Proc. 75-50, as modified by Rev. Proc. 2019-22, 2019-22 I.R.B. 1260. This certification is line 7, Schedule E.

**4.07 Faculty and staff.** The existence of a racially discriminatory policy for employment of faculty and administrative staff is indicative of a racially discriminatory policy as to students. On the other hand, the absence of racial discrimination in employment of faculty and administrative staff is indicative of a racially nondiscriminatory policy as to students.

**7.01 Specific records.** Except as provided in section 7.03, each exempt private school must maintain for a minimum period of 3 years, beginning with the year after the year of compilation or acquisition, the following records for the use of the IRS on proper request.

1. Records indicating the racial composition of the student body, faculty, and administrative staff for each academic year.
2. Records sufficient to document that scholarship and other financial assistance is awarded on a racially nondiscriminatory basis.
3. Copies of all brochures, catalogues, and advertising dealing with student admissions, programs, and scholarships. Schools advertising nationally or in a large geographic segment or segments of the United States need only maintain a record sufficient to indicate when and in which publications their advertisements were placed.
4. Copies of all materials used by or on behalf of the school to solicit contributions.

#### **7.02 Limitation.**

1. For purposes of section 7.01, the racial composition of the student body, faculty, and administrative staff may be an estimate based on the best information readily available to the school, without requiring student applicants, students, faculty, or administrative staff to submit information to the school that the school otherwise doesn't require. For each academic year, however, a record of the method by which racial composition is determined must be maintained.

2. The IRS doesn't require that a school release personally identifiable records or personal information contained therein except in accordance with the requirements of the Family Educational Rights and Privacy Act of 1974, 20 U.S.C. section 1232g (1974). Similarly, the IRS doesn't require a school to keep records the maintenance of which is prohibited under state or federal law.

**7.03 Exceptions.** The records described in section 7.01 need not be independently maintained for IRS use if:

1. Substantially the same information that each of these records would provide has been included in a report or reports filed in accordance with law with an agency or agencies of federal, state, or local government, and this information is current within 1 year; and
2. The school maintains copies of these reports from which this information is readily obtainable. Records described in section 7.01 providing information not included in reports filed with an agency or agencies must be maintained by the school for IRS use.

**7.04 Failure to maintain records.** Failure to maintain or to produce, upon the proper request, the required records and information will create a presumption that the organization has failed to comply with these guidelines.

## **Part II. Supplemental Information**

Use Part II to provide the narrative explanations required, if applicable, to supplement responses to Part I, lines 3, 4d, 5h, 6b, and 7. Part II may also be used to supplement other responses to questions on Schedule E (Form 990). In Part II, identify the specific line number that each response supports, in the order in which those lines appear on Schedule E (Form 990). Part II can be duplicated if more space is needed.

# Schedule F

Statement of Activities Outside the United States

**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

**2021**

**Open to Public Inspection**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 14b, 15, or 16.

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

**Part I General Information on Activities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 14b.

**1 For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No

**2 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

**3 Activities per Region.** (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in the region	(d) Activities conducted in the region (by type) (such as, fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in the region	(f) Total expenditures for and investments in the region
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3a</b> Subtotal . . . . .					
<b>b</b> Total from continuation sheets to Part I . . . . .					
<b>c Totals</b> (add lines 3a and 3b)					

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**Part II Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

<b>1</b>	<b>(a)</b> Name of organization	<b>(b)</b> IRS code section and EIN (if applicable)	<b>(c)</b> Region	<b>(d)</b> Purpose of grant	<b>(e)</b> Amount of cash grant	<b>(f)</b> Manner of cash disbursement	<b>(g)</b> Amount of noncash assistance	<b>(h)</b> Description of noncash assistance	<b>(i)</b> Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

**2** Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as a tax exempt 501(c)(3) organization by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . ▶

**3** Enter total number of other organizations or entities . . . ▶

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**Part III** **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 16.  
 Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of noncash assistance	(g) Description of noncash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							

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**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* . . . . .  Yes  No
  
- 2 Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to separately file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A; don't file with Form 990)* . . . . .  Yes  No
  
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations (see Instructions for Form 5471)* . . . . .  Yes  No
  
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund (see Instructions for Form 8621)* . . . . .  Yes  No
  
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships (see Instructions for Form 8865)* . . . . .  Yes  No
  
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to separately file Form 5713, International Boycott Report (see Instructions for Form 5713; don't file with Form 990)* . . . . .  Yes  No

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**Part V** Supplemental Information

Provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs. expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information. See instructions.

Area with horizontal dashed lines for supplemental information.

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# Schedule F

Instructions

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# Instructions for Schedule F (Form 990)

## Statement of Activities Outside the United States

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

**Future developments.** For the latest information about developments related to Schedule F (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

## General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

## Purpose of Schedule

Schedule F (Form 990) is used by an organization that files Form 990, Return of Organization Exempt From Income Tax, to provide information on its activities conducted outside the **United States** by the organization at any time during the **tax year**.

**Activities conducted outside the United States** include **grants and other assistance; program-related investments; fundraising activities; unrelated trade or business; program services; investments; or maintaining offices, employees, or agents** for the purpose of conducting any such activities in regions outside the United States.

United States is defined as the 50 states and the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands. A "foreign country" is any sovereignty that isn't the United States.

Information is to be reported based on the geographic regions described under *Regions*, later. Report activities conducted by the organization directly or indirectly through a **disregarded entity**, or through a **joint venture** treated as a partnership.

For purposes of Schedule F (Form 990), grants and other assistance 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** to **foreign organizations, foreign governments, and foreign individuals**. It also includes **grants and other assistance to domestic individuals or domestic organizations** for the purpose of providing grants to designated foreign beneficiaries. It doesn't include salaries or other **compensation to employees** or payments to **independent contractors**; 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 trust 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.

"Program services" are activities conducted by the organization outside the **United States** that form the basis of the organization's exemption from federal income tax. Examples of program services include, but aren't limited to, operating an orphanage, school, hospital, church, temple, mosque, or synagogue; disaster relief efforts; and providing indigent relief.

## Who Must File

An organization that answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 14b, 15, or 16, must complete the appropriate parts of Schedule F (Form 990) and attach Schedule F (Form 990) to Form 990.

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.

## Regions

Reporting on Schedule F (Form 990) is based on the following geographic regions.

### Antarctica

## Central America and the Caribbean

Antigua & Barbuda, Aruba, Bahamas, Barbados, Belize, Cayman Islands, Costa Rica, Cuba, Dominica, Dominican Republic, El Salvador, Grenada, Guadeloupe, Guatemala, Haiti, Honduras, Jamaica, Martinique, Nicaragua, Panama, St. Kitts & Nevis, St. Lucia, St. Vincent & the Grenadines, Trinidad & Tobago, Turks & Caicos Islands, and British Virgin Islands.

## East Asia and the Pacific

Australia, Brunei, Burma, Cambodia, China (including Hong Kong), East Timor, Fiji, Indonesia, Japan, Kiribati, Korea, Laos, Malaysia, Marshall Islands, Micronesia, Mongolia, Nauru, New Zealand, North Korea, Palau, Papua New Guinea, Philippines, Samoa, Singapore, Solomon Islands, South Korea, Taiwan, Thailand, Timor-Leste, Tonga, Tuvalu, Vanuatu, and Vietnam.

## Europe (Including Iceland and Greenland)

Albania, Andorra, Austria, Belgium, Bosnia & Herzegovina, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, FYR Macedonia, Germany, Greece, Greenland, Holy See, Hungary, Iceland, Ireland, Italy, Kosovo, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, Montenegro, Netherlands, Norway, Poland, Portugal, Romania, San Marino, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, and the United Kingdom (England, Northern Ireland, Scotland, and Wales).

## Middle East and North Africa

Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Israel, Jordan, Kuwait, Lebanon, Libya, Malta, Morocco, Oman, Qatar, Saudi Arabia, Syria, Tunisia, United Arab Emirates, West Bank and Gaza, and Yemen.

## North America

Canada and Mexico, but not the United States.

## Russia and Neighboring States

Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.

## South America

Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, French Guiana, Guyana, Paraguay, Peru, Suriname, Uruguay, and Venezuela.

## South Asia

Afghanistan, Bangladesh, Bhutan, India, Maldives, Nepal, Pakistan, and Sri Lanka.

## Sub-Saharan Africa

Angola, Benin, Botswana, Burkina Faso, Burundi, Cameroon, Cape Verde, Central African Republic, Chad, Comoros, Democratic Republic of the Congo, Republic of the Congo, Cote D'Ivoire, Equatorial Guinea, Eritrea, Ethiopia, Gabon, Gambia, Ghana, Guinea, Guinea Bissau, Kenya, Lesotho, Liberia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Sao Tome & Principe, Senegal, Seychelles, Sierra Leone, Somalia, South Africa, Sudan, Swaziland, Tanzania, Togo, Uganda, Zambia, and Zimbabwe.

If an organization's activities involve a country not listed earlier, designate the appropriate region for the country.

## Specific Instructions

### Part I. General Information on Activities Outside the United States

Complete Part I if the organization answered "Yes" to Form 990, Part IV, line 14b. This means the organization had aggregate revenues or expenses of more than \$10,000 from or attributable to grantmaking, fundraising, business, investment, and program services outside the **United States**, or held investments outside the United States in foreign partnerships, foreign corporations, and other foreign entities with an aggregate book value of \$100,000 or more at any time during the tax year.

Expenses incurred for services provided in the United States (for example, telemedicine and services provided over the Internet) that include recipients both inside and outside the **United States** shouldn't be reported in Part I.



*If an organization that completes Part I made grants or provided other assistance during the **tax year to foreign organizations or foreign individuals**, it may also need to complete, as applicable, Part II or III. If the organization didn't make any such grants, it doesn't need to complete Part II or III.*

**Lines 1 and 2.** Complete these lines only if the organization made grants or provided other assistance directly or indirectly to **foreign organizations, foreign governments, or foreign individuals**. Indicate "Yes" or "No" regarding whether the organization maintains records to substantiate amounts, eligibility, and selection criteria used for making grants and providing other assistance. Describe how the organization monitors its grants and other assistance (and re-grants) to ensure that such **grants and other assistance** are used for proper purposes or aren't otherwise diverted from the intended use. For example, the organization can describe required periodic reports and accountings, field investigations by the organization's personnel, and third-party audits. Use Part V of this schedule for the narrative response to Part I, line 2.

**Line 3.** Enter the details for each type of activity conducted at any time during the **tax year** for each region on a separate line of Part I. If multiple activities are conducted per region, list each type of activity on a separate line and repeat regions in column (a) as necessary. Use the regions listed earlier.

#### **Report investments separately.**

Report investments on a region-by-region basis on line 3 separately from other activities in the region. All investments for a particular region can be aggregated for this purpose. For example, all investments in South America can be reported together on one line. In reporting investments in a region, only columns (a), (d), and (f) must be completed; columns (b), (c), and (e) need not be completed with respect to investments for the tax year.

Column (a) should reflect the region of the investment. The region of a foreign investment entity is determined by its legal domicile (country whose law governs the entity's internal affairs). In the case of a foreign pass-through entity such as a foreign partnership, an organization isn't required to report the

region of the underlying investments held by the pass-through entity, but can report the region based on the legal domicile of the foreign pass-through entity.

An organization need not report foreign investments indirectly held through a domestic (**United States**) pass-through entity, as the domicile of the pass-through entity isn't a foreign location. Nor does the organization need to report its investments in entities domiciled overseas but traded on a U.S. stock exchange.

The term "investments" can be used to describe the foreign activity in column (d). In column (f), report the total book value of the organization's investments for that region as of the end of the tax year. This value may be rounded off to the nearest \$1,000. For instance, if the value of investments in a particular region is \$35,439, the value may be reported as \$35,000.

**Note.** Funds transferred into non-interest bearing accounts outside the **United States** to be used in the organization's program services aren't reportable as investments on Part I, line 3. However, once such funds are used for program services, they are reportable as expenditures in Part I, line 3, column (f).

**Column (a).** Identify each region in which the organization conducts grantmaking, investment activity, **fundraising activities**, business, program services, and other activities.

**Column (b).** If the organization answered "Yes" to Form 990, Part IV, line 14a, and the organization maintained offices outside the **United States**, list in this column the number of offices maintained by the organization in each region listed during the **tax year**. However, in column (b), lines 3a–3c, report the total number of offices maintained by the organization in regions outside the United States during the tax year, but don't count any one office more than once in these totals. See *Glossary* in the Instructions for Form 990 for a definition of **maintaining offices, employees, or agents**.

**Column (c).** If the organization answered "Yes" to Form 990, Part IV, line 14a, and the organization maintained **employees, agents, or independent contractors** outside the **United States**, show in this column the total number of employees, agents, and independent contractors working in each region listed during the **tax year**.

Don't include in this number any persons who serve the organization solely as volunteers. Include an employee, agent, or independent contractor in the total for each region in which that person worked during the tax year. However, in column (c), lines 3a–3c, report the total number of employees, agents, and independent contractors working outside the United States during the tax year, but don't count any one employee, agent, or independent contractor more than once in these totals. See *Glossary* in the Instructions for Form 990 for a definition of **maintaining offices, employees, or agents**.

**Column (d).** Specify in this column the type(s) of activity(ies), as listed here, that are conducted in or for each region. Types of activities are any of the following: **grantmaking, fundraising activities, unrelated trade or business, program services, investments, program-related investments**, conducting board meetings, or sending agents of the organization to attend and speak at seminars and conferences. If multiple activities are conducted per region, list each type of activity on a separate line and repeat regions in column (a) as necessary.

**Column (e).** If “program services” is the listed activity in column (d), provide a description of the specific program service.

**Column (f).** Enter the total amount of expenditures for activities conducted for each listed region, or the total book value of investments or **program-related investments** for that region, as of the end of the **tax year**. These amounts may be rounded off to the nearest \$1,000. For instance, if the value of investments in a region is \$55,341, the value may be reported as \$55,000. If the organization made both expenditures and investments in a region, list the amount(s) of expenditures and the value of investments on separate lines for each type of activity in that region.

Expenditures include salaries, wages, and other employment-related costs paid to or for the benefit of **employees** located in the region; travel expenses to, from, and within the region; rent and other costs relating to offices located in the region; grants to or for recipients located in the region; bank fees and other financial account maintenance fees and costs; and payments to agents located in the

region. Report expenditures based on the method used to account for them on the organization's financial statements, and describe this method in Part V.

For 2020, allocations of indirect expenditures to foreign activities aren't necessary if the organization doesn't separately track them. For example, if under a university's current accounting procedures, certain expenses associated with a study abroad program aren't separately tracked (for example, listing a study abroad program on a school website or in a paper catalog), then such expenses aren't required to be included in Part I, column (f).

**TIP** *An organization may have no foreign expenditures reportable in Part I, column (f), even though it is required to report an activity in Part I. For example, an organization that derives more than \$10,000 of revenue from a foreign activity must report the activity in Part I, even if it incurred no expenditures for that activity.*

## Part II. Grants and Other Assistance to Organizations or Entities Outside the United States

Complete Part II if the organization answered “Yes” on Form 990, Part IV, line 15. This means the organization reported on Form 990, Part IX, *Statement of Functional Expenses*, column (A), line 3, more than \$5,000 of **grants and other assistance** to any particular **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 1.** Enter information only for each recipient organization or entity that received more than \$5,000 total of grants or assistance from the organization for the **tax year**.

Enter the details of each organization or entity on a separate line.

Report cash grants and noncash assistance in Part II based on the accounting method used to account for them on the organization's financial statements, and describe this method in Part V.



*Don't complete Part II, line 1, column (a) or (b). However, complete columns (c) through (i) as if columns (a) and (b) were completed.*

Report grants in Part II regardless of the source of the grant funds (whether restricted or unrestricted), and regardless of whether the organization selected the grantee.

**Example.** EO receives a grant from a government agency, under the terms of which EO is required to submit the funds to Y, a foreign university, for research on the causes of a particular disease. EO must report the payments to Y as grant payments, regardless of whether EO selected Y as the grantee.

**Column (c).** Specify the region where the principal foreign office of the recipient organization or entity is located or, if the recipient has no foreign office, the region where the grant funds were or will be used. See *Regions*, earlier.

**Column (d).** Describe the purpose or ultimate use of the grant funds. Don't use general terms, such as charitable, educational, religious, or scientific. Use more specific descriptions, such as general support, school or hospital construction, purchase of medical supplies or equipment, purchase of school books or school supplies, provision of clothing, food, etc. In the case of specific disaster assistance, include a description of the disaster, such as tsunami or earthquake.

**Column (e).** Enter the total dollar amount of cash grants, in U.S. dollars, to each recipient organization or entity for the **tax year**. Cash grants include grants or allocations paid by cash, check, money order, wire transfer, and other charges against funds on deposit at a financial institution.



*If the organization checks “Accrual” on Form 990, Part XII, line 1; follows **Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958)** (formerly SFAS 116) (see instructions for Form 990, Part IX); and makes a grant during the **tax year** to be paid in future years to an organization or government outside the **United States**, it should report the grant's present value in Part II, line 1, column (e) or (g), and report any accruals of present value increments in future years.*

**Column (f).** Describe the manner of cash disbursement (or, for organizations

using the accrual method of accounting, the intended manner of cash disbursement), such as by cash payment, money order, electronic fund or wire transfer, check, other charges against funds on deposit at a financial institution, or other. List all that apply for each recipient.

**Column (g).** Enter the **fair market value (FMV)** of any noncash property in U.S. dollars.

**Column (h).** For noncash property or assistance, enter a description of the property or assistance. List all that apply. Examples of noncash assistance include medical supplies or equipment, pharmaceuticals, blankets, books, or other educational supplies.

**Column (i).** Describe the method of valuation. Report property with a readily determinable market value at its **FMV**. When FMV can't be readily determined, use an appraised or estimated value.

**Line 2.** Add the number of recipient organizations listed on Part II, line 1, of Schedule F (Form 990):

- That are recognized by the IRS as exempt from federal income tax as described in section 501(c)(3);
  - That are recognized as a charity by a foreign country; or
  - For which the grantmaker has made a good faith determination, based on an affidavit from the grantee or the opinion of counsel, that the grantee is the equivalent of a public charity.
- Then, enter the total.

**Line 3.** Add the number of recipient organizations listed on Part II, line 1, of Schedule F (Form 990) that aren't described on line 2. Enter the total.

## Part III. Grants and Other Assistance to Individuals Outside the United States

Complete Part III if the organization answered "Yes" on Form 990, Part IV, line 16. This means that the organization reported on Form 990, Part IX, column (A), line 3, more than \$5,000, in the aggregate, of **grants and other assistance to foreign individuals** and to **domestic organizations** or **domestic individuals** for the purpose of providing grants or other assistance to a designated foreign individual or individuals.

Enter information for **grants and other assistance** made directly to **foreign individuals**, or directly to **foreign organizations** for the benefit of specified foreign individuals. Don't complete Part III for grants and other

assistance to foreign individuals through a foreign organization unless the grant or assistance is earmarked for the benefit of one or more specific individuals. Instead, complete Part II for such grants and other assistance. For example, report in Part III a payment to a foreign hospital designated to cover the medical expenses of a foreign individual. Report in Part II a **contribution** to a foreign hospital to provide a service to the general public or to serve unspecified charity patients.

Enter the details of each type of grant or assistance to individuals on a separate line.

Report cash grants and noncash assistance in Part III based on the accounting method used to account for them on the organization's financial statements, and describe this method in Part V.

Report grants in Part III regardless of the source of the grant funds (whether restricted or unrestricted), and regardless of whether the organization selected the grantee.

**Column (a).** Specify type(s) of assistance provided, or describe the purpose or use of grant funds. List all that apply for each region. Don't use general terms, such as charitable, educational, religious, or scientific. Use more specific descriptions, such as scholarships, food, clothing, shelter for indigents or disaster victims, direct cash assistance to indigents, medical supplies or equipment, books or other educational supplies, etc. In the case of specific disaster assistance, include a description of the disaster, such as tsunami or earthquake.

**Column (b).** List each region in which **grants and other assistance** were provided to or for **foreign individuals**. See *Regions*, earlier.

**Column (c).** For each type of assistance provided in each region listed, enter the number of recipients that received the type of assistance in that region. If the filing organization doesn't have a way to determine a specific number, estimate the number. Explain in Part V how the organization arrived at the estimate.

**Column (d).** Enter the total amount of cash grants, in U.S. dollars, provided to or for recipients in each region for each type of assistance. Cash grants include only grants or allocations paid by cash, checks, money orders, electronic funds or wire transfers, and

other charges against funds on deposit at a financial institution.

**TIP** *If the organization checks "Accrual" on Form 990, Part XII, line 1; follows **Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958)** (formerly SFAS 116) (see instructions for Form 990, Part IX); and makes a grant during the **tax year** to be paid in future years to an individual outside the **United States**, it should report the grant's present value in Part III, column (d) or (f), and report any accruals of present value increments in future years.*

**Column (e).** Describe the manner of cash disbursement (or, for organizations using the accrual method of accounting, the intended manner of cash disbursement), such as by cash payment, money order, electronic fund or wire transfer, check, other charges against funds on deposit at a financial institution, or other. List all that apply for each region.

**Column (f).** Enter the **FMV** of noncash property in U.S. dollars for each type of assistance. If multiple properties were transferred for the type of assistance, enter information for each.

**Column (g).** For noncash property, enter a description of the property. If multiple properties were transferred, enter a description of each.

**Column (h).** Describe the method of valuation. Report property with a readily determinable market value at its **FMV**. When FMV can't be readily determined, use an appraised or estimated value.

## Part IV. Foreign Forms

All Schedule F (Form 990) filers must complete Part IV, lines 1–6. If the organization answers "Yes" to any of lines 1–6 because it engaged in the activities described on that line during the **tax year**, it may need to file the form referenced on that line. To determine whether an organization is required to file any of the IRS forms referenced on lines 1–6 (Form 926, 3520, 3520-A, 5471, 5713, 8621, or 8865), see the instructions for those forms. Don't attach Form 3520, 3520-A, or 5713 to Form 990.

## Part V. Supplemental Information

Use Part V to provide narrative information required to supplement responses in:

- Part I, line 2, regarding the organization's procedures for monitoring the use of its grants and other assistance outside the **United States**;

- Part I, line 3, column (f), regarding the method used to account for expenditures on the organization's financial statements;
- Part II, line 1, regarding the method used to account for cash grants and noncash assistance on the organization's financial statements;
- Part III, regarding the method used to account for cash grants and noncash

assistance on the organization's financial statements; and

- Part III, column (c), regarding the estimated number of recipients.

Provide other narrative explanations and descriptions, as needed.

Identify the specific part and line(s) that the response supports.

# Schedule G

Supplemental Information Regarding Fundraising or  
Gaming Activities

**SCHEDULE G  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Supplemental Information Regarding Fundraising or Gaming Activities**

Complete if the organization answered "Yes" on Form 990, Part IV, line 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2021**

**Open to Public Inspection**

Employer identification number

**Part I Fundraising Activities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 17. Form 990-EZ filers are not required to complete this part.

- 1** Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a**  Mail solicitations
  - b**  Internet and email solicitations
  - c**  Phone solicitations
  - d**  In-person solicitations
  - e**  Solicitation of non-government grants
  - f**  Solicitation of government grants
  - g**  Special fundraising events
- 2a** Did the organization have a written or oral agreement with any individual (including officers, directors, trustees, or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?  **Yes**  **No**
- b** If "Yes," list the 10 highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col. (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
<b>Total</b>						

- 3** List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.

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**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events
		(event type)	(event type)	(total number)	(add col. (a) through col. (c))
Revenue	<b>1</b> Gross receipts . . . . .				
	<b>2</b> Less: Contributions . . . . .				
	<b>3</b> Gross income (line 1 minus line 2) . . . . .				
Direct Expenses	<b>4</b> Cash prizes . . . . .				
	<b>5</b> Noncash prizes . . . . .				
	<b>6</b> Rent/facility costs . . . . .				
	<b>7</b> Food and beverages . . . . .				
	<b>8</b> Entertainment . . . . .				
	<b>9</b> Other direct expenses . . . . .				
	<b>10</b> Direct expense summary. Add lines 4 through 9 in column (d) . . . . . ▶				
<b>11</b> Net income summary. Subtract line 10 from line 3, column (d) . . . . . ▶					

**Part III Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
		Revenue	<b>1</b> Gross revenue . . . . .		
Direct Expenses	<b>2</b> Cash prizes . . . . .				
	<b>3</b> Noncash prizes . . . . .				
	<b>4</b> Rent/facility costs . . . . .				
	<b>5</b> Other direct expenses . . . . .				
	<b>6</b> Volunteer labor . . . . .	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	<b>7</b> Direct expense summary. Add lines 2 through 5 in column (d) . . . . . ▶				
	<b>8</b> Net gaming income summary. Subtract line 7 from line 1, column (d) . . . . . ▶				

**9** Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_

**a** Is the organization licensed to conduct gaming activities in each of these states? . . . . .  Yes  No

**b** If "No," explain: \_\_\_\_\_

\_\_\_\_\_

**10a** Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year? . . . . .  Yes  No

**b** If "Yes," explain: \_\_\_\_\_

\_\_\_\_\_

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# Schedule G

Instructions

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# Instructions for Schedule G (Form 990)

## Supplemental Information Regarding Fundraising or Gaming Activities

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

**Future developments.** For the latest information about developments related to Schedule G (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

#### Purpose of Schedule

Schedule G (Form 990) is used by an organization that files Form 990 or Form 990-EZ to report **professional fundraising services, fundraising events, and gaming**.

#### Who Must File

An organization that answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 17, 18, or 19, or meets the criteria for Form 990-EZ filers described below, must complete the appropriate parts of Schedule G (Form 990) and attach Schedule G to Form 990 or Form 990-EZ, as applicable.

- Complete *Part I* if the organization answered "Yes" on Form 990, Part IV, line 17, because the organization reported a total of more than \$15,000 of expenses for **professional fundraising services** on Form 990, Part IX, *Statement of Functional Expenses*, lines 6 and 11e. Form 990-EZ filers aren't required to complete *Part I*.
- Complete *Part II* if the organization (1) answered "Yes" on Form 990, Part IV, line 18, because the organization reported a total of more than \$15,000 of fundraising event gross income and **contributions** on Form 990, Part VIII, *Statement of Revenue*, lines 1c and 8a; or (2) reported more than \$15,000 of **fundraising event contributions and gross income** on Form 990-EZ, Part I, lines 1 and 6b.
- Complete *Part III* if the organization (1) answered "Yes" on Form 990, Part IV, line 19, because the organization reported more than \$15,000 of gross income from **gaming** activities on Form 990, Part VIII, line 9a; or (2) reported more than \$15,000

of gross income from gaming on Form 990-EZ, Part I, line 6a.

If an organization isn't required to file Form 990 or 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.

### Specific Instructions

#### Part I. Fundraising Activities

Complete this part if the organization reported a total of more than \$15,000 of expenses for **professional fundraising services** on Form 990, Part IX, lines 6 and 11e. Form 990-EZ filers aren't required to complete *Part I*.

**Line 1.** Check the box in front of each method of fundraising used by the organization to raise funds during the **tax year**.

**Line 2a.** Check "Yes" if at any time during the **tax year** the organization had a written or oral agreement with another person or entity in connection with **professional fundraising services**. Do not include an **officer, director, trustee, or employee** who conducts professional fundraising services solely in his or her capacity as an officer, director, trustee, or employee of the organization.

The organization must report all agreements for professional fundraising services regardless of the form of agreement (written or oral). For example, an organization that had a written contract with a business to supply printing and mailing services would report that agreement here if the business also provided to the organization professional fundraising services such as strategy on mailing.

**Line 2b.** If "Yes" is checked on line 2a, list in column (i) the 10 highest paid individuals or entities who were each to be compensated at least \$5,000 by the organization for **professional fundraising services** provided during the **tax year**, and the business address of each individual or entity.

**Column (ii).** Enter the type(s) of **fundraising activities** for which the

professional fundraiser performed services.

Report the fundraising activities consistently with terms used by the organization in the management of its fundraising program. For example, if an organization contracts with a single fundraiser to advise on and coordinate all of its direct mail fundraising, it might enter "consults on direct mail program." If a consultant were hired to perform data analysis for all aspects of an organization's public solicitation, it might enter "provides database consulting for direct mail, telephone, Internet, and email."

**Column (iii).** For this purpose, custody or control means possession of the funds or the authority to deposit, direct the use of, or use the funds. Describe the custody or control arrangement in *Part IV*.

**Column (iv).** Enter the gross receipts connected to the services provided by the fundraiser listed in column (i) and received by the organization, or by the fundraiser on the organization's behalf, during the **tax year**.

A professional fundraiser can deliver services during the tax year and be properly reported on line 2b but have no gross receipts to report in column (iv). For example, an organization may retain a fundraiser to conduct a feasibility study for a capital campaign. The campaign, if there were to be one, could be conducted in, and produce receipts in, subsequent tax years. Likewise, a fundraiser might be hired to plan and produce programming for a media campaign. Fees would be properly reported in the tax year, but there might be no receipts to report until subsequent years when the programming actually airs. In each case, the organization can properly report a "-0-" in column (iv).

**Column (v).** Enter the dollar amounts in fees paid to or fees withheld by the fundraiser for its **professional fundraising services**.

If the agreement provides for the payment of fees and also for the payment of fundraising expenses, such as printing, paper, envelopes, postage, mailing list rental, and equipment rental, the organization must report such amounts paid during the year in *Part IV* and

describe how the agreement distinguishes payments for professional fundraising services from expense payments or reimbursements. Also describe in *Part IV* whether the organization entered into any arrangements with fundraisers under which the organization made payments exclusively for such expenses but not for professional fundraising services. If the agreement doesn't distinguish between fees for professional fundraising services and payment of fundraising expenses, then the organization must report in column (v) the gross amount paid to (or withheld by) the fundraiser.

**Column (vi).** Subtract column (v) from column (iv).

**Line 3.** List all states in which the organization is registered or licensed to solicit **contributions**, or has been notified that it is exempt from such registration or licensing.

## Part II. Fundraising Events

Complete this part if the sum of the amounts reported on Form 990, Part VIII, lines 1c and 8a, exceeds \$15,000, or if the sum of the amounts reported on Form 990-EZ, line 6b and the line 6b parenthetical exceeds \$15,000. List only **fundraising events** with gross receipts greater than \$5,000 that the organization conducted at any time during the **tax year**.

List the two largest fundraising events with gross receipts greater than \$5,000 each in columns (a) and (b). In column (c), enter the total number of other events with gross receipts greater than \$5,000 each and report revenue and expenses from these events in the aggregate. If no events other than those listed in columns (a) and (b) exceeded the \$5,000 threshold, enter "None."

Report revenue and expenses attributable to gaming in *Part III*, rather than in *Part II*.

### Revenue

**Line 1.** Enter the total amount the organization received from the two largest fundraising events with gross receipts greater than \$5,000 each in columns (a) and (b) during the **tax year** without subtracting any costs, expenses, or **contributions** received in connection with the **fundraising event**. Enter in column (c) the total amount the organization received from all other events with gross receipts greater than \$5,000 during the tax year without subtracting any costs, expenses, or contributions received in connection with the events. Enter the sum of columns (a), (b), and (c) in column (d).

**Line 2.** Enter the total amount of **contributions**, gifts, and similar amounts (including the total value of **noncash**

**contributions**) received by the organization for **fundraising events** in columns (a) and (b) during the **tax year**. Enter in column (c) the total amount of contributions, gifts, and similar amounts received by the organization from all other fundraising events with gross receipts greater than \$5,000 during the tax year. Enter the sum of columns (a), (b), and (c) in column (d).

**Line 3.** Enter the gross income (gross receipts less **contributions**) from events listed without reduction for catering, entertainment, cost of goods sold, compensation, fees, or other expenses. Enter the total of columns (a), (b), and (c) in column (d).

### Direct Expenses

Enter the expense amount in the appropriate column (a) through (c) for events with gross receipts greater than \$5,000 each. Enter the total of columns (a), (b), and (c) in column (d).

**Line 4.** Enter the total amount paid out as cash prizes.

**Line 5.** Enter the **fair market value** of the noncash prizes paid or given out for each **fundraising event**.

**Line 6.** Enter the expenses paid or incurred for the rent or lease of property or facilities.

**Line 7.** Enter the expenses paid or incurred for food and beverages. Include all direct expenses such as catering.

**Line 8.** Enter the expenses paid or incurred for entertainment, including direct expenses for labor and wages.

**Line 9.** Enter the amount of other direct expense items for **fundraising events** not included in *Part II*, lines 4 through 8. The organization should retain in its records an itemized list of all other direct expenses not included on lines 4 through 8. For labor costs and wages, include the total amount of compensation paid to fundraising event workers or paid **independent contractors** for labor costs.

**Line 10.** Add lines 4 through 9 in column (d).

**Line 11.** Subtract line 10 from line 3, column (d). If line 10 is more than line 3, column (d), and the result is less than zero, enter it in parentheses.

## Part III. Gaming

Complete this part if the organization reported more than \$15,000 from gaming on Form 990, Part VIII, line 9a, or Form 990-EZ, line 6a.

Treat all **bingo** as a single event for column (a) and all **pull tabs** as a single event for column (b). Include all revenue and expenses for progressive bingo,

**instant bingo**, and event bingo in column (b).

Include in column (c) all other types of gaming not included in column (a) or (b).

Complete *Part III* for each type of **gaming** conducted.

### Revenue

**Line 1.** Enter the gross revenue (gross receipts less **contributions**) for each type of **gaming** conducted without reduction for cash or noncash prizes, cost of goods sold, **compensation**, fees, or other expenses. Enter the total of columns (a) through (c) in column (d).

### Direct Expenses

Enter the expense amount in the appropriate column (a) through (c) for each type of **gaming** conducted. Enter the total of columns (a) through (c) in column (d).

**Line 2.** Enter the total amount paid out as cash prizes.

**Line 3.** Enter the **fair market value** of the noncash prizes paid or given out for each type of **gaming** conducted.

**Line 4.** Enter the expenses paid or incurred for the rent or lease of property or facilities.

**Line 5.** Enter the amount of other direct expense items for **gaming** not included on lines 2 through 4. The organization should retain in its records an itemized list of all other direct expenses not included on lines 2 through 4. Mandatory distributions should be shown on line 17.

The itemized list of direct expenses should include the following.

- Labor costs and wages, including the total **compensation** paid to gaming workers or **independent contractors** for labor costs.
- Employer's share of federal, state, and local payroll taxes paid for the tax year for gaming workers, including social security and Medicare taxes, state and federal unemployment taxes, and other state and local payroll taxes.
- Excise taxes, including any wagering tax paid with Form 730, Monthly Tax Return for Wagers, and any occupational tax paid with Form 11-C, Occupational Tax and Registration Return for Wagering.

**Line 6.** If substantially all of the organization's work in conducting a type of **gaming** is performed by **volunteers**, check "Yes" and enter the percentage of total workers who are volunteers for each type of gaming conducted. The percentage is determined by dividing the number of volunteers for each type of gaming by the total number of workers for that type of gaming, both paid and unpaid.

**Line 7.** Enter the total of lines 2 through 5 in column (d).

**Line 8.** Subtract line 7 from line 1, column (d). If line 7 is more than line 1, column (d), and the result is less than zero, enter it in parentheses.

**TIP** For Form 990 filers, the amounts reported on line 1, column (d), line 7, and line 8 must equal the amounts reported on Form 990, Part VIII, lines 9a, b, and c, respectively.

**Line 9.** Enter all states in which the organization conducted **gaming** during the **tax year**, including states in which the organization solicited residents to participate in gaming activity. If the organization needs more space, use *Part IV*.

**Line 9a.** Check “Yes” only if the organization is licensed or otherwise registered to conduct **gaming** in each state listed on line 9.

**Line 9b.** If the organization isn't licensed or otherwise registered to conduct **gaming** in any state listed on line 9, explain in the space provided. If the organization needs more space, use *Part IV*.

**Line 10a.** Check “Yes” if any of the organization's **gaming** licenses were revoked, suspended, or terminated during the **tax year**.

**Line 10b.** Provide an explanation for each state in which the organization's **gaming** license or registration was revoked, suspended, or terminated during the **tax year**. If the organization needs more space, use *Part IV*.

**Line 11.** If any nonmembers participated in **gaming** conducted by the organization during the **tax year**, check “Yes.” Membership is determined in accordance with the organization's organizing documents and applicable law. For purposes of this question, bona fide guests of members attending with them should also be treated as members. “Bona fide guests” are individuals whom the member invites and for whom the member pays. If, for example, a nonmember pays for his or her own wagers in gaming activities, he or she is considered a nonmember, even though he or she may have entered the organization's premises with a member. Also, if an organization

requires only a nominal payment to join as a “member,” individuals making such a payment to gain admission to the organization's facilities or activities aren't considered members or bona fide guests. See Pub. 3079, Tax-Exempt Organizations and Gaming, for more information.

**Line 12.** If the organization is a grantor, beneficiary, or trustee of a trust or a member of a partnership or other entity formed to administer charitable **gaming**, check “Yes.” For purposes of this question, “a partnership or other entity” means two or more organizations that are authorized under state law to conduct **bingo** or other gaming at the same location joining together to account for or share revenues, authorized expenses, and inventory related to bingo and gaming operations.

**Line 13a.** Enter the percentage of **gaming** conducted during the **tax year** in a facility or facilities owned by the organization. The facility or facilities need not have been used exclusively for gaming.

**Line 13b.** Enter the percentage of **gaming** conducted during the year in a facility or facilities not owned by the organization.

**Line 14.** Enter the name and business address of the person who prepares the organization's gaming/special events books and records (or the organization's business address if the books and records are kept by such person at a personal residence). The organization isn't required to provide the address of a personal residence of an individual.

**Line 15a.** An organization can pay its own employees to conduct **gaming**, or contract with a third party for such services. Check “Yes” or “No” to indicate whether the organization has a contract with a third party from which it receives gaming revenue.

**Line 15b.** If the organization checked “Yes” to line 15a, enter the **gaming** revenue amount received by the organization and the gaming revenue amount retained by the third party. If there is more than one third-party operator, report the additional operator(s) in *Part IV*.

**Line 15c.** If the organization checked “Yes” to line 15a, enter the name and address of the third party. If there is more than one third-party operator, report the additional operator(s) in *Part IV*.

**Line 16.** Complete this line for the person who has overall supervision and management of the **gaming** operation. Generally, this person has responsibilities that can include recordkeeping, money counting, hiring and firing of workers, and making the bank deposits for the gaming operation. If the gaming manager is a **director, officer, or employee** of the organization, report only the portion of that person's compensation that is allocable to gaming management. If more than one person shares this responsibility, report the additional person(s) in *Part IV*.

**Line 17a.** Some states require that charitable organizations make mandatory distributions from **gaming** proceeds to obtain and retain a valid gaming license. Check “Yes” or “No” to indicate whether the organization is required to make mandatory distributions from its gaming proceeds to retain its gaming license or registration in any state.

**Line 17b.** For all states in which the organization conducted **gaming**, enter the aggregate amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the **tax year**. Provide a breakdown of required distributions, by each state, in *Part IV*.

For more information, see Pub. 3079.

## Part IV. Supplemental Information

Use *Part IV* to provide the narrative explanations required, if applicable, to supplement responses to *Part I*, line 2b, columns (iii) and (v), and *Part III*, lines 9, 9b, 10b, 15b, 15c, 16, and 17b. *Part IV* may also be used to supplement other responses to questions on Schedule G (Form 990). In *Part IV*, identify the specific part and line number that each response supports, in the order in which those parts and lines appear on Schedule G (Form 990).

# Schedule H

Hospitals

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

2021

Open to Public Inspection

- ▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**  
▶ **Attach to Form 990.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

		Yes	No
<b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .	<b>1a</b>		
<b>b</b> If "Yes," was it a written policy? . . . . .	<b>1b</b>		
<b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities			
<b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.			
<b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____%	<b>3a</b>		
<b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . . <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%	<b>3b</b>		
<b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.			
<b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .	<b>4</b>		
<b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<b>5a</b>		
<b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .	<b>5b</b>		
<b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .	<b>5c</b>		
<b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .	<b>6a</b>		
<b>b</b> If "Yes," did the organization make it available to the public? . . . . .	<b>6b</b>		

**7 Financial Assistance and Certain Other Community Benefits at Cost**

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .						
<b>b</b> Medicaid (from Worksheet 3, column a)						
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .						
<b>d Total.</b> Financial Assistance and Means-Tested Government Programs						
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .						
<b>f</b> Health professions education (from Worksheet 5) . . . . .						
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .						
<b>h</b> Research (from Worksheet 7) . . . . .						
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .						
<b>j Total.</b> Other Benefits . . . . .						
<b>k Total.</b> Add lines 7d and 7j . . . . .						

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**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	<b>Total</b>					

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

- 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? 1
- 2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . . 2
- 3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. . . . . 3
- 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

**Section B. Medicare**

- 5 Enter total revenue received from Medicare (including DSH and IME) . . . . . 5
- 6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . . 6
- 7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . . 7
- 8 Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:  
 Cost accounting system     Cost to charge ratio     Other

**Section C. Collection Practices**

- 9a Did the organization have a written debt collection policy during the tax year? . . . . . 9a
- b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI . . . . . 9b

	Yes	No
1		
2		
3		
5		
6		
7		
9a		
9b		

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

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**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size, from largest to smallest—see instructions)  
 How many hospital facilities did the organization operate during the tax year? \_\_\_\_\_

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
<b>1</b>										
<b>2</b>										
<b>3</b>										
<b>4</b>										
<b>5</b>										
<b>6</b>										
<b>7</b>										
<b>8</b>										
<b>9</b>										
<b>10</b>										

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**Part V Facility Information** *(continued)*

**Section B. Facility Policies and Practices**

(complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or letter of facility reporting group \_\_\_\_\_

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): \_\_\_\_\_

		Yes	No
<b>Community Health Needs Assessment</b>			
<b>1</b>	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? . . . . .	<b>1</b>	
<b>2</b>	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C . . . . .	<b>2</b>	
<b>3</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 . . . . .	<b>3</b>	
If "Yes," indicate what the CHNA report describes (check all that apply):			
<b>a</b>	<input type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input type="checkbox"/> Demographics of the community		
<b>c</b>	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input type="checkbox"/> How data was obtained		
<b>e</b>	<input type="checkbox"/> The significant health needs of the community		
<b>f</b>	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
<b>j</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>4</b>	Indicate the tax year the hospital facility last conducted a CHNA: 20 ____		
<b>5</b>	In conducting its most recent CHNA, did the hospital facility 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? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	<b>5</b>	
<b>6a</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .	<b>6a</b>	
<b>6b</b>	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C . . . . .	<b>6b</b>	
<b>7</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . .	<b>7</b>	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
<b>a</b>	<input type="checkbox"/> Hospital facility's website (list url): _____		
<b>b</b>	<input type="checkbox"/> Other website (list url): _____		
<b>c</b>	<input type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
<b>d</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>8</b>	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 . . . . .	<b>8</b>	
<b>9</b>	Indicate the tax year the hospital facility last adopted an implementation strategy: 20 ____		
<b>10</b>	Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .	<b>10</b>	
<b>a</b>	If "Yes," (list url): _____		
<b>b</b>	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? . . . . .	<b>10b</b>	
<b>11</b>	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
<b>12a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>12a</b>	
<b>b</b>	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>12b</b>	
<b>c</b>	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

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**Part V Facility Information** *(continued)*

**Financial Assistance Policy (FAP)**

Name of hospital facility or letter of facility reporting group \_\_\_\_\_

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
<b>13</b>	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	<b>13</b>	
<b>a</b>	<input type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of ___ ___ % and FPG family income limit for eligibility for discounted care of ___ ___ %		
<b>b</b>	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b>	<input type="checkbox"/> Asset level		
<b>d</b>	<input type="checkbox"/> Medical indigency		
<b>e</b>	<input type="checkbox"/> Insurance status		
<b>f</b>	<input type="checkbox"/> Underinsurance status		
<b>g</b>	<input type="checkbox"/> Residency		
<b>h</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>14</b>	Explained the basis for calculating amounts charged to patients? . . . . .	<b>14</b>	
<b>15</b>	Explained the method for applying for financial assistance? . . . . .	<b>15</b>	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):			
<b>a</b>	<input type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b>	<input type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b>	<input type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b>	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>16</b>	Was widely publicized within the community served by the hospital facility? . . . . .	<b>16</b>	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
<b>a</b>	<input type="checkbox"/> The FAP was widely available on a website (list url): _____		
<b>b</b>	<input type="checkbox"/> The FAP application form was widely available on a website (list url): _____		
<b>c</b>	<input type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): _____		
<b>d</b>	<input type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b>	<input type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b>	<input type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b>	<input type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
<b>h</b>	<input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b>	<input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
<b>j</b>	<input type="checkbox"/> Other (describe in Section C)		

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**Part V Facility Information** *(continued)*

**Billing and Collections**

Name of hospital facility or letter of facility reporting group \_\_\_\_\_

		Yes	No
<b>17</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? . . . . .		
<b>18</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP: <b>a</b> <input type="checkbox"/> Reporting to credit agency(ies) <b>b</b> <input type="checkbox"/> Selling an individual's debt to another party <b>c</b> <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP <b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process <b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C) <b>f</b> <input type="checkbox"/> None of these actions or other similar actions were permitted		
<b>19</b>	Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged: <b>a</b> <input type="checkbox"/> Reporting to credit agency(ies) <b>b</b> <input type="checkbox"/> Selling an individual's debt to another party <b>c</b> <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP <b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process <b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)		
<b>20</b>	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply): <b>a</b> <input type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C) <b>b</b> <input type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C) <b>c</b> <input type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C) <b>d</b> <input type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C) <b>e</b> <input type="checkbox"/> Other (describe in Section C) <b>f</b> <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

<b>21</b>	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why: <b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions <b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing <b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C) <b>d</b> <input type="checkbox"/> Other (describe in Section C)		
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**Part V Facility Information** *(continued)*

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

Name of hospital facility or letter of facility reporting group \_\_\_\_\_

		Yes	No
<b>22</b>	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
<b>a</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
<b>b</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>c</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>d</b>	<input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
<b>23</b>	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . .	<b>23</b>	
	If "Yes," explain in Section C.		
<b>24</b>	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .	<b>24</b>	
	If "Yes," explain in Section C.		

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**Part V Facility Information** *(continued)*

**Section C. Supplemental Information for Part V, Section B.** Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A (“A, 1,” “A, 4,” “B, 2,” “B, 3,” etc.) and name of hospital facility.

Multiple horizontal lines for providing supplemental information.

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**Part V Facility Information** *(continued)*

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
 (list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? \_\_\_\_\_

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

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# Schedule H

Instructions

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# Instructions for Schedule H (Form 990)

## Hospitals

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

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**Background.** The Patient Protection and Affordable Care Act (Affordable Care Act), enacted March 23, 2010, P.L. No. 111-148, added section 501(r) to the Code. Section 501(r) includes additional requirements a **hospital organization** must meet to qualify for tax exemption under section 501(c)(3) in tax years beginning after March 23, 2010. These additional requirements address a hospital organization's financial assistance policy; policy relating to emergency medical care; billing and collections; and charges for medical care. Also, for tax years beginning after March 23, 2012, the Affordable Care Act requires hospital organizations to conduct community health needs assessments.

Because section 501(r) requires a hospital organization to meet these requirements for each of its **hospital facilities**, Part V, *Facility Information*, has been expanded to include a Section A, *Hospital Facilities*. In this section, a hospital organization must list its hospital facilities; that is, its facilities that, at any time during the **tax year**, were required to be licensed, registered, or similarly recognized as a hospital under state law. Part V also includes Section B, *Facility Policies and Practices*, for reporting of information on policies and practices addressed in section 501(r). The hospital organization must complete a separate Section B for each of its hospital facilities or facility reporting groups listed in Section A.

Section 6033(b)(15)(B) also requires hospital organizations to submit a copy of their audited financial statements to the IRS. Accordingly, a hospital organization that is required to file Form 990 must attach a copy of its most recent audited financial statements to its Form 990. 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. See the Instructions for Form 990, Part IV, line 20b.

Part V, Section D, requires an organization to list all of its non-hospital health care facilities that it operated during the tax year, whether or not such facilities were required to be licensed or registered

under state law. The organization shouldn't complete Part V, Section B, for any of these non-hospital facilities.

**TIP** *Sec. 501(r) final regulations are effective for tax years beginning after 12/29/15.*

## Purpose of Schedule

Hospital organizations use Schedule H (Form 990) to provide information on the activities and policies of, and community benefit provided by, its **hospital facilities** and other non-hospital health care facilities that it operated during the tax year. This includes facilities operated either directly or through disregarded entities or joint ventures.

## Who Must File

An organization that answered "Yes" on Form 990, Part IV, line 20a, must complete and attach Schedule H to Form 990.

Schedule H (Form 990) must be completed by a **hospital organization** that operated at any time during the **tax year** at least one **hospital facility**. A hospital facility is one that is required to be licensed, registered, or similarly recognized by a state as a **hospital**. A hospital organization may treat multiple buildings operated by a hospital organization under a single state license as a single hospital facility.

The organization must file a single Schedule H (Form 990) that combines information from:

1. **Hospital facilities** directly operated by the organization.
2. **Hospital facilities** operated by **disregarded entities** of which the organization is the sole member.
3. Other health care facilities and programs of the hospital organization or any of the entities described in 1 or 2, even if provided separately from the hospital's license.
4. **Hospital facilities** and other health care facilities and programs operated by any **joint venture** treated as a partnership, to the extent of the hospital organization's proportionate share of the joint venture.

## 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](https://www.irs.gov/Form990).

## General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

“Proportionate share” is defined as the ending capital account percentage listed on the Schedule K-1 (Form 1065), Partner’s Share of Income, Deductions, Credits, etc., Part II, line J, for the partnership tax year ending in the organization’s tax year being reported on the organization’s Form 990. If Schedule K-1 (Form 1065) isn’t available, the organization can use other business records to make a reasonable estimate, including the most recently available Schedule K-1 (Form 1065), adjusted as appropriate to reflect facts known to the organization, or information used for purposes of determining its proportionate share of the venture for the organization’s financial statements.

5. In the case of a **group return** filed by the hospital organization, hospital facilities operated directly by members of the **group exemption** included in the group return, hospital facilities operated by a disregarded entity of which a member included in the group return is the sole member, hospital facilities operated by a joint venture treated as a partnership to the extent of the group member’s proportionate share (determined in the manner described in 4, earlier), and other health care facilities or programs of a member included in the group return even if such programs are provided separately from the hospital’s license.

**Example.** The organization is the sole member of a disregarded entity. The disregarded entity owns 50% of a joint venture treated as a partnership. The partnership in turn owns 50% of another joint venture treated as a partnership that operates a hospital and a freestanding outpatient clinic that isn’t part of the hospital’s license. (Assume the proportionate shares of the partnerships based on capital account percentages listed on the partnerships’ Schedule K-1 (Form 1065), Part II, line J, are also 50%.) The organization would report 25% (50% of 50%) of the hospital’s and outpatient clinic’s combined information on Schedule H (Form 990).

Note that while information from all the above sources is combined for purposes of Schedule H (Form 990), the organization is required to list and provide information regarding each of its **hospital facilities** in Part V, Sections A, B, and C, whether operated directly by the organization or through a disregarded entity or joint venture treated as a partnership. In addition, the organization must list in Part V, Section D, each of its other health care facilities (for example, rehabilitation clinics, other outpatient clinics, diagnostic centers, skilled nursing facilities) that it operated during the tax year, whether operated directly by the organization or through a disregarded

entity or a joint venture treated as a partnership.

Organizations aren’t to enter information from hospitals located outside the **United States** in Parts I, II, III, or V. Information from foreign joint ventures and partnerships *must* be reported in Part IV, *Management Companies and Joint Ventures*. Information concerning foreign hospitals and facilities *may* be described in Part VI.

Except as provided in Part IV, don’t report on Schedule H (Form 990) information from an entity organized as a separate legal entity from the organization and treated as a corporation for federal income tax purposes (except for members of a group exemption included in a group return filed by the organization), even if such entity is affiliated with or otherwise related to the organization (for example, part of an affiliated health care system).

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.

An organization that didn’t operate one or more facilities during the **tax year** that satisfy the definition of hospital facility above shouldn’t file Schedule H (Form 990).

**TIP** *The definition of “hospital” for Schedule A (Form 990), Public Charity Status and Public Support, Part I, line 3, and the definition of “hospital” for Schedule H (Form 990) aren’t the same. Accordingly, an organization that checks box 3 in Part I of Schedule A (Form 990) to enter that it is a hospital or cooperative hospital service organization, must complete and attach Schedule H to Form 990 only if it meets the definition of hospital facility for purposes of Schedule H (Form 990), as explained above.*

## Specific Instructions

### Part I. Financial Assistance and Certain Other Community Benefits at Cost

Part I requires reporting of financial assistance policies, the availability of community benefit reports, and the cost of financial assistance and other community benefit activities and programs. Worksheets and accompanying instructions are provided at the end of the instructions to this schedule to assist in completing the table in Part I, line 7.

**Line 1.** A financial assistance policy (FAP), sometimes referred to as a charity

care policy, is a policy describing how the 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.

**Line 2.** Check only one of the three boxes. “Applied uniformly to all hospitals” means that all of the organization’s **hospital facilities** use the same financial assistance policy. “Applied uniformly to most hospitals” means that the majority of the organization’s hospital facilities use the same financial assistance policy. “Generally tailored to individual hospitals” means that the majority of the organization’s hospital facilities use different financial assistance policies. If the organization operates only one hospital facility, check “Applied uniformly to all hospitals.”

**Line 3.** Answer lines 3a, 3b, and 3c, based on the financial assistance eligibility criteria that apply to (1) the largest number of the organization’s patients based on patient contacts or encounters, or (2) if the organization doesn’t operate its own **hospital facility**, the largest number of patients of a hospital facility operated by a **joint venture** in which the organization has an ownership interest. For example, if the organization has two hospital facilities, use the financial assistance eligibility criteria used by the hospital facility that has the most patient contacts or encounters during the **tax year**.

**Line 3a.** “Federal Poverty Guidelines” (FPG) are the Federal Poverty Guidelines published annually by the U.S. Department of Health and Human Services. If the organization has established a family or household income threshold that a patient must meet or fall below to qualify for free medical care, check the box in the “Yes” column and indicate the specific threshold by checking the appropriate box. For instance, if a patient’s family or household income must be less than or equal to 250% of FPG for the patient to qualify for *free care*, then check the box marked “Other” and enter “250%.”

**Line 3b.** If the organization has established a family or household income threshold that a patient must meet or fall below to qualify for *discounted medical care*, check the box in the “Yes” column and indicate the specific threshold by checking the appropriate box.

**Line 3c.** If applicable, describe the other criteria used, such as asset test or other means test or threshold for free or discounted care, on Part VI, line 1, of this schedule. An “asset test” includes (i) a limit on the amount of total or liquid assets that a patient or the patient’s family or household can own for the patient to qualify for free or discounted care, and/or (ii) a criterion for determining the level of discounted medical care patients can receive, depending on the amount of assets that they and/or their families or households own.

**Line 4.** “Medically indigent” means persons whom the organization has determined are unable to pay some or all of their medical bills because their medical bills exceed a certain percentage of their family or household income or assets (for example, due to catastrophic costs or conditions), even though they have income or assets that otherwise exceed the generally applicable eligibility requirements for free or discounted care under the organization’s financial assistance policy.

**Line 5.** Answer lines 5a, 5b, and 5c based on the organization’s budgeted amounts under its financial assistance policy.

**Line 5a.** Answer “Yes” if the organization established or had in place at any time during the **tax year** an annual or periodic budgeted amount of free or discounted care to be provided under its financial assistance policy. If “No,” skip to line 6a.

**Line 5b.** Answer “Yes” if the free or discounted care the organization provided in the applicable period exceeded the budgeted amount of costs or charges for that period. If “No,” skip to line 6a.

**Line 5c.** Answer “Yes” if the organization denied financial assistance to any patient eligible for free or discounted care under its financial assistance policy or under any of its hospital facilities’ financial assistance policies because the organization’s or the facility’s financial assistance budget was exceeded.

**Line 6.** Answer lines 6a and 6b based on the community benefit report that the organization prepared for the organization as a whole during the **tax year**.

**Line 6a.** Answer “Yes” if the organization prepared a written report during the **tax year** that describes the

organization’s programs and services that promote the health of the community or communities served by the organization. If the organization’s community benefit report is contained in a report prepared by a **related organization**, answer “Yes” and identify the related organization on Part VI, line 1. If “No,” skip to line 7.

**Line 6b.** Answer “Yes” if the organization made the community benefit report it prepared during the **tax year** available to the public.

**TIP** *Examples of how an organization can make its community benefit report available to the public are: to post the report on the organization’s website and to make a paper copy of the community health needs assessment (CHNA) report available for public inspection upon request and without charge at the hospital facility.*

**Lines 7a through 7k.** Enter on the table (lines 7a through 7k), at cost, the organization’s financial assistance (as defined in the instructions for line 1) and certain other community benefits. Enter on line 7i **contributions** that the organization restricts, in writing, to one or more of the community benefit activities listed on lines 7a through 7h. Don’t enter such contributions on lines 7a through 7h. To calculate the amounts to be entered on the table, use the worksheets or other equivalent documentation that substantiates the information entered consistent with the methodology used on the worksheets. See the instructions to the worksheets for definitions of the various types of community benefit (for example, community health improvement services, health professions education, subsidized health services, research, etc.) to be entered on lines 7a through 7k. Don’t include bad debt in these amounts. Bad debt will be entered in Part III.

**TIP** *If the organization completed worksheets other than on a combined basis (for example, facility by facility, joint venture by joint venture), the organization should combine all information from these worksheets for purposes of entering amounts on the table. Only the portion of each joint venture or partnership that represents the organization’s proportionate share, based on capital interest, can be entered on lines 7a through 7k. See Purpose of Schedule for instructions on aggregation.*

Use the organization’s most accurate costing methodology (cost accounting system, cost-to-charge ratio, or other) to calculate the amounts entered on the table. If the organization uses a cost-to-charge ratio, it can use Worksheet 2, Ratio of Patient Care Cost to Charges, for this purpose. See the instructions for

Part VI, line 1, regarding an explanation of the costing methodology used to calculate the amounts entered on the table.

If the organization included any costs for a physician clinic as subsidized health services on Part I, line 7g, enter these costs on Part VI, line 1.

If the organization included any bad debt expense on Form 990, Part IX, line 25, but subtracted this bad debt for purposes of calculating the amount entered on line 7, column (f), enter this bad debt expense on Part VI, line 1.

The following are descriptions of the type of information reported in each column of the table.

**Column (a).** “Number of activities or programs” means the number of the organization’s activities or programs conducted during the year that involve the community benefit entered on the line. Enter each activity and program on only one line so that it isn’t counted more than once. Entering in this column is optional.

**Column (b).** “Persons served” means the number of patient contacts or encounters in accordance with the filing organization’s records. Persons served can be entered in multiple rows, as services across different categories may be provided to the same patient. Entering in this column is optional.

**Column (c).** “Total community benefit expense” means the total gross expense of the activity incurred during the year, calculated by using the pertinent worksheets for each line item. “Total community benefit expense” includes both “direct costs” and “indirect costs.” “Direct costs” means salaries and benefits, supplies, and other expenses directly related to the actual conduct of each activity or program. “Indirect costs” means costs that are shared by multiple activities or programs, such as facilities and administrative costs related to the organization’s infrastructure (space, utilities, custodial services, security, information systems, administration, materials management, and others).

**Column (d).** “Direct offsetting revenue” means revenue from the activity during the year that offsets the total community benefit expense of that activity, as calculated on the worksheets for each line item. “Direct offsetting revenue” includes any revenue generated by the activity or program, such as payment or reimbursement for services provided to program patients.

“Direct offsetting revenue” also includes restricted grants or contributions that the organization uses to provide a community benefit, such as a restricted grant to provide financial assistance or fund research. “Direct offsetting revenue”

doesn't include unrestricted grants or contributions that the organization uses to provide a community benefit. Organizations may describe any inconsistencies from reporting in prior years in Part VI.

**Examples.** The organization receives a restricted grant from an unrelated organization that must be used by the organization to provide financial assistance. The amount of the restricted grant is entered as direct offsetting revenue on line 7a, column (d).

The organization receives an unrestricted grant from an unrelated organization. The organization decides to use the grant to increase the amount of financial assistance it provides. The amount of the unrestricted grant isn't entered as direct offsetting revenue on line 7a, column (d).

**Columns (e) and (f).** Don't enter negative numbers. If the net community benefit expense is less than \$0, enter "0." Similarly, don't enter a negative percent in column (f), but enter "0."

**Group return filers.** The "total expense" denominator for purposes of determining the percent of total expense for column (f) is the amount entered on Form 990, Part IX, line 25, column (A), of the group return.

**TIP** *Column (f) "percent of total expense" is based on column (e) "net community benefit expense," rather than column (c) "total community benefit expense." Organizations that enter amounts of direct offsetting revenue might also wish to enter total community benefit expense (Part I, line 7, column (c)) as a percentage of total expenses. Although this percentage cannot be entered on Part I, line 7, column (f), it can be entered on Schedule H (Form 990), Part VI, line 1.*

## Optional Worksheets for Part I, Line 7 (Financial Assistance and Certain Other Community Benefits at Cost)

Worksheets 1 through 8 are intended to assist the organization in completing Schedule H (Form 990), Part I, lines 7a through 7k. Use of the worksheets isn't required and they shouldn't be filed with Form 990. The organization can use alternative equivalent documentation, provided that the methodology described in these instructions (including the instructions to the worksheets) is followed. Regardless of whether the worksheets or alternative equivalent documentation is used to compile and enter the required information, such documentation must be retained by the organization to

substantiate the information entered on Schedule H (Form 990). The worksheets or alternative equivalent documentation are to be completed using the organization's most accurate costing methodology, which can include a cost accounting system, cost-to-charge ratios, a combination thereof, or some other method.

If the organization is filing a group return or has a disregarded entity or an ownership interest in one or more **joint ventures**, the organization may find it helpful to complete the worksheets separately for the organization and for each disregarded entity, joint venture in which the organization had an ownership interest during the **tax year**, and group affiliate. In that case, the organization should combine all information from the worksheets for purposes of completing line 7. Complete the table by combining amounts from the organization's worksheets, amounts from disregarded entities or group affiliates, and amounts from joint ventures that are attributable to the organization's proportionate share of each joint venture, under the aggregation instruction in *Purpose of Schedule*.

See Worksheets 1 through 8 and specific instructions for the worksheets later in these instructions.

## Part II. Community Building Activities

Enter in this part the costs of the organization's activities that it engaged in during the tax year to protect or improve the community's health or safety, and that aren't entered in Part I of this schedule. Some community building activities may also meet the definition of community benefit. Don't enter in Part II community building costs that are entered on Part I, line 7, as community benefit (costs of a community health improvement service entered on Part I, line 7e). An organization that enters information in this Part II must describe in Part VI how its community building activities promote the health of the communities it serves.

If the filing organization makes a grant to an organization to be used to accomplish one of the community building activities listed in this part, then the organization should include the amount of the grant on the appropriate line in Part II. If the organization makes a grant to a **joint venture** in which it has an ownership interest to be used to accomplish one of the community building activities listed in this part, enter the grant on the appropriate line in Part II, but don't include in Part II the organization's proportionate share of the amount spent by the joint venture on such activities to avoid double counting.

**Line 1.** "Physical improvements and housing" include, but aren't limited to, the provision or rehabilitation of housing for vulnerable populations, such as removing building materials that harm the health of the residents, neighborhood improvement or revitalization projects, provision of housing for vulnerable patients upon discharge from an inpatient facility, housing for low-income seniors, and the development or maintenance of parks and playgrounds to promote physical activity.

**Line 2.** "Economic development" can include, but isn't limited to, assisting small business development in neighborhoods with vulnerable populations and creating new employment opportunities in areas with high rates of joblessness.

**Line 3.** "Community support" can include, but isn't limited to, child care and mentoring programs for vulnerable populations or neighborhoods, neighborhood support groups, violence prevention programs, and disaster readiness and public health emergency activities, such as community disease surveillance or readiness training beyond what is required by accrediting bodies or government entities.

**Line 4.** "Environmental improvements" include, but aren't limited to, activities to address environmental hazards that affect community health, such as alleviation of water or air pollution, safe removal or treatment of garbage or other waste products, and other activities to protect the community from environmental hazards. The organization cannot include on this line or in this part expenditures made to comply with environmental laws and regulations that apply to activities of itself, its disregarded entity or entities, a **joint venture** in which it has an ownership interest, or a member of a **group exemption** included in a **group return** of which the organization is also a member. Similarly, the organization cannot include on this line or in this part expenditures made to reduce the environmental hazards caused by, or the environmental impact of, its own activities, or those of its disregarded entities, joint ventures, or group exemption members, unless the expenditures are for an environmental improvement activity that (i) is provided for the primary purpose of improving community health; (ii) addresses an environmental issue known to affect community health; and (iii) is subsidized by the organization at a net loss. An expenditure may not be entered on this line if the organization engages in the activity primarily for marketing purposes.

**Line 5.** "Leadership development and training for community members" includes, but isn't limited to, training in conflict resolution; civic, cultural, or language

skills; and medical interpreter skills for community residents.

**Line 6.** “Coalition building” includes, but isn't limited to, participation in community coalitions and other collaborative efforts with the community to address health and safety issues.

**Line 7.** “Community health improvement advocacy” includes, but isn't limited to, efforts to support policies and programs to safeguard or improve public health, access to health care services, housing, the environment, and transportation.

**Line 8.** “Workforce development” includes, but isn't limited to, recruitment of physicians and other health professionals to medical shortage areas or other areas designated as underserved, and collaboration with educational institutions to train and recruit health professionals needed in the community (other than the health professions education activities entered on Part I, line 7f).

**Line 9.** “Other” refers to community building activities that protect or improve the community's health or safety that aren't described in the categories listed on lines 1 through 8 above.

Refer to the instructions to Part I, line 7, columns (a) through (f), for descriptions of the types of information that should be entered in each column of Part II.

If the organization is filing a **group return** or has a **disregarded entity** or an ownership interest in one or more **joint ventures**, the organization may find it helpful to complete Part II separately for itself and for each disregarded entity, joint venture in which the organization had an ownership interest during the tax year, and group affiliate. The organization should combine the amounts from all such tables, according to the combined instructions in *Purpose of Schedule*, and include the combined information in Part II.

## Part III. Bad Debt, Medicare, & Collection Practices

### Section A.

In this section, (a) enter combined bad debt expense; (b) provide an estimate of how much bad debt expense, if any, reasonably could be attributable to persons who likely would qualify for financial assistance under the organization's financial assistance policy; and (c) provide a rationale for what portion of bad debt, if any, the organization believes is community benefit. In addition, the organization must enter whether it has adopted Healthcare Financial Management Association Statement No. 15, Valuation and Financial Statement Presentation of Charity Care and Bad

Debts by Institutional Healthcare Providers (“Statement 15”) and provide the text or page number of its footnote, if applicable, to its audited financial statements that describes the bad debt expense.

**Line 1.** Indicate if the organization enters bad debt expense in accordance with Statement 15.

**Note.** Statement 15 hasn't been adopted by the American Institute of Certified Public Accountants (AICPA). The IRS doesn't require organizations to adopt Statement 15 or use it to determine bad debt expense or financial assistance costs. Some organizations may rely on Statement 15 in reporting bad debt expense and financial assistance in their audited financial statements. Statement 15 provides instructions for recordkeeping, valuation, and disclosure for bad debts.

**Line 2.** Use the most accurate system and methodology available to the organization to enter bad debt expense. If only a portion of a patient's bill for services is written off as a bad debt, include only the proportionate amount attributable to the bad debt. Include the organization's proportionate share of the bad debt expense of **joint ventures** in which it had an ownership interest during the **tax year**.

Describe in Part VI the methodology used in determining the amount entered on line 2 as bad debt, including how the organization accounted for discounts and payments on patient accounts in determining bad debt expense.

**Line 3.** Provide an estimate of the amount of bad debt entered on line 2 that reasonably is attributable to patients who likely would qualify for financial assistance under the **hospital's** financial assistance policy as entered on Part I, lines 1 through 4, but for whom insufficient information was obtained to determine their eligibility. **Don't include this amount in Part I, line 7.** Organizations can use any reasonable methodology to estimate this amount, such as record reviews, an assessment of financial assistance applications that were denied due to incomplete documentation, analysis of demographics, or other analytical methods.

Describe in Part VI the methodology used to determine the amount entered on line 3 and the rationale, if any, for including any portion of bad debt as community benefit.

**Line 4.** In Part VI, provide the footnote from the organization's **audited financial statements** on bad debt expense, if applicable, or the footnotes related to “accounts receivable,” “allowance for doubtful accounts,” or similar

designations. Alternatively, enter the page number(s) on which the footnote or footnotes appear in the organization's most recent audited financial statements, which must be attached to this return. If the footnote or footnotes address only the filing organization's bad debt expense or “accounts receivable,” “allowance for doubtful accounts,” or similar designations, provide the exact wording of the footnote or footnotes, or enter the page number(s) in which the footnote or footnotes appear in the attached audited financial statements.

If the organization's financial statements include a footnote on these issues that also includes other information, enter in Part VI only the relevant portions of the footnote. If the organization is a member of a group with consolidated financial statements, the organization can summarize that portion, if any, of the footnote or footnotes that apply. If the organization's financial statements don't include a footnote that discusses bad debt expense, “accounts receivable,” “allowance for doubtful accounts,” or similar designations, include a statement in Part VI that the organization's **audited financial statements** don't include a footnote discussing these issues and explain how the organization's financial statements account for bad debt, if at all.

### Section B

In this section, (a) combine allowable costs to provide services reimbursed by Medicare (don't include community benefit costs included on Part I, line 7i), (b) combine Medicare reimbursements attributable to such costs, and (c) combine Medicare surplus or shortfall. Include in Section B only those allowable costs and Medicare reimbursements that are reported in the organization's Medicare Cost Report(s) for the year, including its share of any such allowable costs and reimbursement from **disregarded entities** and **joint ventures** in which it has an ownership interest. Don't include any Medicare-related expenses or revenue properly entered on Part I, line 7f or 7g.

In Part VI, the organization should describe what portion of its Medicare shortfall, if any, it believes should constitute community benefit, and explain its rationale for its position. As described below, the organization can also enter in Part VI the amount of any Medicare revenues and costs not included in its Medicare Cost Report(s) for the year, and can enter a reconciliation of the amounts entered in Section B (including the surplus or shortfall entered on line 7) and the total revenues and costs attributable to all of the organization's Medicare programs.

**Line 5.** Enter all net patient service revenue (for Medicare fee for service (FFS) patients) associated with the allowable costs the organization entered in its Medicare Cost Report(s) for the year, including payments for indirect medical education (IME) (except for Medicare Advantage IME), Medicare disproportionate share hospital (DSH) revenue, coinsurance, patient deductible, outliers, capital, bad debt, and any other amounts paid to the organization on the basis of its Medicare Cost Report. Don't include revenue related to subsidized health services as entered on Part I, line 7g (see Worksheet 6), research as entered on Part I, line 7h (see Worksheet 7), or direct graduate medical education (GME) as entered on Part I, line 7f (see Worksheet 5). If the organization has more than one Medicare provider number, combine the revenue attributable to costs reported on the Medicare Cost Report(s) submitted under each provider number, and enter the combined revenues on line 5.

**Line 6.** Enter all Medicare allowable costs reported in the organization's Medicare Cost Report(s), except those already entered on line 7g, Part I (subsidized health services), and costs associated with direct GME already entered on line 7f, Part I (health professions education). This can be determined using Worksheet A. If Worksheet A isn't used, the organization still must subtract the costs attributable to subsidized health services and direct GME from the Medicare allowable costs it enters on line 6. If the organization has more than one Medicare provider number, it should combine the costs reported in the Medicare Cost Report(s) submitted under each provider number and enter the combined costs on line 6.

**Worksheet A (Optional)**

**Worksheet A (Optional)**

Complete Worksheets 5 and 6 before completing this Worksheet A.

1.	Total Medicare allowable costs (from Medicare Cost Report) . . .	\$ _____
2.	Total Medicare allowable costs (from line 1) included in Worksheet 6, line 3, col. (A) . . .	\$ _____
3.	Total Medicare allowable costs (from line 1) included in Worksheet 5, line 8 (direct GME) . . . . .	\$ _____
4.	Total adjustments to Medicare allowable costs (add lines 2 and 3) . . . . .	\$ _____
5.	Total Medicare allowable costs (line 1 minus line 4). Enter this value in Part III, line 6. . . . .	\$ _____

**Line 7.** Subtract line 6 from the amount on line 5. If line 6 exceeds line 5, enter the surplus (the shortfall) as a negative number.

**TIP** *Lines 5, 6, and 7 don't include certain Medicare program revenues and costs, and thus cannot reflect all of the organization's revenues and costs associated with its participation in Medicare programs. The organization can describe in Part VI the Medicare revenues and costs not included in its Medicare Cost Report(s) for the year (for example, revenues and costs for freestanding ambulatory surgery centers, physician services billed by the organization, clinical laboratory services, and revenues and costs of Medicare Part C and Part D programs). The organization can enter on Part VI, line 1, a reconciliation of amounts entered in Section B (including the surplus or shortfall entered on line 7) and all of the organization's total revenues and total expenses attributable to Medicare programs.*

**Line 8.** Check the box that best describes the costing methodology used to enter the Medicare allowable costs on line 6. Describe this methodology in Part VI.

The organization must also describe in Part VI its rationale for treating the amount entered on Part III, line 7, or any portion of it, as a community benefit. An organization's rationale must have a reasonable basis. **Don't include this amount on Part I, line 7.**

If the organization received any prior year settlements for Medicare-related services in the current tax year, it can provide an explanation on Part VI, line 1.

**Section C.**

In this section, enter the organization's written debt collection policy.

**Line 9a.** Answer "Yes" if the organization had a written debt collection policy on the collection of amounts owed by patients during its **tax year**.

For purposes of line 9a, a "written debt collection policy" includes a written billing and collections policy, or in the case of an organization that doesn't have a separate written billing and collections policy, a written financial assistance policy that includes the actions the organization may take in the event of non-payment, including collection actions and reporting to credit agencies.

**Line 9b.** Answer "Yes" if the organization's written debt collection policy that applied to the facilities that served the largest number of the organization's patients during the **tax year** contained provisions for collecting amounts due from those patients who the

organization knows qualify for financial assistance. If the organization answers "Yes," describe in Part VI the collection practices that it follows for such patients, whether or not such practices apply specifically to such patients or more broadly to also cover other types of patients.

**Part IV. Management Companies and Joint Ventures Owned 10% or More by Officers, Directors, Trustees, Key Employees, and Physicians**

List any **management company, joint venture**, or other separate entity (whether treated as a partnership or a corporation), including joint ventures outside of the **United States**, of which the organization is a partner or shareholder:

1. In which persons described in 1a and/or 1b below owned, in the aggregate, more than 10% of the share of profits of such partnership or LLC interest, or stock of the corporation:
  - a. Persons who were **officers, directors, trustees, or key employees** of the organization at any time during the organization's **tax year**, and/or
  - b. Physicians who were employed as physicians by, or had staff privileges with, one or more of the organization's **hospitals**; and
2. That either:
  - a. Provided management services used by the organization in its provision of medical care, or
  - b. Provided medical care, or owned or provided real property, tangible personal property, or intangible property used by the organization or by others to provide medical care.

Examples of such joint ventures and management companies include:

- An ancillary joint venture formed by the organization and its officers or physicians to conduct an exempt or unrelated business activity,
- A company owned by the organization and its officers or physicians that owns and leases to the organization a hospital or other medical care facility, and
- A company that owns and leases to entities other than the organization's diagnostic equipment or intellectual property used to provide medical care.

For purposes of Part IV, ownership interests can be direct or indirect. For example, if a joint venture reported in Part IV is owned, in part, by a physician group practice owned by staff physicians of the organization's hospital, report the

physicians' indirect ownership interest in the joint venture in proportion to their ownership share of the physician group practice.

**Note.** Don't include publicly traded entities or entities whose sole income is passive investment income from interest or dividends.

For purposes of Part IV, the aggregate percentage share of profits or stock ownership percentage of officers, directors, trustees, key employees, and physicians who are employed as physicians by, or have staff privileges with, one or more of the organization's hospitals is measured as of the earlier of the close of the tax year of the organization or the last day the organization was a member of the joint venture. All stock, whether common or preferred, is considered stock for purposes of determining the stock ownership percentage. Provide all the information requested below for each such entity.

**Column (a).** Enter the full legal name of the entity.

**Column (b).** Describe the primary business activity or activities conducted by the **management company, joint venture**, or separate entity.

**Column (c).** Enter the organization's percentage share of profits in the partnership or LLC, or stock in the entity that is owned by the organization.

**Column (d).** Enter the percentage share of profits or stock in the entity owned by all of the organization's current **officers, directors, trustees, or key employees.**

**Column (e).** Enter the percentage share of profits or stock in the entity owned by all physicians who are **employees** practicing as physicians or who have staff privileges with one or more of the organization's hospitals.

If a physician described above is also a current officer, director, trustee, or key employee of the organization, include his or her profits or stock percentage in column (d). Don't include this in column (e).

Part IV can be duplicated if more space is needed to list additional management companies and joint ventures.

## Part V. Facility Information

In Part V, the organization must list all of its **hospital facilities** in Section A, complete separate Sections B, and C for each of its hospital facilities or facility reporting groups listed in Section A, and list its non-hospital health care facilities in Section D.

**Facility reporting groups.** If the organization is able to check the same checkboxes for all Part V, Section B,

questions for more than one of its hospital facilities, it may file a single Section B and Section C for all facilities in that facility reporting group. For each of those facilities, the organization would assign and list the facility reporting group letter in the "Facility reporting group" column in Section A. Assign letter A to the facility reporting group with the greatest number of facilities, letter B to the group with the second greatest number of facilities, and so forth. For instance, three hospital facilities with identical answers to the Section B checkboxes would be assigned facility group letter A, while two other hospital facilities with identical answers would be assigned facility group letter B.

### Section A

Complete Part V, Section A, by listing all of the organization's **hospital facilities** that it operated during the **tax year**. List these facilities in order of size from largest to smallest, measured by a reasonable method (for example, the number of patients served or total revenue per facility). "Hospital facilities" are facilities that, at any time during the tax year, were required to be licensed, registered, or similarly recognized as a hospital under state law. A hospital facility is operated by an organization whether the facility is operated directly by the organization or through a **disregarded entity** or **joint venture** treated as a partnership. For each hospital facility, list its name, address, primary website address, and state license number (and if a group return, the name and employer identification number (EIN) of the subordinate hospital organization that operates the hospital facility), and check the applicable column(s).

"Licensed hospital" is a facility licensed, registered, or similarly recognized by a state as a hospital.

"General medical and surgical" refers to a hospital primarily engaged in providing diagnostic and medical treatment (both surgical and nonsurgical) to inpatients with a wide variety of medical conditions, and that may provide outpatient services, anatomical pathology services, diagnostic X-ray services, clinical laboratory services, operating room services, and pharmacy services.

"Children's hospital" is a center for provision of health care to children, and includes independent acute care children's hospitals, children's hospitals within larger medical centers, and independent children's specialty and rehabilitation hospitals.

"Teaching hospital" is a hospital that provides training to medical students, interns, residents, fellows, nurses, or other health professionals and providers, provided that such educational programs

are accredited by the appropriate national accrediting body.

"Critical access hospital" (CAH) is a hospital designated as a CAH by a state that has established a State Medicare Rural Hospital Flexibility Program in accordance with Medicare rules.

"Research facility" is a facility that conducts research.

"ER—24 hours" refers to a facility that operates an emergency room 24 hours a day, 365 days a year.

"ER—other" refers to a facility that operates an emergency room for periods less than 24 hours a day, 365 days a year.

Complete the "Other (describe)" column for each hospital facility that the organization operates that isn't described in the other columns of Part V, Section A.

In the upper left-hand corner of the Part V, Section A, table, list the total number of **hospital facilities** that the organization operated during the tax year.

If the organization needs additional space to list all of its hospital facilities, it should duplicate Section A and use as many duplicate copies of Section A as needed, number each page, and renumber the line numbers in the left-hand margin (an organization with 15 facilities should renumber lines 1–5 on the 2nd page as lines 11–15).

### Section B

Section B requires reporting on a **hospital facility** by hospital facility basis. The organization must complete a Section B for each of its hospital facilities or facility reporting groups listed in Section A. At the top of each page of Section B, list the name of the hospital facility or the facility reporting group letter. In the space provided, list the line number of the hospital facility, or line numbers of the hospital facilities in a facility reporting group (from Part V, Section A).

If the organization could check the same checkboxes for all Part V, Section B, questions for more than one of its hospital facilities, it may file a single Section B for all facilities in that facility reporting group.

References in these Section B instructions to a "hospital facility" taking a certain action mean that the **hospital organization** took action through or on behalf of the hospital facility.

**Line 1.** Answer "Yes" if the **hospital facility** was first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year.

**Line 2.** Answer "Yes" if the **hospital facility** was acquired or placed into service as a tax-exempt hospital in the

current tax year or the immediately preceding tax year. If “Yes,” provide details in Section C.

**Lines 3 through 12c.** 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 needs identified through such CHNA.

**Line 3.** Answer “Yes” if the **hospital facility** conducted a CHNA in the current tax year or in either of the 2 immediately preceding **tax years**. If “Yes,” indicate what the CHNA describes by checking all applicable boxes. If the CHNA describes information that doesn’t have a corresponding checkbox, check line 3j, “Other,” and describe this information in Part V, Section C. If “No,” skip to line 12.

**Note.** Notice 2020-56 provided a postponement, until December 31, 2020, of the deadline for performing any CHNA requirement due to be completed on or after April 1, 2020, and before December 31, 2020. If you utilized this relief, treat the completed CHNA as having been completed in the tax year in which it would have been due in the absence of any relief when answering line 3 and line 4.

**Line 3a.** Check this box if the CHNA report defines the community served by the hospital facility and a description of how the community was determined.

**Line 3c.** Check this box if the CHNA report describes the resources potentially available to address the significant health needs identified through the CHNA, including existing health care facilities and resources within the community that are available to respond to the health needs of the community.

**Line 3d.** Check this box if the CHNA report describes the process and methods used to conduct the CHNA.

**Line 3e.** In Part V, Section C, indicate if the significant health needs are a prioritized description of the significant health needs of the community and identified through the CHNA. If not, explain how the health needs identified will be prioritized.

**Line 3g.** Check this box if the CHNA report describes the process and criteria used in identifying certain health needs as significant and prioritizing those significant health needs.

**Line 3h.** Check this box if the CHNA report describes how the hospital facility solicited and took into account input received from persons who represent the broad interests of the community it serves.

**Line 3i.** Check this box if the CHNA report describes the evaluation of the impact of any actions that were taken, since the hospital facility finished conducting its immediately preceding CHNA, to address the significant health needs identified in the hospital facility’s prior CHNA(s).

**Line 5.** Answer “Yes” if the hospital facility took into account input from persons who represent the broad interests of the community served by the hospital facility, including at least one state, local, tribal, or regional governmental public health department (or equivalent department or agency), or a State Office of Rural Health described in section 338J of the Public Health Service Act (42 U.S.C. 254r), with knowledge, information, or expertise relevant to the health needs of that community, members of medically underserved, low-income, and minority populations in the community served by the hospital facility, or individuals or organizations serving or representing the interests of such populations; and written comments received on the hospital facility’s most recently conducted CHNA and most recently adopted implementation strategy.

If the organization checked “Yes,” summarize in Part V, Section C, in general terms, how and over what time period such input was provided (for example, whether through meetings, focus groups, interviews, surveys, or written comments, and between what dates); the names of any organizations providing input; and describe the medically underserved, low-income, or minority populations being represented by organizations or individuals that provided input. A CHNA report doesn’t need to name or otherwise identify any specific individual providing input on the CHNA. In the event a hospital facility solicits, but cannot obtain, input from a source required by line 5, the hospital facility’s CHNA report must also describe the hospital facility’s efforts to solicit input from such source.

**Line 6a.** Answer “Yes,” if the **hospital facility’s** CHNA was conducted with one or more other hospital facilities. “One or more other hospital facilities” includes related and unrelated hospital facilities. If “Yes,” list in Part V, Section C, the other hospital facilities with which the hospital facility conducted its CHNA.

**Line 6b.** Answer “Yes,” if the **hospital facility’s** CHNA was conducted with one or more organizations other than hospital facilities. If “Yes,” list in Part V, Section C,

the other organizations with which the hospital facility conducted its CHNA.

**Line 7.** Answer “Yes,” if the **hospital facility** made its most recently conducted CHNA widely available to the public. If “Yes,” indicate how the hospital facility made the CHNA widely available to the public by checking all applicable boxes. If the hospital facility made the CHNA widely available to the public by means other than those listed on lines 7a through 7c, check line 7d, “Other,” and describe these means in Part V, Section C.

**Line 7a.** Check this box if the CHNA was made available on the hospital facility’s website or the hospital organization’s website. If line 7a is checked, list in the space provided the direct website address, or URL, where the CHNA can be accessed.

**Line 7b.** Check this box if the CHNA was made available on a website other than the hospital facility’s website or the hospital organization’s website. If line 7b is checked, list in the space provided the direct website address, or URL, where the CHNA can be accessed.

**Line 7c.** Check this box if a paper copy of the CHNA was made available for public inspection upon request and without charge at the hospital facility.

**Line 8.** Answer “Yes” if the **hospital facility** adopted an implementation strategy to meet the significant health needs identified through its most recently conducted CHNA. If “No,” skip to line 11.

**Line 10.** Answer “Yes” if the **hospital facility’s** most recently adopted implementation strategy is posted on a website. If “Yes,” answer line 10a. If “No,” skip to line 10b.

**Line 10a.** List in the space provided the direct website address, or URL, where the implementation strategy can be accessed and skip to line 11.

**Line 10b.** Answer “Yes” if the **hospital facility’s** most recently adopted implementation strategy is attached.

**Line 11.** Explain in Part V, Section C, how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that aren’t being addressed together with the reasons why such needs aren’t being addressed. For example, a hospital facility might identify limited financial or other resources as reasons why it didn’t take action to address a need identified in its most recently conducted CHNA.

**Line 12a.** Answer “Yes” if the organization was liable, at any time during the tax year, for the \$50,000 excise tax incurred under section 4959 for failure to conduct a CHNA and adopt an

implementation strategy as required under section 501(r)(3). Section 501(r)(3) requires each **hospital facility** to conduct a CHNA, in the tax year or in either of the immediately preceding 2 tax years, that takes into account input from persons who represent the broad interests of the community served by the facility, including those with special knowledge of or expertise in public health, and to make the CHNA widely available to the public. Section 501(r)(3) also requires each hospital facility to adopt an implementation strategy to meet the community health needs identified through its CHNA.

**Line 12b.** Answer “Yes” to line 12b if the organization answered “Yes” to line 12a and filed Form 4720. If “Yes,” report the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities that incurred the tax. Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, to report the section 4959 excise tax it incurred. Answer “Yes” if the organization filed Form 4720 during the tax year or after the tax year but prior to the filing of this return.

**Line 12c.** If line 12b is “Yes,” report the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities that incurred the tax.

**Lines 13 through 16.** See the instructions for Part I, line 1 of Schedule H (Form 990), for the definition of “financial assistance policy (FAP).” Answer “Yes” only if the FAP applies to all emergency and other medically necessary care provided by the hospital facility, including all such care provided in the hospital facility by a substantially related entity.

**Line 13.** Answer “Yes,” if, during the **tax year**, the **hospital facility** had a written financial assistance policy that explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care. If “Yes,” indicate the eligibility criteria explained in the FAP by checking all applicable boxes. If the FAP describes information that doesn't have a corresponding checkbox, check line 13h, “Other,” and describe this information in Part V, Section C.

**Line 13a.** See the instructions for Part I, line 3a of Schedule H (Form 990), for the definition of “Federal Poverty Guidelines” (FPG). Check this box if, during the **tax year**, the **hospital facility** had a written financial assistance policy that used FPG for determining eligibility for free or discounted medical care. Show the specific threshold by writing in the percentage amount. If the hospital facility used FPG for determining eligibility for free or discounted medical care, but not both free and discounted medical care,

enter “000” in the percentage amount for which FPG wasn't used.

**Line 13b.** Check this box if the hospital facility used an income level other than FPG and explain in Part V, Section C, what criteria the hospital facility used to determine eligibility for free or discounted care (including whether the hospital facility used the income level of patients, patients' families, or patients' guarantors as a factor).

**Line 13c.** Check this box if the **hospital facility** used the asset level of patients, patients' families, or patients' guarantors as a factor in determining eligibility for financial assistance.

**Line 13d.** Check this box if the **hospital facility** considered whether patients were “medically indigent,” as defined in the instructions for Part I, line 4 of Schedule H (Form 990), in determining eligibility for financial assistance.

**Line 13e.** Check this box if the **hospital facility** used the insurance status of patients, patients' families, or patients' guarantors as a factor in determining eligibility for financial assistance.

**Line 13g.** Check this box if the **hospital facility** considered residency as a factor in determining eligibility for financial assistance.

**Line 14.** Answer “Yes,” if, during the **tax year**, the **hospital facility** had a written financial assistance policy that explained the basis for calculating amounts charged to patients.

**Line 15.** Answer “Yes,” if, during the **tax year**, the **hospital facility** had a written financial assistance policy that explained the method for applying for financial assistance. If “Yes,” indicate how the hospital facility's FAP or FAP application form (including the accompanying instructions) explained the method for applying for financial assistance by checking all applicable boxes. If the FAP explains a method(s) for applying for financial assistance other than those listed on lines 15a through 15d, check line 15e, “Other,” and explain the method(s) in Part V, Section C.

**Line 15a.** Check this box if the **hospital facility** described all of the information it may require an individual to provide as part of his or her application.

**Line 15b.** Check this box if the **hospital facility** described all of the supporting documentation it may require an individual to submit as part of his or her application.

**Line 15c.** Check this box if the **hospital facility** provided contact information of hospital facility staff that the hospital facility has identified as an available source of assistance with FAP applications.

**Line 15d.** Check this box if the **hospital facility** provided the contact information of a nonprofit organization or government agency that the hospital facility has identified as an available source of assistance with FAP applications.

**Line 16.** Answer “Yes,” if, during the **tax year**, the FAP was widely publicized within the community served by the hospital facility. If “Yes,” indicate how the hospital facility publicized the policy by checking all applicable boxes. If the hospital facility publicized the policy within the community served by the hospital facility by means that aren't listed on lines 16a–16i, check line 16j, “Other,” and describe in Part V, Section C, how the financial assistance policy was publicized within the community served by the hospital facility.

**Line 16g.** Check this box if individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention.

**Line 16i.** Check this box if the FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficient (LEP) populations, such as by translating these documents into the language(s) spoken by each LEP language group that constitutes the lesser of 1,000 individuals or 5% of the community served by the hospital facility or the population likely to be affected or encountered by the hospital facility.

**Line 16j.** “Other” measures to publicize the policy within the community served by the **hospital facility** may include, but aren't limited to, having registration personnel refer uninsured and/or low-income patients to financial counselors to discuss the policy. Check the box for line 16j if, instead of the detailed policy, the hospital facility provided a summary of the policy in a manner listed in lines 16a–16i.

**Line 17.** Answer “Yes,” if, during the **tax year**, the **hospital facility** had either a separate written billing and collections policy or a written FAP that described 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.

**Lines 18 and 19.** "Other similar actions" don't include sending the patient a bill.

**Note.** Section 501(r)(6) requires a hospital facility to forego ECAs before the facility has made reasonable efforts to determine the individual's eligibility under the facility's FAP.

**Line 18.** Indicate what actions against an individual the **hospital facility** was permitted to take during the tax year under its policies before making reasonable efforts to determine the individual's eligibility under the facility's FAP by checking all applicable boxes.

**Line 18a.** Check this box if the FAP permitted reporting adverse information about the individual to consumer credit reporting agencies or credit bureaus.

**Line 18b.** Check this box if the FAP permitted selling an individual's debt to another party. Don't check the box if, prior to the sale, the hospital facility entered into a legally binding written agreement with the purchaser of the debt pursuant to which the purchaser is prohibited from engaging in any ECAs to obtain payment for the care; the purchaser is prohibited from charging interest on the debt in excess of the rate in effect under section 6621(a)(2) at the time the debt is sold; the debt is returnable to or recallable by the hospital facility upon a determination by the hospital facility or the purchaser that the individual is FAP-eligible; and, if the individual is determined to be FAP-eligible and the debt isn't returned to or recalled by the hospital facility, the purchaser is required to adhere to procedures specified in the agreement that ensure that the individual doesn't pay, and has no obligation to pay, the purchaser and the hospital facility together more than he or she is personally responsible for paying as a FAP-eligible individual.

**Line 18c.** Check this box if the FAP permitted deferring or denying, or requiring a payment before providing, medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under the hospital facility's FAP.

**Line 18d.** Check this box if the FAP permitted actions that require a legal or judicial process, including but not limited to: placing a lien on an individual's real property; attaching or seizing an individual's bank account or any other personal property; commencing a civil action against an individual; causing an

individual's arrest; causing an individual to be subject to a writ of body attachment; or garnishing an individual's wages. Don't include any liens that a hospital facility is entitled to assert under state law on the proceeds of a judgment, settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries for which the hospital facility provided care and if it files a claim in a bankruptcy proceeding.

**Line 18e.** If a hospital facility's policies permitted the facility to take an action or actions against an individual during the tax year similar to those listed on lines 18a through 18d before making reasonable efforts to determine the individual's eligibility under the facility's FAP, check line 18e, "Other similar actions," and describe those actions in Part V, Section C.

**Line 18f.** If the hospital facility was permitted to make no such actions, check the box for line 18f, "None of these actions or similar actions were permitted."

**Line 19.** Indicate any of the actions against an individual that the hospital facility took during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP by checking all applicable boxes. For purposes of this question, actions against an individual include actions to obtain payment for the care against any other individual who has accepted or is required to accept responsibility for the individual's hospital bill for the care, and actions of the hospital facility include actions of any purchaser of the individual's debt, any debt collection agency or other party to which the hospital facility has referred the individual's debt, or any substantially related entity.

**Line 19a.** Check this box if the hospital facility reported adverse information about the individual to consumer credit reporting agencies or credit bureaus before making reasonable efforts to determine the individual's eligibility under the facility's FAP.

**Line 19b.** Check this box if the hospital facility sold an individual's debt to another party before making reasonable efforts to determine the individual's eligibility under the facility's FAP. Don't check the box if, prior to the sale, the hospital facility entered into a legally binding written agreement with the purchaser of the debt pursuant to which the purchaser is prohibited from engaging in any ECAs to obtain payment for the care; the purchaser is prohibited from charging interest on the debt in excess of the rate in effect under section 6621(a)(2) at the time the debt is sold; the debt is returnable to or recallable by the hospital facility upon a determination by the hospital facility or the

purchaser that the individual is FAP-eligible; and, if the individual is determined to be FAP-eligible and the debt isn't returned to or recalled by the hospital facility, the purchaser is required to adhere to procedures specified in the agreement that ensure that the individual doesn't pay, and has no obligation to pay, the purchaser and the hospital facility together more than he or she is personally responsible for paying as a FAP-eligible individual.

**Line 19c.** Check this box if the hospital facility deferred or denied, or required a payment before providing, medically necessary care because of an individual's nonpayment of one or more bills for previously provided care covered under the hospital facility's FAP.

**Line 19d.** Check this box if the hospital facility took legal action or pursued a judicial process, including but not limited to: placing a lien on an individual's real property; attaching or seizing an individual's bank account or any other personal property; commencing a civil action against an individual; causing an individual's arrest; causing an individual to be subject to a writ of body attachment; or garnishing an individual's wages. Don't include any liens that a hospital facility is entitled to assert under state law on the proceeds of a judgment settlement, or compromise owed to an individual (or his or her representative) as a result of personal injuries for which the hospital facility provided care and if it filed a claim in bankruptcy proceeding.

**Line 19e.** If the hospital facility took an action or actions against an individual during the tax year similar to those listed in lines 19a through 19d before making reasonable efforts to determine the individual's eligibility under the facility's FAP, check line 19e, "Other similar actions," and describe those actions in Part V, Section C.

**Line 20.** Indicate which efforts the **hospital facility** or other authorized party made before initiating any of the actions listed (whether or not checked) on lines 19a through 19d or described in Part V, Section C (describing "other similar actions" checked on line 18e or line 19e) by checking all applicable boxes on lines 20a through 20d. If the hospital facility made efforts other than those listed on lines 20a through 20d before initiating any of the actions listed on lines 19a through 19d or described in Part V, Section C (describing "other similar actions" checked on line 18e or line 19e), check the box for line 20e, "Other," and describe in Part V, Section C.

If the hospital facility made no such efforts before initiating any of the actions listed (whether or not checked) on lines

19a through 19d or described in Part V, Section C (describing “other similar actions” checked on line 18e or line 19e), check the box for line 20f, “None of these efforts were made.”

**Line 20a.** Check this box if the hospital facility or other authorized party provided individuals with a written notice that indicated financial assistance is available for eligible individuals, identified the ECA(s) that the hospital facility (or other authorized party) intended to initiate to obtain payment for the care, and stated a deadline after which such ECA(s) may be initiated that was no earlier than 30 days after the date that the written notice was provided, along with a plain language summary of the FAP. If not, describe in Section C.

**Line 20b.** Check this box if the hospital facility or other authorized party made a reasonable effort to orally notify individuals about the hospital facility’s FAP and about how the individual may obtain assistance with the FAP application process at least 30 days before initiating ECAs. If not, describe in Section C.

**Line 20c.** Check this box if (1) when an individual who submitted an incomplete FAP application during the application period, the hospital facility or other authorized party notified the individual about how to complete the FAP application and gave the individual a reasonable opportunity to do so in accordance with Regulations section 1.501(r)-6(c)(5); and (2) when an individual who submitted a complete FAP application during the application period, the hospital facility or other authorized party determined whether the individual is FAP-eligible for the care and otherwise met the requirements described in Regulations section 1.501(r)-6(c)(6). If not, describe in Section C.

**Line 20d.** Check this box if the hospital facility or other authorized party made presumptive eligibility determinations in accordance with Regulations section 1.501(r)-6(c)(2). If not, describe in Section C.

**Line 21.** Answer “Yes,” if, during the **tax year**, the **hospital facility** had in place a written policy about emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals without regard to their eligibility under the hospital facility’s financial assistance policy. A hospital facility’s emergency medical care policy doesn’t meet this requirement unless it prohibits the hospital facility from engaging in actions that discourage individuals from seeking emergency medical care, such as by demanding that emergency department patients pay before receiving treatment for

emergency medical conditions or by permitting debt collection activities that interfere with the provision, without discrimination, of emergency medical care. If “No,” indicate the reasons why the hospital facility didn’t have a written nondiscriminatory policy relating to emergency medical care by checking all applicable boxes. If the reason the hospital facility didn’t have a written nondiscriminatory policy relating to emergency medical care isn’t listed in lines 21a through 21c, check line 21d, “Other,” and describe the reason(s) in Part V, Section C.

The hospital facility may check “Yes” if it had a written policy that required compliance with 42 U.S.C. 1395dd (Emergency Medical Treatment and Active Labor Act (EMTALA)).

For purposes of line 21, the term “emergency medical conditions” means:

(a) A medical condition manifesting itself by acute symptoms of sufficient severity (including severe pain) such that the absence of immediate medical attention could reasonably be expected to result in:

1. Placing the health of the individual (or, for a pregnant woman, the health of the woman or her unborn child) in serious jeopardy,
2. Serious impairment to bodily functions, or
3. Serious dysfunction of any bodily organ or part; or

(b) For a pregnant woman who is having contractions:

1. That there is inadequate time to effect a safe transfer to another hospital before delivery, or
2. That transfer may pose a threat to the health or safety of the woman or the unborn child.

**Lines 22–24.** For purposes of lines 22–24, the term “FAP-eligible” means eligible for assistance under the hospital facility’s financial assistance policy.

**Line 22.** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care by checking the appropriate box.

**Note.** 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.

**Line 23.** Answer “Yes,” if, during the **tax year**, the **hospital facility** charged any FAP-eligible individual to whom the hospital facility provided emergency or

other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care. If “Yes,” explain in Part V, Section C, except as provided in the next paragraph.

The **hospital facility** may check “No” 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 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 the care, the hospital facility refunds any amount that exceeds the amount he or she is determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than \$5.

**Line 24.** Answer “Yes,” if, during the **tax year**, the **hospital facility** charged any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual, and explain in Part V, Section C, the circumstances in which it used gross charges. A bill that itemizes a reduction applied to a gross charge for a service doesn’t need to be reported if the amount charged to the individual for such service is less than the amount of the gross charge.

The hospital facility may check “No” if it charged gross charges for any medical care covered under the FAP if: the charge in excess of 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 the care, the hospital facility refunds any amount that exceeds the amount he or she is determined to be personally responsible for paying as a FAP-eligible individual, unless such excess amount is less than \$5.

## Section C

Use Section C to provide descriptions required for Part V, Section B, lines 2, 3e, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24, as applicable. Complete



needs identified in its most recently conducted CHNA and any such needs that aren't being addressed together with the reasons why such needs aren't being addressed.

- Line 13b: Describe the criteria the hospital facility used to determine eligibility for free or discounted care (including whether the hospital facility used the income level of patients, patients' families, or patients' guarantors as a factor).
- Line 13h: If the organization checked line 13h, describe the other eligibility criteria used.
- Line 15e: If the organization checked line 15e, describe the other methods for applying for financial assistance.
- Line 16j: If the organization checked line 16j, describe other ways that the hospital facility publicized its financial assistance policy.
- Line 18e: If the organization checked line 18e, describe the other similar actions that the hospital facility was permitted to take under its policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP.
- Line 19e: If the organization checked line 19e, describe the other similar actions that the hospital facility was permitted to take under its policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP.
- Line 20e: If the organization checked line 20e, describe the other efforts that the hospital facility made.
- Line 21c: If the organization checked line 21c, describe how the hospital facility limited who was eligible to receive care for emergency services.
- Line 21d: If the organization checked line 21d, describe the other reasons why the hospital facility didn't have a written nondiscriminatory policy for emergency medical care.
- Line 23: If the organization checked "Yes" to line 23, explain the circumstances in which the hospital facility charged any FAP-eligible individual more than the amounts generally billed to individuals who had insurance covering such care.
- Line 24: If the organization answered "Yes" to line 24, explain the circumstances in which the hospital facility charged any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual.

## Part VI. Supplemental Information

Use Part VI to provide the narrative explanations required by the following questions, and to supplement responses to other questions on Schedule H (Form 990). In addition, use Part VI to make disclosures described in section 7 of Rev.

Proc. 2015-21. Identify the specific part, section, and line number that the response supports, in the order in which they appear on Schedule H (Form 990). Part VI can be duplicated if more space is needed.

Rev. Proc. 2015-21, 2015-13 I.R.B. 817, provides guidance regarding correction and disclosure procedures for hospital organizations to follow so that certain failures to meet the requirements of section 501(r) will be excused for purposes of sections 501(r)(1) and 501(r)(2)(B). Section 7 of the revenue procedure provides that certain information must be disclosed on the organization's Form 990. Provide this information in Part VI.

**Line 1.** Provide the following supplemental information.

**Part I, line 3c.** If applicable, describe the criteria used for determining eligibility for free or discounted care under the organization's financial assistance policy. Also, describe whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.

**Part I, line 6a.** If the organization's community benefit report is in a report prepared by a **related organization**, and not in a separate report prepared by the organization, identify the related organization and list its EIN.

**Part I, line 7g.** If applicable, describe if the organization included as subsidized health services any costs attributable to a physician clinic, and enter such costs the organization included.

**Part I, line 7, column (f).** If applicable, enter the bad debt expense included in Form 990, Part IX, line 25, column (A) (but subtracted for purposes of calculating the percentages in this column).

**Part I, line 7.** Provide an explanation of the costing methodology used to calculate the amounts entered for each line in the table. If a cost accounting system was used, indicate whether the cost accounting system addresses all patient segments (for example, inpatient, outpatient, emergency room, private insurance, Medicaid, Medicare, uninsured, or self pay). Also, indicate if a cost-to-charge ratio was used for any of the figures in the table. Describe whether this cost-to-charge ratio was derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges, and, if not, what kind of cost-to-charge ratio was used and how it was derived. If some other costing methodology was used besides a cost accounting system, cost-to-charge ratio, or a combination of the two, describe the method used.

**Part II.** Describe how the organization's community building activities, as reported in Part II, promote the health of the community or communities the organization serves.

**Part III, line 2.** Describe the methodology used to determine the amount on Part III, line 2, including how the organization accounts for discounts and payments on patient accounts in determining bad debt expense.

**Part III, line 3.** Describe the methodology used to determine the amount entered on line 3. Also, describe the rationale, if any, for including any portion of bad debt as community benefit.

**Part III, line 4.** Provide, if applicable, the text of the footnote to the organization's financial statements that describes bad debt expense, or enter the page number(s) of the organization's most recent **audited financial statements** on which the footnote appears. If the organization's financial statements include a footnote on these issues that also includes other information, enter only the relevant portions of the footnote. If the organization's financial statements don't contain such a footnote, enter that the organization's financial statements don't include such a footnote, and explain how the financial statements account for bad debt, if at all.

**Part III, line 8.** Describe the costing methodology used to determine the Medicare allowable costs entered on Part III, line 6. Describe, if applicable, the extent to which any shortfall entered on Part III, line 7, should be treated as a community benefit, and the rationale for the organization's position.

**Part III, line 9b.** If the organization has a written debt collection policy and answered "Yes," to Part III, line 9b, describe the collection practices in the policy that apply to patients who it knows qualify for financial assistance, whether the practices apply specifically to such patients or also cover other types of patients.

**Line 2.** If applicable, describe whether and how the organization assesses the health care needs of the community or communities it serves, in addition to any CHNA entered in Part V, Section B.

**Line 3.** Describe how the organization informs and educates patients and persons who are billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy. For example, enter whether the organization posts its financial assistance policy, or a summary thereof, applications for financial assistance, and financial assistance

contact information in admissions areas, emergency rooms, and other areas of the organization's facilities where eligible patients are likely to be present; provides a copy of the policy, or a summary thereof, applications for financial assistance, and financial assistance contact information to patients as part of the intake process; provides a copy of the policy, or a summary thereof, applications for financial assistance, and financial assistance contact information to patients with discharge materials; includes the policy, or a summary thereof, an application for financial assistance, and financial assistance contact information, in patient bills; or discusses with the patient the availability of various government benefits, such as Medicaid or state programs, and assists the patient with qualification for such programs, where applicable.

**Line 4.** Describe the community or communities the organization serves, taking into account the geographic service area(s) (urban, suburban, rural, etc.), the demographics of the community or communities (population, average income, percentages of community residents with incomes below the federal poverty guideline, percentage of the hospital's and community's patients who are uninsured or Medicaid recipients, etc.), the number of other hospitals serving the community or communities, and whether one or more federally designated medically underserved areas or populations are present in the community.

**Line 5.** Provide any other information important to describing how the organization's **hospitals** or other health care facilities further its exempt purpose by promoting the health of the community or communities. Your response should include, but need not be limited to, whether:

- A majority of the organization's **governing body** is comprised of persons who reside in the organization's primary service area who are neither **employees** nor **independent contractors** of the organization, nor **family members** thereof;
- The organization extends medical staff privileges to all qualified physicians in its community for some or all of its departments or specialties; and

- How the organization applies surplus funds to improvements in facilities and equipment, patient care, medical training, education, and research.

**Line 6.** If the organization is part of an affiliated health care system, describe the roles of the organization and its affiliates in promoting the health of the communities served by the system. For purposes of this question, an "affiliated health care system" is a system that includes affiliates under common governance or control, or that cooperate in providing health care services to their community or communities.

**Line 7.** Identify all states with which the organization files (or a **related organization** files on its behalf) a community benefit report. Enter only those states in which the organization's own community benefit report is filed, either by the organization itself or by a related organization on the organization's behalf.

### Worksheet 1. Financial Assistance at Cost (Part I, Line 7a)

Worksheet 1 can be used to calculate the organization's financial assistance (sometimes referred to as "charity care") at cost entered on Part I, line 7a. Refer to instructions for Part I, line 1, for the definition of "financial assistance."

**Line 1.** Enter the gross patient charges written off to financial assistance pursuant to the organization's financial assistance policies. "Gross patient charges" means the total charges at the organization's full established rates for the provision of patient care services before deductions from revenue are applied.

**Line 3.** Multiply line 1 by line 2, or enter estimated cost based on the organization's cost accounting methodology. Organizations with a cost accounting system or a cost accounting method more accurate than the ratio of patient care cost to charges from Worksheet 2 can rely on that method to estimate financial assistance cost. An organization that doesn't use Worksheet 2 to determine a ratio of patient care cost to charges should make any necessary

adjustments for patient care charges and community benefit programs to avoid double counting.

**Line 4.** Enter the Medicaid/provider taxes, fees, and assessments paid by the organization, if payments received from an uncompensated care pool or DSH program in the organization's home state are intended primarily to offset the cost of financial assistance. If the payments are primarily intended to offset the cost of Medicaid services, then enter this amount in Worksheet 3, line 4, column (A). If the primary purpose of the taxes or payments hasn't been made clear by state regulation or law, then the organization can allocate the taxes or payments proportionately between Worksheet 1, line 4, and Worksheet 3, line 4, column (A), based on a reasonable estimate of which portions are intended for financial assistance and Medicaid, respectively. "Medicaid provider taxes" means amounts paid or transferred by the organization to one or more states as a mechanism to generate federal Medicaid DSH funds (portions of the cost of the tax are generally promised back to organizations either through an increase in the Medicaid reimbursement rate or through direct appropriation).

**Line 6.** "Revenue from uncompensated care pools or programs" means payments received from a state, including Upper Payment Limit (UPL) funding and Medicaid DSH funds, as direct offsetting revenue for financial assistance or to enhance Medicaid reimbursement rates. If such payments are primarily to offset the cost of Medicaid services, then enter this amount in Worksheet 3, line 7, column (A). If the primary purpose of the payments hasn't been made clear by state regulation or law, then the organization can allocate the payments proportionately between Worksheet 1, line 6, and Worksheet 3, line 7, column (A), based on a reasonable estimate of which portions are intended for financial assistance and Medicaid, respectively.

**Line 7.** Include the amount of any other offsetting revenue, including any restricted grants received by the organization.

<b>Gross patient charges</b>		
1. Amount of gross patient charges written off under financial assistance policies . . . . .	1.	_____
<b>Total community benefit expense</b>		
2. Ratio of patient care cost to charges (from Worksheet 2, if used) . . . . .	2.	_____
3. Estimated cost (multiply line 1 by line 2, or obtain from cost accounting) . . . . .	3.	_____
4. Medicaid provider taxes, fees, and assessments . . . . .	4.	_____
5. <b>Total community benefit expense</b> (add lines 3 and 4; enter in Part I, line 7a, column (c)) . . . . .	5.	_____
<b>Direct offsetting revenue</b>		
6. Revenue from uncompensated care pools or programs . . . . .	6.	_____
7. Other direct offsetting revenue . . . . .	7.	_____
8. <b>Total direct offsetting revenue</b> (add lines 6 and 7; enter in Part I, line 7a, column (d)) . . . . .	8.	_____
9. <b>Net community benefit expense</b> (subtract line 8 from line 5; enter in Part I, line 7a, column (e)) . . . . .	9.	_____
10. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) . . . . .	10.	_____
11. <b>Percent of total expense</b> (divide line 9 by line 10; enter in Part I, line 7a, column (f)) . . . . .	11.	_____ %

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## Worksheet 2. Ratio of Patient Care Cost to Charges

Worksheet 2 can be used to calculate the organization's ratio of patient care cost to charges. An organization that doesn't use Worksheet 2 to determine a ratio of patient care cost to charges should make any necessary adjustments for patient care charges and community benefit programs to avoid double counting.

**Line 1.** Enter the organization's total operating expenses (excluding bad debt expense) from its most recent audited financial statements.

**Line 2.** Enter the cost of nonpatient care activities. "Nonpatient care activities" include health care operations that generate "other operating revenue" such as nonpatient food sales, supplies sold to nonpatients, and medical records abstracting. The cost of nonpatient care activities doesn't include any total community benefit expense entered on Worksheets 1 through 8.

If the organization is unable to establish the cost associated with nonpatient care

activities, use other operating revenue from its most recent audited financial statement as a proxy for these costs. This proxy assumes no markup exists for other operating revenue compared to the cost of nonpatient care activities. Alternatively, if other operating revenue provides a markup compared to the cost of nonpatient care activities, the organization can assume such a markup exists when completing line 2.

**Line 3.** Enter the Medicaid provider taxes, fees, and assessments paid by the organization included on line 1 so this expenditure isn't double-counted when the ratio of patient care cost to charges is applied.

**Line 4.** Enter the sum of the total community benefit expenses included in "Total operating expense" on line 1 and entered in Part I, lines 7e, 7f, 7h, and 7i, column (c), so these expenses aren't double-counted when the ratio of patient care cost to charges is applied.

Also, include on line 4 the total community benefit expense entered in Part I, lines 7a, 7b, 7c, and 7g, column (c), if the organization hasn't relied on the ratio

of patient care cost to charges from this worksheet to determine these expenses, but rather has relied on a cost accounting system or other cost accounting method to estimate costs of financial assistance, Medicaid or other means-tested government programs, or subsidized health services.

**Line 5.** Enter the gross expense of community building activities reported in Part II of Schedule H (Form 990).

**Line 9.** Enter the gross patient charges for any community benefit activities or programs for which the organization hasn't relied on the ratio of patient care cost to charges from this worksheet to determine the expenses of such activities or programs. For example, if the organization uses a cost accounting system or another cost accounting method to estimate total community benefit expense for Medicaid or any other means-tested government programs, enter gross charges for those programs on line 9.

<b>Patient care cost</b>	
1. Total operating expense .....	1. _____
<b>Less adjustments</b>	
2. Nonpatient care activities .....	2. _____
3. Medicaid provider taxes, fees, and assessments .....	3. _____
4. Total community benefit expense .....	4. _____
5. Total community building expense .....	5. _____
6. Total adjustments (add lines 2 through 5) .....	6. _____
7. Adjusted patient care cost (subtract line 6 from line 1) .....	7. _____
<b>Patient care charges</b>	
8. Gross patient charges .....	8. _____
<b>Less: adjustments</b>	
9. Gross charges for community benefit programs .....	9. _____
10. Adjusted patient care charges (subtract line 9 from line 8) .....	10. _____
<b>Calculation of ratio of patient care cost to charges</b>	
11. Ratio of patient care cost to charges (divide line 7 by line 10; enter on the applicable lines of Worksheets 1, 3, or 6) .....	11. _____ %

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### Worksheet 3. Medicaid and Other Means-Tested Government Health Programs (Part I, Lines 7b and 7c)

Worksheet 3 can be used to report the cost of Medicaid and other means-tested government health programs. A "means-tested government program" is a government health program for which eligibility depends on the recipient's income or asset level.

"Medicaid" means the **United States** health program for individuals and families with low incomes and resources. "Other means-tested government programs" means government-sponsored health programs where eligibility for benefits or coverage is determined by income or assets. Examples include:

- The State Children's Health Insurance Program (SCHIP), a **United States** federal government program that gives funds to states in order to provide health insurance to families with children; and
- Other federal, state, or local health care programs.

Report Medicaid and other means-tested government program revenues and expenses from all states,

not just from the organization's home state.

**Line 1, column (A).** Enter the gross patient charges for Medicaid services. Include gross patient charges for all Medicaid recipients, including those enrolled in managed care plans. In certain states, SCHIP functions as an expansion of the Medicaid program, and reimbursements from SCHIP aren't distinguishable from regular Medicaid reimbursements. Hospitals that cannot distinguish their SCHIP reimbursements from their Medicaid reimbursements can enter SCHIP charges, costs, and offsetting revenue under column (A).

**Line 1, column (B).** Enter the amount of gross patient charges for other means-tested government health programs.

**Line 3, column (A).** Enter the estimated cost for Medicaid services. Multiply line 1, column (A), by line 2, column (A), or enter estimated cost based on the organization's cost accounting system or method. Organizations with a cost accounting system or a cost accounting method more accurate than the ratio of patient care cost to charges from Worksheet 2 can rely on that system or method to estimate the cost of Medicaid

services. Organizations relying on a cost accounting system or method other than the ratio of patient care cost to charges from Worksheet 2 should use care not to double-count community benefit expenses fully accounted for elsewhere on Schedule H (Form 990), Part I, line 7, such as the cost of health professions education, community health improvement services, community benefit operations, subsidized health services, and research.

**Line 3, column (B).** Enter the estimated cost for services provided to patients who receive health benefits from other means-tested government health programs.

**Line 4, column (A).** Enter the Medicaid provider taxes, fees, and assessments paid by the organization if payments received from an uncompensated care pool, UPL program, or Medicaid DSH program in the organization's home state are intended primarily to offset the cost of Medicaid services. If such payments are primarily intended to offset the cost of financial assistance, then enter this amount on Worksheet 1, line 4. If the primary purpose of such taxes or payments hasn't been made clear by state regulation or law, then the organization can allocate portions of such taxes or payments proportionately between

Worksheet 1, line 4, and Worksheet 3, line 4, column (A), based on a reasonable estimate of which portions are intended for financial assistance and Medicaid, respectively.

**Line 6, column (A).** Enter the net patient service revenue for Medicaid services, including revenue associated with Medicaid recipients enrolled in managed care plans. Don't include Medicaid reimbursement for direct graduate medical education (GME) costs, which should be entered on Worksheet 5, line 9. Include Medicaid reimbursement for indirect GME costs, including the indirect IME portion of children's health GME. The direct portion of children's health GME should be entered on Worksheet 5, line 10. Also, include Medicaid DSH revenue and UPL funding. "Net patient service revenue" means payments expected to be received from patients or third-party payers for patient services performed during the

year. "Net patient service revenue" also includes revenue for services performed during prior years.

Organizations can describe in Part VI the amount of prior year Medicaid revenue included on Part I, line 7b.

Amounts received from a Medicaid program as "reimbursement for direct GME" or IME should be treated the way the Medicaid program that provides reimbursement classifies the funds.

**Line 7, column (A).** Enter revenue received from uncompensated care pools or programs if payments received from an uncompensated care pool, UPL program, or Medicaid DSH program in the organization's home state are intended primarily to offset the cost of Medicaid services. If such payments are primarily intended to offset the cost of charity care, then enter this amount on Worksheet 1, line 6. If the primary purpose of such payments hasn't been made clear by state

regulation or law, then the organization can allocate the payments proportionately between Worksheet 1, line 6, and Worksheet 3, line 7, column (A), based on a reasonable estimate of which portions are intended for financial assistance and Medicaid, respectively.

### Worksheet 4. Community Health Improvement Services and Community Benefit Operations (Part I, Line 7e)

Worksheet 4 can be used to report the net cost of community health improvement services and community benefit operations.

"Community health improvement services" means activities or programs, subsidized by the health care organization, carried out or supported for the express purpose of improving

### Worksheet 3. Medicaid and Other Means-Tested Government Health Programs (Part I, lines 7b and 7c)

Keep for Your Records 

	(A) Medicaid	(B) Other means-tested government health programs
<b>Gross patient charges</b>		
1. Gross patient charges from the programs	1.	
<b>Total community benefit expense</b>		
2. Ratio of patient care cost to charges (from Worksheet 2, if used)	2. %	%
3. Cost (multiply line 1 by line 2, or obtain from cost accounting)	3.	
4. Medicaid provider taxes, fees, and assessments	4.	
5. <b>Total community benefit expense</b> Total community benefit expense (add lines 3 and 4; enter amount from column (A) in Part I, line 7b, column (c); and enter amount from column (B) in Part I, line 7c, column (c))	5.	
<b>Direct offsetting revenue</b>		
6. Net patient service revenue	6.	
7. Payments from uncompensated care pools or programs	7.	
8. Other revenue	8.	
9. <b>Total direct offsetting revenue</b> (add lines 6 through 8; enter amount from column (A) in Part I, line 7b, column (d), and enter amount from column (B) in Part I, line 7c, column (d))	9.	
10. <b>Net community benefit expense</b> (subtract line 9 from line 5; enter amount from column (A) in Part I, line 7b, column (e); enter amount from column (B) in Part I, line 7c, column (e))	10.	
11. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included in Part IX, line 25, in both columns (A) and (B))	11.	
12. <b>Percent of total expense</b> (line 10 divided by line 11; enter amount from column (A) in Part I, line 7b, column (f); enter amount from column (B) in Part I, line 7c, column (f))	12. %	%

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		(A) Total community benefit expense	(B) Direct offsetting revenue	(C) Net community benefit expense (subtract col. (B) from col. (A) for lines 1–5)
1.	Community health improvement services			
	a. _____	1a.		
	b. _____	1b.		
	c. _____	1c.		
	d. _____	1d.		
	e. _____	1e.		
	f. _____	1f.		
	g. _____	1g.		
	h. _____	1h.		
	i. _____	1i.		
	j. _____	1j.		
2.	Worksheet subtotal (add lines 1a through 1j) .....	2.		
3.	Community benefit operations			
	a. _____	3a.		
	b. _____	3b.		
	c. _____	3c.		
	d. _____	3d.		
4.	Worksheet subtotal (add lines 3a through 3d) .....	4.		
5.	<b>Worksheet total</b> (add lines 2 and 4; enter amounts from columns (A), (B), and (C) in Part I, line 7e, columns (c), (d), and (e), respectively) .....	5.		
6.	Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) .....	6.		
7.	<b>Percent of total expense</b> (line 5, column (C) divided by line 6; enter amount in Part I, line 7e, column (f)) .....	7.		

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community health. Such services don't generate inpatient or outpatient revenue, although there may be a nominal patient fee or sliding scale fee for these services.

“Community benefit operations” means:

- Activities associated with conducting community health needs assessments,

- Community benefit program administration, and
- The organization's activities associated with fundraising or grant writing for community benefit programs.

Activities or programs cannot be reported if they are provided primarily for marketing purposes or if they are more

beneficial to the organization than to the community. For example, the activity or program may not be reported if it is designed primarily to increase referrals of patients with third-party coverage, required for license or accreditation, or restricted to individuals affiliated with the organization (employees and physicians of the organization).

To be reported, community need for the activity or program must be established. Community need can be demonstrated through the following.

- A CHNA conducted or accessed by the organization.
- Documentation that demonstrated community need or a request from a public health agency or community group was the basis for initiating or continuing the activity or program.
- The involvement of unrelated, collaborative tax-exempt or government organizations as partners in the activity or program carried out for the express purpose of improving community health.

Community benefit activities or programs also seek to achieve a community benefit objective, including improving access to health services, enhancing public health, advancing increased general knowledge, and relief of a government burden to improve health. This includes activities or programs that do the following.

- Are available broadly to the public and serve low-income consumers.
- Reduce geographic, financial, or cultural barriers to accessing health services, and if they ceased would result in access problems (for example, longer wait times or increased travel distances).
- Address federal, state, or local public health priorities such as eliminating disparities in access to health care services or disparities in health status among different populations.
- Leverage or enhance public health department activities such as childhood immunization efforts.
- Strengthen community health resilience by improving the ability of a community to withstand and recover from public health emergencies.
- Otherwise would become the responsibility of government or another tax-exempt organization.
- Advance increased general knowledge through education or research that benefits the public.

**Lines 1a through 1j, column (A).** Enter the name of each reported community health improvement activity or program and total community benefit expense for each. Include both direct costs and indirect costs in total community benefit expense. Use additional worksheets if the organization reports more than 10 community health improvement activities or programs.

**Lines 3a through 3d, column (A).** Enter the name of each reported community benefit operations activity or program and total community benefit expense for each. Include both direct costs and indirect costs in total community benefit expense. Use additional worksheets if the organization enters more than four

community benefit operations activities or programs.

Report total community benefit expense, direct offsetting revenue, and net community benefit expense for each line item.

## Worksheet 5. Health Professions Education (Part I, Line 7f)

Worksheet 5 can be used to report the net cost of health professions education.

“Health professions education” means educational programs that result in a degree, a certificate, or training necessary to be licensed to practice as a health professional, as required by state law, or continuing education necessary to retain state license or certification by a board in the individual’s health profession specialty. It doesn’t include education or training programs available exclusively to the organization’s **employees** and medical staff or scholarships provided to those individuals. However, it does include education programs if the primary purpose of such programs is to educate health professionals in the broader community. Costs for medical residents and interns can be included, even if they are considered “employees” for purposes of Form W-2, Wage and Tax Statement.

Examples of health professions education activities or programs that should and shouldn’t be reported are as follows.

Activity or Program	Report	Example Rationale
Scholarships for community members	Yes	More benefit to community than organization
Scholarships for staff members	No	More benefit to organization than community
Continuing medical education for community physicians	Yes	Accessible to all qualified physicians
Continuing medical education for own medical staff	No	Restricted to own medical staff members
Nurse education if graduates are free to seek employment at any organization	Yes	More benefit to community than organization
Nurse education if graduates are required to become the organization’s employees	No	Program designed primarily to benefit the organization

**Lines 1 through 6.** Include both direct and indirect costs. Direct costs of health professions education don’t include costs related to Ph.D. students and post-doctoral students, which are to be entered on Worksheet 7, Research. See the instructions for Part I, line 7, column (c), for the definition of “indirect costs.” “Indirect costs” don’t include the estimated cost of “indirect medical education.”

Direct costs of health professions education include the following.

- Stipends, fringe benefits of interns, residents, and fellows in accredited graduate medical education programs.
- Salaries and fringe benefits of faculty directly related to intern and resident education.
- Salaries and fringe benefits of faculty directly related to teaching:
  1. Medical students;
  2. Students enrolled in nursing programs that are licensed by state law or, if licensing isn’t required, accredited by the recognized national professional organization for the particular activity;
  3. Students enrolled in allied health professions education programs, licensed by state law or, if licensing isn’t required, accredited by the recognized national professional organization for the particular activity, including, but not limited to,

programs in pharmacy, occupational therapy, dietetics, and pastoral care; and

4. Continuing health professions education open to all qualified individuals in the community, including payment for development of online or other computer-based training accepted as continuing health professions education by the relevant professional organization.

- Scholarships provided by the organization to community members.

**Line 8.** Enter Medicare reimbursement for direct GME, reimbursement for approved nursing and allied health education activities, and direct GME reimbursement received for services provided to Medicare Advantage patients. For a children's hospital that receives children's GME payments from Health Resources and Services Administration (HRSA), count that portion of the payment equivalent to Medicare direct GME. Don't include indirect GME reimbursement provided by Medicare or Medicaid.

**Line 9.** Enter Medicaid reimbursement for direct GME, including only that portion of Medicaid GME payment equivalent to Medicare direct GME and that can be explicitly segregated by the organization from other Medicaid net patient revenue. Don't include indirect GME reimbursement provided by Medicaid, which is to be entered Worksheet 3, Unreimbursed Medicaid and Other Means-Tested Government Programs. Include Medicaid reimbursement for nursing and allied health education. If your state pays Medicaid GME reimbursement as a lump sum that includes both direct and indirect payments, use reasonable methods to estimate the portion of the lump sum that is direct (for example, the percent of total Medicare GME payments that is direct).

**Line 10.** Enter revenue received for continuing health professions education reimbursement or tuition.

**Line 11.** Enter other revenue received for health professions education activities associated with expenses entered on Worksheet 5, line 7.

## Worksheet 6. Subsidized Health Services (Part I, Line 7g)

Worksheet 6 can be used to calculate the net cost of subsidized health services. Complete Worksheet 6 for each subsidized health service and enter in Part I the total for all subsidized health services combined.

"Subsidized health services" means clinical services provided despite a financial loss to the organization. The financial loss is measured after removing losses associated with bad debt, financial assistance, Medicaid, and other

## Worksheet 5. Health Professions Education (Part I, line 7f)

Keep for Your Records



	Totals
<b>Total community benefit expense</b>	
1. Medical students .....	1. _____
2. Interns, residents, and fellows .....	2. _____
3. Nurses .....	3. _____
4. Other allied health professions, students .....	4. _____
5. Continuing health professions education .....	5. _____
6. Other students .....	6. _____
7. <b>Total community benefit expense</b> (add lines 1 through 6; enter in Part I, line 7f, column (c)) .....	7. _____
<b>Direct offsetting revenue</b>	
8. Medicare reimbursement for direct GME .....	8. _____
9. Medicaid reimbursement for direct GME .....	9. _____
10. Continuing health professions education reimbursement/ tuition .....	10. _____
11. Other revenue .....	11. _____
12. <b>Total direct offsetting revenue</b> (add lines 8 through 11; enter in Part I, line 7f, column (d)) .....	12. _____
13. <b>Net community benefit expense</b> (line 7 minus line 12; enter in Part I, line 7f, column (e)) .....	13. _____
14. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) .....	14. _____
15. <b>Percent of total expense</b> (line 13 divided by line 14; enter amount in Part I, line 7f, column (f)) .....	15. _____ %

means-tested government programs. Losses attributable to these items aren't included when determining which clinical services are subsidized health services because they are reported as community benefit elsewhere in Part I or as bad debt in Part III. Losses attributable to these items are also excluded when measuring the losses generated by the subsidized health services. In addition, in order to qualify as a subsidized health service, the organization must provide the service because it meets an identified community need. A service meets an identified community need if it is reasonable to conclude that if the organization no longer offered the service:

- The service would be unavailable in the community,
- The community's capacity to provide the service would be below the community's need, or

- The service would become the responsibility of government or another tax-exempt organization.

Subsidized health services can include qualifying inpatient programs (for example, neonatal intensive care, addiction recovery, and inpatient psychiatric units) and outpatient programs (emergency and trauma services, satellite clinics designed to serve low-income communities, and home health programs). Subsidized health services generally exclude ancillary services that support inpatient and ambulatory programs such as anesthesiology, radiology, and laboratory departments. Subsidized health services include services or care provided at physician clinics and skilled nursing facilities if such clinics or facilities satisfy the general criteria for subsidized health services. An organization that includes any costs associated with stand-alone physician clinics (not other facilities at

which physicians provide services) as subsidized health services on Part I, line 7g, must describe that it has done so and enter on Part VI such costs included on Part I, line 7g.

**Note.** The organization can report a physician clinic as a subsidized health service only if the organization operated the clinic and associated hospital services at a financial loss to the organization during the year.

**Line 3, columns (A) through (D).** Enter the estimated cost for each subsidized health service. For column (B), enter bad debt amounts attributable to the subsidized health service measured by cost. For column (C), enter amounts attributable to the subsidized health service for patients who are recipients of Medicaid and other means-tested government health programs. For column (D), enter financial assistance amounts attributable to the subsidized health service measured by cost. Multiply line 1 by line 2 or enter the estimated expense of each subsidized health service based on the organization's cost accounting. Organizations with a cost accounting system or method more accurate than the ratio of patient care cost to charges from Worksheet 2 can rely on that system or method to estimate the cost of each subsidized health service.

## Worksheet 7. Research (Part I, Line 7h)

Worksheet 7 can be used to report the cost of research conducted by the organization.

Research means any study or investigation the goal of which is to generate increased generalizable knowledge made available to the public (for example, knowledge about underlying biological mechanisms of health and disease, natural processes, or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes, and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations, including publication in a medical journal.) The organization can include the cost of internally funded research it conducts, as

well as the cost of research it conducts funded by a tax-exempt or government entity.

The organization cannot include on Part I, line 7h, direct or indirect costs of research funded by an individual or an organization that isn't a tax-exempt or government entity. However, the organization can describe in Part VI any research it conducts that isn't funded by tax-exempt or government entities, including the cost of such research, the identity of the funder, how the results of such research are made available to the public, if at all, and whether the results are made available to the public at no cost or nominal cost.

Examples of costs of research include, but aren't limited to, salaries and benefits of researchers and staff, including stipends for research trainees (Ph.D. candidates or fellows); facilities for collection and storage of research, data, and samples; animal facilities; equipment; supplies; tests conducted for research rather than patient care; statistical and computer support; compliance (for example, accreditation for human subjects protection, biosafety, Health Insurance Portability and Accountability Act (HIPAA), etc.); and dissemination of research results.

**Line 1.** Define direct costs under the guidelines and definitions published by the National Institutes of Health.

**Line 2.** Define indirect costs under the guidelines and definitions published by the National Institutes of Health.

**Line 4.** Enter license fees and royalties the organization received during the tax year that are directly associated with research that the organization has (in any tax year) reported on Schedule H as community benefit.

**Line 5.** An example of "other revenue" is Medicare reimbursement associated with any research expense reported as community benefit.

## Worksheet 8. Cash and In-Kind Contributions for Community Benefit (Part I, Line 7i)

Worksheet 8 can be used to report cash **contributions** or grants and the cost of in-kind contributions that support financial assistance, health professions education, and other community benefit activities

reportable on Part I, lines 7a through 7h. Report such contributions on line 7i, and not on lines 7a through 7h.

"Cash and in-kind contributions" means contributions made by the organization to health care organizations and other community groups restricted, in writing, to one or more of the community benefit activities described in the table on Part I, line 7 (and the related worksheets and instructions). "In-kind contributions" include the cost of staff hours donated by the organization to the community while on the organization's payroll, indirect cost of space donated to tax-exempt community groups (such as for meetings), and the financial value (generally measured at cost) of donated food, equipment, and supplies.

Don't report as cash or in-kind contributions any payments that the organization makes in exchange for a service, facility, or product, or that the organization makes primarily to obtain an economic or physical benefit; for example, payments made in lieu of taxes that the organization makes to prevent or forestall local or state property tax assessments, and a teaching hospital's payments to its affiliated medical school for intern or resident supervision services by the school's faculty members.

Report cash contributions and grants made by the organization to entities and community groups that share the organization's goals and mission. Don't report cash or in-kind contributions contributed by **employees**, or emergency funds provided by the organization to the organization's employees; loans, advances, or contributions to the capital of another organization that are reportable in Part X of the core Form 990; or unrestricted grants or gifts to another organization that can, at the discretion of the grantee organization, be used other than to provide the type of community benefit described in the table on Part I, line 7.

**Special rule for grants to joint ventures.** If the organization makes a grant to a **joint venture** in which it has an ownership interest to be used to accomplish one of the community benefit activities reportable in the table, on Part I, line 7, enter the grant on line 7i, but don't include the organization's proportionate share of the amount spent by the **joint venture** on such activities in any other part of the table, to avoid double counting.

	(A) Total subsidized health service program	(B) Bad debt	(C) Medicaid and other means- tested government health programs	(D) Financial assistance	(E) Totals (subtract columns (B), (C), and (D) from column (A))
<b>Program name:</b> _____					
<b>Gross patient charges</b>					
1. Gross patient charges from program(s) . . . . .	1.				
<b>Total community benefit expense</b>					
2. Ratio of patient care cost to charges (from Worksheet 2, if used) . . . . .	2.	%	%	%	%
3. <b>Total community benefit expense</b> (multiply line 1 by line 2, or obtain from cost accounting; enter column (E) in Part I, line 7g, column (c)) . . . . .	3.				
<b>Direct offsetting revenue</b>					
4. Net patient service revenue . . . . .	4.				
5. Other revenue . . . . .	5.				
6. <b>Total direct offsetting revenue</b> (add lines 4 and 5; enter column (E) in Part I, line 7g, column (d)). . . . .	6.				
7. <b>Net community benefit expense</b> (subtract line 6 from line 3; enter column (E) in Part I, line 7g, column (e)) . . . . .	7.				
8. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) . . . . .	8.				\$
9. <b>Percent of total expense</b> (line 7, column (E) divided by line 8; enter in Part I, line 7g, column (f)) . . . . .	9.				%

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<b>Total community benefit expense</b>		
1. Direct costs .....	1.	_____
2. Indirect costs .....	2.	_____
3. <b>Total community benefit expense</b> (add lines 1 and 2; enter in Part I, line 7h, column (c)) .....	3.	_____
<b>Direct offsetting revenue</b>		
4. License fees and royalties .....	4.	_____
5. Other revenue .....	5.	_____
6. <b>Total direct offsetting revenue</b> (add lines 4 and 5; enter in Part I, line 7h, column (d)) .....	6.	_____
7. <b>Net community benefit expense</b> (subtract line 6 from line 3; enter in Part I, line 7h, column (e)) .....	7.	_____
8. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) .....	8.	_____
9. <b>Percent of total expense</b> (divide line 7 by line 8; enter in Part I, line 7h, column (f)) .....	9.	_____ %

		(A) Cash contrib- utions	(B) In-kind contrib- utions	(C) Total
1. <b>Total community benefit expense</b> (enter amount from column (C) in Part I, line 7i, column (c)) .....	1.			
2. <b>Direct offsetting revenue</b> (enter amount from column (C) in Part I, line 7i, column (d)) .....	2.			
3. <b>Net community benefit expense</b> (subtract line 2 from line 1; enter on Part I, line 7i, column (e)) .....	3.			
4. Total expense (enter amount from Form 990, Part IX, line 25, column (A), including the organization's share of joint venture expenses, and excluding any bad debt expense included on Part IX, line 25) .....	4.			
5. <b>Percent of total expense</b> (divide line 3 by line 4; enter in Part I, line 7i, column (f)) .....	5.			

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# Schedule I

Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States

**SCHEDULE I  
(Form 990)**

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

OMB No. 1545-0047

**2021**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.**

Name of the organization

Employer identification number

**Part I General Information on Grants and Assistance**

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of noncash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance
(1) .....							
(2) .....							
(3) .....							
(4) .....							
(5) .....							
(6) .....							
(7) .....							
(8) .....							
(9) .....							
(10) .....							
(11) .....							
(12) .....							

- 2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ .....
- 3** Enter total number of other organizations listed in the line 1 table ▶ .....

**For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

Cat. No. 50055P

**Schedule I (Form 990) 2021**

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# Schedule I

Instructions

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

## General Instructions

**Future developments.** For the latest information about developments related to Schedule I (Form 990), such as legislation enacted after the schedule was published, go to [www.irs.gov/Form990](http://www.irs.gov/Form990).

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

### Purpose of Schedule

Schedule I (Form 990) is used by an organization that files Form 990 to provide information on **grants and other assistance** made by the filing organization during the **tax year to domestic organizations, domestic governments, and domestic individuals**. Report activities conducted by the organization directly. Also, report activities conducted by the organization indirectly through a **disregarded entity** or a **joint venture** treated as a partnership.

*Grants and other assistance* include 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. For purposes of Schedule I, grants and other assistance don't include:

- Salaries or other **compensation** to employees, or payments to independent contractors if the primary purpose of such payments 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 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 trust and in compliance with section 505.
- Grants to affiliates that aren't organized as legal entities separate from the filing organization, or payments made to branch offices, accounts, or employees of the organization located in the **United States**.

A **domestic organization** includes a corporation or partnership created or organized in the United States or under the law of the United States or of any state or possession. A trust is a domestic organization if a court within the United States or a **U.S. possession** is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in **U.S. possessions**) have the authority to control all substantial decisions of the trust.

A **domestic government** is a state, a U.S. possession, a political subdivision of a state or U.S. possession, the United States, or the District of Columbia. A grant to a U.S. government agency must be included on this schedule regardless of where the agency is located or operated.

A **domestic individual** is a person, including a foreign citizen, who lives or resides in the United States (or a U.S. possession) and not outside the United States (or a U.S. possession).

Parts II and III of this schedule may be duplicated to list additional grantees (Part II) or types of grants/assistance (Part III) that don't fit on the first page of these parts. Number each page of each part.

Don't report on this schedule foreign grants or assistance, including grants or assistance provided to **domestic organizations, domestic governments, or domestic individuals** for the purpose of providing grants or other assistance to a designated **foreign organization, foreign government, or foreign individual**. Instead, report them on Schedule F (Form 990), Statement of Activities Outside the United States.

### Who Must File

An organization that answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 21 or 22, must complete Part I and either Part II or Part III of this schedule and attach it to Form 990.

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.

## Specific Instructions

### Part I. General Information on Grants and Assistance

Complete this part if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

**Lines 1 and 2.** On line 1, indicate "Yes" or "No" regarding whether the organization maintains records to substantiate amounts, eligibility, and selection criteria used for grants. In general terms, describe how the organization monitors its grants to ensure that such grants are used for proper purposes and aren't otherwise diverted from the intended use. For example, the organization can describe the periodic reports required or field investigations conducted. Use Part IV for the organization's narrative response to line 2.

### Part II. Grants and Other Assistance to Domestic Organizations and Domestic Governments

**Line 1.** Complete line 1 if the organization answered "Yes" on Form 990, Part IV, line 21. A "Yes" response means that the organization reported more than \$5,000 on Form 990, Part IX, line 1, column (A). Enter information only for each recipient **domestic organization or domestic government** that received more than \$5,000 aggregate of grants or assistance from the organization during the tax year.

Enter the details of each organization or entity on a separate line of Part II. If there are more organizations or entities to report in Part II than space available, report the additional organizations or entities on duplicate copies of Part II. Use as many duplicate copies as needed, and number each page. Use Part IV if additional space is needed for descriptions of particular column entries.

**Column (a).** Enter the full legal name and mailing address of each recipient organization or government entity.

**Column (b).** Enter the employer identification number (EIN) of the grant recipient.

**Column (c).** Enter the section of the Internal Revenue Code under which the organization receiving the assistance is tax exempt, if applicable (for example, a school described in section 501(c)(3) or a social club described in section 501(c)(7)). If a recipient is a government entity, enter the name of the government entity. If a recipient is neither a tax-exempt nor a government entity, leave column (c) blank.

**Column (d).** Enter the total dollar amount of cash grants to each recipient organization or entity for the tax year. Cash grants include grants and allocations paid by cash, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

**Columns (e) and (f).** Enter the **fair market value** of noncash property. Describe the method of valuation. Report property with a readily determinable market value (for example, market quotations for **securities**) at its fair market value. For marketable securities registered and listed on a recognized securities exchange, measure market value on the date the property is distributed to the grantee by the average of the highest and lowest quoted selling prices or the average between the bona fide bid and asked prices. When fair market value can't be readily determined, use an appraised or estimated value.

**Column (g).** For noncash property or assistance, enter a description of the property or assistance. List all that apply. Examples of noncash assistance include medical supplies or equipment, pharmaceuticals, blankets, and books or other educational supplies.

**Column (h).** Describe the purpose or ultimate use of the grant funds or other assistance. Don't use general terms, such as charitable, educational, religious, or scientific. Use more specific descriptions, such as general support, payments for nursing services, or laboratory construction. Enter the type of assistance, such as medical, dental, or free care for indigent hospital patients. In the case of disaster assistance, include a description of the disaster and the assistance provided (for example, "Food, shelter, and clothing for Organization A's assistance to victims of Colorado wildfires"). Use Part IV if additional space is needed for descriptions.



If the organization checks "Accrual" on Form 990, Part XII, line 1; follows **Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958)** (formerly "SFAS 116") (see instructions for Form 990, Part IX); and makes a grant during the **tax year to be paid in future years to a domestic organization or domestic government**, it should report the grant's present value in Part II, line 1, column (d) or (e), and report any accruals of present value increments in future years.

**Line 2.** Add the number of recipient organizations listed on Schedule I (Form 990), Part II, line 1, that (a) have been recognized by the Internal Revenue Service as exempt from federal income tax as described in section 501(c)(3); (b) are **churches**, including synagogues, temples, and mosques; (c) are integrated auxiliaries of churches and conventions or association of churches; or (d) are **domestic governments**. Enter the total.

**Line 3.** Add the number of recipient organizations listed on Schedule I (Form 990), Part II, line 1, that aren't described on line 2. This number should include both organizations that aren't tax exempt and organizations that are tax exempt under section 501(c) but not section 501(c)(3).

### Part III. Grants and Other Assistance to Domestic Individuals

Complete Part III if the organization answered "Yes" on Form 990, Part IV, line 22. A "Yes" response means that the organization reported more than \$5,000 on Form 990, Part IX, line 2, column (A).

Enter information for **grants and other assistance** made to or for the benefit of individual recipients. Don't complete Part III for grants or assistance provided to individuals through another organization or entity, unless the grant or assistance is earmarked by the filing organization for the benefit of one or more specific **domestic individuals**. Instead, complete Part II, earlier. For example, report a payment to a **hospital** designated to cover the medical expenses of particular domestic individuals in Part III and report a contribution to a hospital designated to provide some service to the general public or to unspecified domestic charity patients in Part II.

Enter the details of each type of assistance to individuals on a separate line of Part III. If there are more types of assistance than space available, report the types of assistance on duplicate copies of Part III. Use as many duplicate copies as needed, and number each page. Use Part IV if additional space is needed for descriptions of particular column entries.

**Column (a).** Specify type(s) of assistance provided, or describe the purpose or use of grant funds. Don't use general terms, such as charitable, educational, religious, or scientific. Use more specific descriptions, such as scholarships for students attending a particular school; provision of books or other educational supplies; food, clothing, and shelter for indigents, or direct cash assistance to indigents; etc. In the case of specific disaster assistance, include a description of the type of assistance provided and identify the disaster (for example, "Food, shelter, and clothing for immediate relief for victims of Colorado wildfires").

**Column (b).** Enter the number of recipients for each type of assistance. If the organization is unable to determine the actual number, provide an estimate of the number. Explain in Part IV how the organization arrived at the estimate.

**Column (c).** Enter the aggregate dollar amount of cash grants for each type of grant or assistance. Cash grants include grants and allocations paid by cash, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

**Columns (d) and (e).** Enter the **fair market value** of noncash property. Describe the method of valuation. Report property with a readily determinable market value (for example, market quotations for **securities**) at

its fair market value. For marketable securities registered and listed on a recognized securities exchange, measure market value by the average of the highest and lowest quoted selling prices or the average between the bona fide bid and asked prices, on the date the property is distributed to the grantee. When fair market value can't be readily determined, use an appraised or estimated value.

**Column (f).** For noncash grants or assistance, enter descriptions of property. List all that apply. Examples of noncash assistance include medical supplies or equipment, pharmaceuticals, blankets, and books or other educational supplies.



*If the organization checks "Accrual" on Form 990, Part XII, line 1; follows **Financial Accounting Standards Board Accounting Standards Codification (FASB ASC 958)** (formerly "SFAS 116") (see instructions for Form 990, Part IX); and makes a grant during the **tax year** to be paid in future years to a **domestic individual**, it should report the grant's present value in Part III, column (c) or (d), and report any accruals of present value increments in future years.*

### Part IV. Supplemental Information

Use Part IV to provide narrative information required in Part I, line 2, regarding monitoring of funds, and in Part III, column (b), regarding how the organization estimated the number of recipients for each type of grant or assistance. Also, use Part IV to provide other narrative explanations and descriptions, as needed. Identify the specific part and line(s) that the response supports. Part IV can be duplicated if more space is needed.

# Schedule J

Compensation Information

**SCHEDULE J**  
**(Form 990)**

**Compensation Information**

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 23.**  
▶ **Attach to Form 990.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Name of the organization

Employer identification number

**Part I Questions Regarding Compensation**

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		Yes	No								
<p><b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input type="checkbox"/> First-class or charter travel</td> <td style="width: 50%; border: none;"><input type="checkbox"/> Housing allowance or residence for personal use</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Travel for companions</td> <td style="border: none;"><input type="checkbox"/> Payments for business use of personal residence</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Tax indemnification and gross-up payments</td> <td style="border: none;"><input type="checkbox"/> Health or social club dues or initiation fees</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Discretionary spending account</td> <td style="border: none;"><input type="checkbox"/> Personal services (such as maid, chauffeur, chef)</td> </tr> </table>	<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use	<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence	<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees	<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (such as maid, chauffeur, chef)			
<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use										
<input type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence										
<input type="checkbox"/> Tax indemnification and gross-up payments	<input type="checkbox"/> Health or social club dues or initiation fees										
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (such as maid, chauffeur, chef)										
<p><b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain . . . . .</p>	<b>1b</b>										
<p><b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? . . . . .</p>	<b>2</b>										
<p><b>3</b> Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"><input type="checkbox"/> Compensation committee</td> <td style="width: 50%; border: none;"><input type="checkbox"/> Written employment contract</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Independent compensation consultant</td> <td style="border: none;"><input type="checkbox"/> Compensation survey or study</td> </tr> <tr> <td style="border: none;"><input type="checkbox"/> Form 990 of other organizations</td> <td style="border: none;"><input type="checkbox"/> Approval by the board or compensation committee</td> </tr> </table>	<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract	<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study	<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee					
<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract										
<input type="checkbox"/> Independent compensation consultant	<input type="checkbox"/> Compensation survey or study										
<input type="checkbox"/> Form 990 of other organizations	<input type="checkbox"/> Approval by the board or compensation committee										
<p><b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:</p>											
<p><b>a</b> Receive a severance payment or change-of-control payment? . . . . .</p>	<b>4a</b>										
<p><b>b</b> Participate in or receive payment from a supplemental nonqualified retirement plan? . . . . .</p>	<b>4b</b>										
<p><b>c</b> Participate in or receive payment from an equity-based compensation arrangement? . . . . .</p> <p>If "Yes" to any of lines 4a–c, list the persons and provide the applicable amounts for each item in Part III.</p>	<b>4c</b>										
<p><b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.</b></p>											
<p><b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:</p>											
<p><b>a</b> The organization? . . . . .</p>	<b>5a</b>										
<p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" on line 5a or 5b, describe in Part III.</p>	<b>5b</b>										
<p><b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:</p>											
<p><b>a</b> The organization? . . . . .</p>	<b>6a</b>										
<p><b>b</b> Any related organization? . . . . .</p> <p>If "Yes" on line 6a or 6b, describe in Part III.</p>	<b>6b</b>										
<p><b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III . . . . .</p>	<b>7</b>										
<p><b>8</b> Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III . . . . .</p>	<b>8</b>										
<p><b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? . . . . .</p>	<b>9</b>										

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)–(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC and/or 1099-NEC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1	(i)							
	(ii)							
2	(i)							
	(ii)							
3	(i)							
	(ii)							
4	(i)							
	(ii)							
5	(i)							
	(ii)							
6	(i)							
	(ii)							
7	(i)							
	(ii)							
8	(i)							
	(ii)							
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

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# Schedule J

Instructions

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# Instructions for Schedule J (Form 990)

## Compensation Information

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

### Future Developments

For the latest information about developments related to Schedule J (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

#### Reminder

**Form 1099-NEC and nonemployee compensation reporting.** Beginning with tax year 2020, Form 1099-NEC, Nonemployee Compensation, is used to report nonemployee compensation. Accordingly, where the Form 990 references reporting amounts of compensation from Form 1099-MISC, Miscellaneous Income, be sure to include nonemployee compensation from box 1 of Form 1099-NEC. See the instructions for additional information.

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

### Purpose of Schedule

Schedule J (Form 990) is used by an organization that files Form 990 to report **compensation** information for certain **officers, directors, individual trustees, key employees, and highest compensated employees**, and information on certain compensation practices of the organization.

### Who Must File

An organization that answered "Yes" on Form 990, Part IV, line 23, must complete Schedule J. Do not file Schedule J for institutional trustees.

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.

## Specific Instructions

Part I asks questions regarding certain **compensation** practices of the organization. Part I generally pertains to all **officers, directors, trustees, and employees** of the organization listed on Form 990, Part VII, Section A,

Section formerly called "What's New."

whether the organization to line 23 of Form 990, each individual. The organizations that are described in *Who Must File*, earlier, must complete Part I. Part I, lines 1, 2, 3, 7, 8, and 9 require reporting on the compensation practices of the filing organization, but not of **related organizations**. Lines 4 through 6 require information regarding both the filing organization and its related organizations. Part I, lines 5 through 9, must be completed only by section 501(c)(3), section 501(c)(4), and section 501(c)(29) organizations.

Part II requires detailed compensation information for individuals for whom the organization answered "Yes" on Form 990, Part IV, line 23. Not all persons listed on Form 990, Part VII, Section A, will necessarily be listed in Schedule J, Part II.

Part III is used to provide explanations of answers as required in Part I or II.

Unless stated otherwise, all questions in this schedule pertain to activity during the calendar year ending with or within the organization's **tax year**.

### Part I. Questions Regarding Compensation

For purposes of Part I, a *listed person* is a person listed on Form 990, Part VII, Section A.

**Line 1.** Report information regarding certain benefits (if any) provided to persons listed on Form 990, Part VII, Section A, line 1a.

**Line 1a.** Check the appropriate box(es) if the organization provided any of the listed benefits to any of the persons listed on Form 990, Part VII, Section A, regardless of whether such

benefits are reported as **compensation** in box 1 or box 5 of Form W-2, Wage and Tax Statement; box 6 of Form 1099-MISC; or box 1 of Form 1099-NEC. For each of the listed benefits provided to or for a listed person, provide in Part III the following information.

- The type of benefit.
- The listed person who received the benefit, or a description of the types (for example, all directors) and number of listed persons that received the benefit.
- Whether the benefit, or any part of it, was treated as taxable compensation to the listed person.

*First-class travel* refers to any travel on a passenger airplane, train, or boat with first-class seats or accommodations by a listed person or his or her companion if any portion of the cost above the lower-class fare is paid by the organization. First-class travel doesn't include intermediate classes between first class and coach, such as business class on commercial airlines. Bump-ups to first class free of charge or as a result of using frequent flyer benefits, or similar arrangements that are at no additional cost to the organization, can be disregarded.

*Charter travel* refers to travel on an airplane, train, or boat under a charter or rental arrangement. Charter travel also includes any travel on an airplane or boat that is owned or leased by the organization.

*Travel for companions* refers to any travel of a listed person's guest not traveling primarily for bona fide business purposes of the organization. It also refers to any travel of a listed person's **family members**, whether or not for bona fide business purposes.

*Tax indemnification and gross-up payments* refer to the organization's payment or reimbursement of any tax obligations of a listed person.

*Discretionary spending account* refers to an account or sum of money under the control of a listed person with respect to which he or she isn't accountable to the organization under an **accountable plan**, whether or not

actually used for any personal expenses. Accountable plans are discussed in *Accountable plan amounts*, later (under the Part II, column (D), instructions).

*Housing allowance or residence for personal use* refers to any payment for, or provision of, housing by the organization for personal use by a listed person, including a ministerial housing or parsonage allowance.

*Payments for business use of personal residence* refers to any payment by the organization for the use of all or part of a listed person's residence for any purpose of the organization.

*Health or social club dues or initiation fees* refers to any payment of dues by the organization for the membership of a listed person in a health or fitness club or a social or recreational club, whether or not such clubs are tax exempt. It doesn't include membership fees for an organization described in section 501(c)(3) or section 501(c)(6) unless such organization provides health, fitness, or recreational facilities available for the regular use of a listed person. *Health club dues* don't include provision by the organization of an on-premises athletic facility described in section 132(j)(4), or provision by a school of an athletic facility available for general use by its students, faculty, and employees. *Dues* include the entrance fee, periodic fees, and amounts paid for use of such facilities.

*Personal services* refers to any services for the personal benefit of a listed person or the family or friends of a listed person, whether provided regularly (on a full-time or part-time basis) or as needed, whether provided by an **employee** of the organization or **independent contractor** (and whether the independent contractor is an individual or an organization). They include, but aren't limited to, services of a babysitter, bodyguard, butler, chauffeur, chef, concierge or other person who regularly runs nonincidental personal errands, escort, financial planner, handyman, landscaper, lawyer, maid, masseur/masseuse, nanny, personal trainer, personal advisor or counselor, pet sitter, physician or other medical specialist, tax preparer, and tutor for nonbusiness purposes. Personal services don't include services provided to all employees on a nondiscriminatory basis under a qualified employee benefit plan.

**Line 1b.** If the organization provided any of the benefits listed in line 1a to

one or more listed persons, answer "Yes" if the organization followed a written policy regarding the payment, provision, or reimbursement of all such benefits to listed persons. If the organization didn't follow a written policy for payment, provision, or reimbursement of any listed benefits, explain in Part III who determined the organization would provide such benefits and the decision-making process.

**Line 2.** Answer "Yes" if the organization required substantiation of all expenses or benefits listed on line 1a, in accordance with the rules for **accountable plans** discussed in *Accountable plan amounts*, later (under the Part II, column (D), instructions), before reimbursing or allowing all such expenses incurred by any **directors, trustees, and officers**, including the organization's **top management official** (all referred to as "top management official"). An organization can answer "Yes" if it checked the "Discretionary spending account" box on line 1a and required substantiation of expenses under the rules for accountable plans for all listed benefits on line 1a other than for discretionary spending accounts.

**Line 3.** Check the appropriate box(es) to indicate which methods, if any, the organization used to establish the **compensation** of the organization's **top management official**. If the organization relied on a compensation consultant that used a method described in line 3 to help determine compensation for the top management official, the organization may check the box for that method in line 3. Do not check any box(es) for methods used by a related organization to establish the filing organization's compensation of the filing organization's top management official. Explain in Part III if the organization relied on a **related organization** that used one or more of the methods described next to establish the top management official's compensation.

*Compensation committee* refers to a committee of the organization's **governing body** responsible for determining the top management official's compensation package, whether or not the committee has been delegated the authority to make an employment agreement with the top management official on behalf of the organization. The compensation committee can also have other duties.

*Independent compensation consultant* refers to a person outside the organization who advises the organization regarding the top management official's compensation package, holds himself or herself out to the public as a compensation consultant, performs valuations of nonprofit executive compensation on a regular basis, and is qualified to make valuations of the type of services provided. The consultant is independent if he or she doesn't have a **family relationship** or **business relationship** with the top management official, and if a majority of his or her appraisals are performed for persons other than the organization, even if the consultant's firm also provides tax, audit, and other professional services to the organization.

*Form 990 of other organizations* refers to compensation information reported on a Form 990 series return of similarly situated organizations, and includes Forms 990; 990-EZ, Short Form Return of Organization Exempt From Income Tax; and 990-PF, Return of Private Foundation.

*Written employment contract* refers to one or more recent or current written employment agreements to which the top management official and another organization are or were parties, written employment agreements involving similarly situated top management officials with similarly situated organizations, or written employment offers to the top management official from other organizations dealing at arm's length.

*Compensation survey or study* refers to a study of top management official compensation or functionally comparable positions in similarly situated organizations.

*Approval by board or compensation committee* refers to the ultimate decision by the governing body or compensation committee on behalf of the organization regarding whether to enter into an employment agreement with the top management official, and the terms of such agreement.

**Line 4.** List in Part III the names of listed persons paid amounts during the year by the filing organization or a **related organization** under any arrangement described in lines 4a through 4c, and report the amounts paid during the year to each such listed person. Also describe in Part III the terms and conditions of any arrangement described in lines 4a

through 4c in which one or more listed persons participated during the year, regardless of whether any payments to the listed person were made during the year.

**Line 4a.** Answer “Yes” if a listed person received a severance or change-of-control payment from the organization or a **related organization**. A severance payment is a payment made if the right to the payment is contingent upon the person's severance from service in specified circumstances, such as upon an involuntary separation from service or under a separation or termination agreement voluntarily entered into by the parties. Payments under a change-of-control arrangement are made in connection with a termination or change in the terms of employment resulting from a change in control of the organization. Treat as a severance payment any payment to a listed person by the organization or a related organization in satisfaction or settlement of a claim for wrongful termination or demotion.

**Line 4b.** Answer “Yes” if a listed person participated in or received payment from any supplemental nonqualified retirement plan established, sponsored, or maintained by or for the organization or a **related organization**. A supplemental nonqualified retirement plan is a nonqualified retirement plan that isn't generally available to all employees but is available only to a certain class or classes of management or highly compensated **employees**. For this purpose, include as a supplemental nonqualified retirement plan a plan described in section 457(f) (but don't include a plan described in section 457(b)) and a split-dollar life insurance plan.

**Line 4c.** Answer “Yes” if a listed person participated in or received payment from the organization or a **related organization** of any equity-based compensation (such as stock, stock options, stock appreciation rights, restricted stock, or phantom or shadow stock), or participated in or received payment from any equity compensation plan or arrangement sponsored by the organization or a related organization, whether the compensation is determined by reference to equity in a partnership, limited liability company, or corporation. Equity-based compensation doesn't include compensation contingent on the revenues or net earnings of the

organization, which are addressed by lines 5 and 6 later.

**Example.** A, a listed person, is an **employee** of organization B. B owns an interest in C, a for-profit subsidiary that is a stock corporation. As part of A's compensation package, B provides restricted stock in C to A. This is an equity-based compensation arrangement for purposes of line 4c. The same would be true if C were a partnership or limited liability company and B provided A a profits interest or capital interest in C.

**Line 5.** Answer “Yes” if the organization paid or accrued with respect to a listed person any **compensation** contingent upon and determined in whole or in part by the revenues (gross or net) of one or more activities of the organization or a **related organization**, or by the revenues (gross or net) of the organization or a related organization as a whole. For this purpose, net revenues means gross revenues less certain expenses, but doesn't mean net income or net earnings. Describe such arrangements in Part III.

**Example.** A, a listed person, is a physician employed by organization B. As part of A's compensation package, A is to be paid a bonus equal to x% of B's net revenues from a particular department operated by B for a specified period of time. This arrangement is a payment contingent on revenues of the organization, and must be reported on line 5, regardless of whether the payment is contingent on achieving a certain revenue target. However, if instead the bonus payment is a specific dollar amount (for instance, \$5,000) to be paid only if a gross revenue or net revenue target of the department is achieved, the payment isn't contingent on revenues of the organization for this purpose.

**Line 6.** Answer “Yes” if the organization paid or accrued with respect to a listed person any **compensation** contingent upon and determined in whole or in part by the net earnings of one or more activities of the organization or a **related organization**, or by the net earnings of the organization or a related organization as a whole. Describe such arrangements in Part III.

**Example.** A, a listed person, is an **employee** of organization B. As part of A's compensation package, A is to be paid a bonus equal to x% of B's net earnings for a specified period of time. This arrangement is a payment contingent on net earnings of the

organization for line 6 purposes, regardless of whether the payment is contingent on achieving a certain net earnings target. However, if instead the bonus payment is a specific dollar amount to be paid only if a net earnings target is achieved, the payment isn't contingent on the net earnings of the organization for this purpose.

**Line 7.** Answer “Yes” if the organization provided any non-fixed payments, not described on lines 5 and 6, for a listed person. Describe such arrangements in Part III. A *fixed payment* is an amount of cash or other property specified in the contract, or determined by a fixed formula 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 incorporate an amount that depends upon future specified events or contingencies, provided that no person exercises discretion when calculating the amount of a payment or deciding whether to make a payment, such as a bonus. Amounts paid or accrued to any listed person that aren't fixed amounts as defined earlier are *non-fixed payments*. For example, any amount paid to a person under a reimbursement arrangement where discretion is exercised by any person as to the amount of expenses incurred or reimbursed is a non-fixed payment. See Regulations section 53.4958-4(a)(3).

**Exception.** Amounts payable under a qualified pension, profit-sharing, or stock bonus plan under section 401(a) or under an employee benefit program that is subject to and satisfies coverage and nondiscrimination rules under the Internal Revenue Code (for example, sections 127 and 137), other than nondiscrimination rules under section 9802, are treated as fixed payments for purposes of line 7, regardless of the organization's discretion with respect to the plan or program. The fact that a person contracting with the organization is expressly granted the choice to accept or reject any economic benefit is disregarded in determining whether the benefit constitutes a fixed payment for purposes of line 7.

**Line 8.** Answer “Yes” if any amounts from the organization reported on Form 990, Part VII, were paid under a contract subject to the initial contract exception described in Regulations section 53.4958-4(a)(3). Describe such arrangements in Part III. Fixed payments made under an initial contract aren't subject to section 4958. An *initial contract* is a binding written contract

between the organization and a person who wasn't a disqualified person (within the meaning of section 4958(f)(1)) with respect to the organization immediately prior to entering into the contract. See the instructions for line 7 for the definition of fixed payments.

**Line 9.** Answer "Yes" if the payments described in line 8 were made under an initial contract that was reviewed and approved by the organization following the rebuttable presumption procedure described in Regulations section 53.4958-6(c). For more information on the initial contract exception and rebuttable presumption procedure, see *Appendix G. Section 4958 Excess Benefit Transactions* in the Instructions for Form 990.

## Part II. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

Enter information for certain individuals listed on Form 990, Part VII, Section A, as described below. Report **compensation** for the calendar year ending with or within the organization's **tax year** paid to or earned by the following individuals.

- Each of the organization's former **officers**, former **directors**, former **trustees**, former **key employees**, and former five **highest compensated employees** listed on Form 990, Part VII, Section A.
- Each of the organization's current officers, directors, trustees, key employees, and five highest compensated employees for whom the sum of Form 990, Part VII, Section A, columns (D), (E), and (F) (disregarding any decreases in the actuarial value of defined benefit plans) is greater than \$150,000.
- Each of the organization's current and former officers, directors, trustees, key employees, and five highest compensated employees who received or accrued compensation from any unrelated organization or individual for services rendered to the filing organization, as reported on line 5 of Form 990, Part VII, Section A. List in Part III the name of each unrelated organization that provided compensation to such persons, the type and amount of compensation it paid or accrued, and the person receiving or accruing such compensation, as explained in the instructions for Form 990, Part VII, Section A, line 5.



**TIP** All current **key employees** listed on Form 990, Part VII, Section A, must also be reported on Schedule J, Part II, because their **reportable compensation**, by definition, exceeds \$150,000.

Do not list any individuals in Schedule J, Part II, that aren't listed on Form 990, Part VII, Section A. Do not list in Part II **management companies** or other organizations providing services to the organization. Do not list highest compensated **independent contractors** reported on Form 990, Part VII, Section B.

For each individual listed, enter compensation from the organization on row (i), and compensation from all **related organizations** on row (ii). Related organizations are explained in the *Glossary* in the Instructions for Form 990. Any type and amount of reportable compensation from related organizations that was excluded from Form 990, Part VII, Section A, column (E), under the \$10,000-per-related-organization exception, must be included on Schedule J, Part II, columns (B)(i), (B)(ii), and (B)(iii). If there is no compensation to report in a particular column, enter "-0-."

If the organization answered "Yes" to Form 990, Part VII, Section A, line 5, report such compensation from the unrelated organization as if it were received from the organization, and enter the name of the unrelated organization in Part III.

For a table showing how and where to report certain types of compensation on Schedule J, see the instructions for line 1 of Form 990, Part VII, Section A.

Any type and amount of other compensation that was excluded from Form 990, Part VII, Section A, under the \$10,000-per-item exception for certain other compensation items, must be included in Schedule J, Part II, column (C) or (D).

For purposes of Part II, a *listed person* is a person required to be listed in Part II.

**Column (A).** Enter the name and title of each person who must be listed in Part II.

**Column (B).** Amounts reported on Form 990, Part VII, Section A, columns (D) and (E), must be broken out between columns (B)(i), (B)(ii), and (B)(iii).



**TIP** For certain kinds of **employees**, such as certain members of the clergy and religious workers who aren't subject to social security and Medicare taxes as employees, the amount in box 5 of Form W-2 may be blank or less than the amount in box 1 of Form W-2. In this case, the amount required to be reported in box 1 of Form W-2 for the listed persons must be reported, as appropriate, in columns (B) (i), (B)(ii), and (B)(iii).

**Column (B)(i).** Enter the listed person's base compensation included in box 1 or box 5 (whichever is greater) of Form W-2, box 6 of Form 1099-MISC, or box 1 of Form 1099-NEC issued to the person. Base compensation means nondiscretionary payments to a person agreed upon in advance, contingent only on the payee's performance of agreed-upon services (such as salary or fees).

**Column (B)(ii).** Enter the listed person's bonus and incentive compensation included in box 1 or box 5 (whichever is greater) of Form W-2, box 6 of Form 1099-MISC, or box 1 of Form 1099-NEC issued to the person. Examples include payments based on satisfaction of a performance target (other than mere longevity of service), and payments at the beginning of a contract before services are rendered (for example, signing bonus).

**Column (B)(iii).** Enter all other payments issued to the listed person and included in box 1 or box 5 (whichever is greater) of Form W-2, box 6 of Form 1099-MISC, or box 1 of Form 1099-NEC but not reflected in column (B)(i) or (B)(ii). Examples include, but aren't limited to, current-year payments of amounts earned in a prior year, payments under a severance plan, payments under an arrangement providing for payments upon the change in ownership or control of the organization or similar transaction, deferred amounts and earnings or losses in a nonqualified defined contribution plan subject to section 457(f) when they become substantially vested, and awards based on longevity of service.

**Column (C).** Enter all current-year deferrals of compensation for the listed person under any retirement or other deferred compensation plan, whether qualified or nonqualified, that is established, sponsored, or maintained by or for the organization or a related organization. Report as deferred compensation the annual increase or

decrease in actuarial value, if any, of a defined benefit plan, but don't report earnings or losses accrued on deferred amounts in a defined contribution plan. Do not enter in column (C) any payments of compensation included in box 1 or box 5 (whichever is greater) of Form W-2, box 6 of Form 1099-MISC, or box 1 of Form 1099-NEC issued to the listed person for the calendar year ending with or within the organization's **tax year**. Enter a reasonable estimate if actual numbers aren't readily available.

For this purpose, *deferred compensation* is compensation that is earned or accrued in, or is attributable to, 1 year and deferred for any reason to a future year, whether or not funded, vested, or subject to a substantial risk of forfeiture. This includes earned but unpaid incentive compensation deferred under a deferred compensation plan. But don't report in column (C) 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. Note that different rules can apply for determining whether an arrangement provides for deferred compensation for purposes of Internal Revenue Code provisions such as section 83, 409A, 457(f), or 3121(v).

Do not report deferred compensation in column (C) before it is earned or accrued under the principles described. For this purpose, deferred compensation is generally treated as earned or accrued in the year that services are rendered, except when entitlement to payment is contingent on satisfaction of specified organizational goals or performance criteria (other than mere longevity of service) under the deferred compensation plan. If the payment of an amount of deferred compensation requires the employee to perform services for a period of time, the amount is treated as accrued or earned ratably over the course of the service period, even though the amount isn't funded and may be subject to a substantial risk of forfeiture until the service period is completed.

Report deferred compensation for each listed person regardless of whether such compensation is deferred as part of a deferred compensation plan that is administered by a separate trust, as long as the plan is established, sponsored, or maintained by or for the organization or a related organization for the benefit of the listed person.

The following examples illustrate when deferred compensation is considered earned or accrued, as well as when and how it is to be reported. In these examples, assume that the amounts deferred aren't reported in box 1 or box 5 of Form W-2, prior to the year during which the amounts are paid.

**Example 1.** An executive participates in Organization A's nonqualified deferred compensation plan. Under the terms of the plan beginning January 1 of calendar year 1, she earns for each year of service an amount equal to 2% (0.02) of her base salary of \$100,000 for that year. These additional amounts are deferred and aren't vested until the executive has completed 3 years of service with Organization A. In year 4, the deferred amounts for years 1 through 3 are paid to the executive. For each of the years 1 through 3, Organization A enters \$2,000 of deferred compensation for the executive in column (C). For year 4, Organization A enters \$6,000 in column (B)(iii) and \$6,000 in column (F).

**Example 2.** Under the terms of his employment contract with Organization B beginning July 1 of calendar year 1, an executive is entitled to receive \$50,000 of additional compensation after he has completed 5 years of service with the organization. The compensation is contingent only on the longevity of service. The \$50,000 is treated as accrued or earned ratably over the course of the 5 years of service, even though it isn't funded or vested until the executive has completed the 5 years. Organization B makes payment of \$50,000 to the executive in calendar year 6. Organization B enters \$5,000 of deferred compensation in column (C) for calendar year 1 and \$10,000 for each of calendar years 2 through 5. For calendar year 6, Organization B enters \$50,000 in column (B)(iii) and \$45,000 in column (F).

**Example 3.** An executive participates in Organization C's incentive compensation plan. The plan covers calendar years 1 through 5. Under the terms of the plan, the executive is entitled to earn 1% (0.01) of Organization C's total productivity savings for each year during which Organization C's total productivity savings exceed \$100,000. Earnings under the incentive compensation plan will be payable in year 6, to the extent funds are available in a certain "incentive compensation pool." For years 1 and 2, Organization C's total

productivity savings are \$95,000. For each of years 3, 4, and 5, Organization C's total productivity savings are \$120,000. Accordingly, the executive earns \$1,200 of incentive compensation in each of years 3, 4, and 5. She doesn't earn anything under the incentive compensation plan in years 1 and 2 because the relevant performance criteria weren't met in those years. Although the amounts earned under the plan for years 3, 4, and 5 are dependent upon there being a sufficient incentive compensation pool from which to make the payment, Organization C enters \$1,200 of deferred compensation in column (C) in years 3, 4, and 5. In year 6, Organization C pays \$3,600 attributable to years 3, 4, and 5, and enters \$3,600 in column (B)(ii) and \$3,600 in column (F).

**Example 4.** A new executive participates in Organization D's nonqualified defined benefit plan, under which she will receive a fixed dollar amount per year for a fixed number of years beginning with the first anniversary of her retirement. The benefits don't vest until she serves for 15 years with Organization D. Because the benefits should be treated as accruing ratably over the 15 years, for year 1 the actuarial value of 1/15th of the benefits is reported as deferred compensation in column (C). For year 2, the actuarial value of 2/15ths of the benefits minus last year's value of 1/15th is reported as deferred compensation in column (C). For year 3, the actuarial value of 3/15ths of the benefits minus last year's value of 2/15ths is reported, and so on.

**Column (D).** *Nontaxable benefits* are benefits specifically excluded from taxation under the Internal Revenue Code. Report the value of all nontaxable benefits provided to or for the benefit of the listed person, other than benefits disregarded for purposes of section 4958 under Regulations section 53.4958-4(a)(4). Common nontaxable and section 4958 disregarded benefits, referred to as fringe benefits below, are discussed in detail beginning on this page.

Depending on the type of benefit, fringe benefits can be provided only to employees or also to persons other than **employees**, such as **directors**, **trustees**, and **independent contractors**. Fringe benefits can be entirely personal in nature or can combine personal and business elements.

The taxability of a benefit can depend upon the form in which it is provided. For example, a cash housing allowance is ordinarily reportable in box 5 of Form W-2. Under section 119, housing provided for the convenience of the employer can be excludable, and the fair rental value of in-kind housing provided to certain school employees can be part taxable and part excludable, depending on facts and circumstances. Taxable benefits must be reported on Form W-2.

The following benefits provided for a listed person must be reported in column (D) to the extent not reported as taxable compensation in box 1 or box 5 of Form W-2, box 6 of Form 1099-MISC, or box 1 of Form 1099-NEC.

- Value of housing provided by the employer, except to the extent such value is a working condition fringe.
- Educational assistance.
- Health insurance.
- Medical reimbursement programs.
- Life insurance.
- Disability benefits.
- Long-term care insurance.
- Dependent care assistance.
- Adoption assistance.
- Payment or reimbursement by the organization of (or payment of liability insurance premiums for) any penalty, tax, or expense of correction owed under chapter 42 of the Internal Revenue Code, any expense not reasonably incurred by the person in connection with a civil judicial or civil administrative proceeding arising out of the person's performance of services on behalf of the organization, or any expense resulting from an act or failure to act with respect to which the person has acted willfully and without reasonable cause.

The list above is not all-inclusive.

**Disregarded benefits.** Disregarded benefits under Regulations section 53.4958-4(a)(4) need not be reported in column (D). *Disregarded benefits* generally include fringe benefits excluded from gross income under section 132. These benefits include the following.

- No-additional cost service.
- Qualified employee discount.
- De minimis fringe.
- Reimbursements under an accountable plan.
- Working condition fringe.
- Qualified transportation fringe.
- Qualified moving expense reimbursement.

- Qualified retirement planning services.
- Qualified military base realignment and closure fringe.

**De minimis fringe.** A *de minimis fringe* is a property or service the value of which, after taking into account the frequency with which similar fringes are provided by the employer to the **employees**, is so small as to make accounting for it unreasonable or administratively impractical.

**Working condition fringe.** A *working condition fringe* is any property or service provided to an **employee** to the extent that, if the employee paid for the property or service, the payment would be deductible by the employee under section 162 (ordinary and necessary business expense) or section 167 (depreciation).

In some cases, property provided to employees may be used partly for business and partly for personal purposes, such as automobiles. In that case, the value of the personal use of such property is taxable **compensation**, and the value of the use for business purposes properly accounted for is a working condition fringe benefit. Cell phones provided to employees primarily for business purposes (other than compensation) are a working condition fringe benefit; in such case, the employee's personal use is a *de minimis fringe*. See Notice 2011-72, 2011-38 I.R.B. 407. See Pub. 587, *Business Use of Your Home*, for special rules regarding deductibility of home expenses for business use.

**Accountable plan amounts.** An *accountable plan* is a reimbursement or other expense allowance arrangement that meets each of the following rules.

1. The expenses covered under the plan must be reasonable employee business expenses that are deductible under section 162 or other provisions of the Code.
2. The **employee** must adequately account to the employer for the expenses within a reasonable period of time.
3. The employee must return any excess allowance or reimbursement within a reasonable period of time. See Regulations section 1.62-2 and Pub. 535, *Business Expenses*, for explanations of accountable plans.

The method by which benefits under an accountable plan are provided (whether reimbursement, cash advances with follow-up accounting, or charge by the employee on company credit card) isn't material. Payments that don't qualify under the accountable plan rules, such as payments for which the employee didn't adequately account to the organization, or allowances that were more than the payee spent on serving the organization, are compensation.

Directors and trustees are treated as employees for purposes of the working condition fringe provisions of section 132. Therefore, treat cash payments to directors or trustees made under circumstances substantially identical to the accountable plan provisions as a section 132 working condition fringe.

See Pub. 15-B, *Employer's Tax Guide to Fringe Benefits*; Pub. 521, *Moving Expenses*; and *Unreimbursed Employee Expenses* in Pub. 529, *Miscellaneous Deductions*, for further explanation of section 132 fringe benefits and for determining whether a given section 132 fringe benefit is available to nonemployees, such as directors and trustees, or to persons who no longer work for the organization.

**Column (F).** Enter in column (F) any payment reported in this year's column (B) to the extent such payment was already reported as deferred compensation to the listed person on a prior Form 990, 990-EZ, or 990-PF. For this purpose, the amount must have been reported as compensation specifically for the listed person on the prior form.

## Part III. Supplemental Information

Use Part III to provide narrative information, explanations, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. List in Part III the name of each unrelated organization that provided compensation to persons listed in Form 990, Part VII, Section A; the type and amount of compensation the unrelated organization paid or accrued; and the person receiving or accruing such compensation. Also use Part III to provide other narrative explanations and descriptions, as applicable. Identify the specific part and line(s) that the response supports.

# Schedule K

Supplemental Information on Tax-Exempt Bonds

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax-Exempt Bonds**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

2021

Open to Public Inspection

Name of the organization

Employer identification number

**Part I Bond Issues**

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
							Yes	No	Yes	No	Yes	No
<b>A</b>												
<b>B</b>												
<b>C</b>												
<b>D</b>												

**Part II Proceeds**

		A		B		C		D	
<b>1</b>	Amount of bonds retired . . . . .								
<b>2</b>	Amount of bonds legally defeased . . . . .								
<b>3</b>	Total proceeds of issue . . . . .								
<b>4</b>	Gross proceeds in reserve funds . . . . .								
<b>5</b>	Capitalized interest from proceeds . . . . .								
<b>6</b>	Proceeds in refunding escrows . . . . .								
<b>7</b>	Issuance costs from proceeds . . . . .								
<b>8</b>	Credit enhancement from proceeds . . . . .								
<b>9</b>	Working capital expenditures from proceeds . . . . .								
<b>10</b>	Capital expenditures from proceeds . . . . .								
<b>11</b>	Other spent proceeds . . . . .								
<b>12</b>	Other unspent proceeds . . . . .								
<b>13</b>	Year of substantial completion . . . . .								
		Yes	No	Yes	No	Yes	No	Yes	No
<b>14</b>	Were the bonds issued as part of a refunding issue of tax-exempt bonds (or, if issued prior to 2018, a current refunding issue)? . . . . .								
<b>15</b>	Were the bonds issued as part of a refunding issue of taxable bonds (or, if issued prior to 2018, an advance refunding issue)? . . . . .								
<b>16</b>	Has the final allocation of proceeds been made? . . . . .								
<b>17</b>	Does the organization maintain adequate books and records to support the final allocation of proceeds? . . . . .								

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No. 50193E

Schedule K (Form 990) 2021

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**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds? . . . . .								
<b>2</b> Are there any lease arrangements that may result in private business use of bond-financed property? . . . . .								
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? . . . . .								
<b>b</b> If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? . . . . .								
<b>d</b> If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . ▶		%		%		%		%
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . ▶		%		%		%		%
<b>6</b> Total of lines 4 and 5 . . . . .		%		%		%		%
<b>7</b> Does the bond issue meet the private security or payment test? . . . . .								
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
<b>b</b> If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of . . . . .		%		%		%		%
<b>c</b> If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? . . . . .								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? . . . . .								

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate? . . . . .								
<b>2</b> If "No" to line 1, did the following apply?								
<b>a</b> Rebate not due yet? . . . . .								
<b>b</b> Exception to rebate? . . . . .								
<b>c</b> No rebate due? . . . . .								
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed . . . . .								
<b>3</b> Is the bond issue a variable rate issue? . . . . .								

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# Schedule K

Instructions

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# Instructions for Schedule K (Form 990)

## Supplemental Information on Tax-Exempt Bonds

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

### Future Developments

For the latest information about developments related to Schedule K (Form 990) and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990](https://www.irs.gov/Form990).

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

### Purpose of Schedule

Schedule K (Form 990) is used by an organization that files Form 990 to provide certain information on its outstanding liabilities associated with tax-exempt **bond issues**. Usually, a bond issue associated with an exempt organization will consist of qualified 501(c)(3) bonds, but all types of tax-exempt bonds benefiting the organization must be reported. A qualified 501(c)(3) bond issue consists of bonds, the proceeds of which are used by a section 501(c)(3) organization to further its charitable purpose. Generally, applicable requirements for qualified 501(c)(3) bonds under section 145 include the following.

- All property financed by the bond issue is to be owned by a section 501(c)(3) organization or a state or local **governmental unit**.
- At least 95% of the net proceeds of the bond issue are used by either a state or local governmental unit or a section 501(c)(3) organization in activities which don't constitute **unrelated trades or businesses** (determined by applying section 513).

If the organization has one or more **related organizations** (for example, parent and subsidiary relationship), it must complete Schedule K (Form 990) consistent with the filing(s) of its related organization(s). The same liability shouldn't be reported by more than one of the related organizations. For example, if a parent organization issues a **tax-exempt bond** and loans or allocates that issue to a subsidiary organization, only one organization (either the parent or

subsidiary) should report the liability on Form 990 and the Schedule K. Similarly, if a parent organization loans or allocates the proceeds of a tax-exempt bond issue to a group of subsidiary organizations, only one level (either the parent or the group of subsidiaries) should report the liability on Form 990 and the Schedule K. For this purpose, if the subsidiary organizations report the liability, each subsidiary should only report the amount it is loaned or allocated.

If the organization's bond liability relates to a pooled financing issue, the organization should report with respect to the amount of the issue that the organization is loaned or allocated.

Use Part VI to provide additional information or comments relating to the information provided on this schedule. For example, use Part VI to provide additional information or comments about the reporting of liabilities by related organizations. In addition, use Part VI to describe certain assumptions which are used to complete Schedule K (Form 990) when the information provided isn't fully supported by existing records.

### Who Must File

An organization that answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, question 24a, must complete and attach Schedule K to Form 990. This means the organization reported an outstanding tax-exempt **bond issue** that:

- Had an outstanding principal amount in excess of \$100,000 as of the last day of the tax year, and
- Was issued after December 31, 2002.

Up to four separate outstanding tax-exempt liabilities can be reported on each Schedule K (Form 990). The schedule can be duplicated if needed to report more than four tax-exempt liabilities. If the 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.

### Period Covered

The organization can complete this schedule for any tax-exempt liability using the same period as the Form 990 with which it is filed. Alternatively, the

organization can use any other 12-month period or periods selected by the organization and which, used consistently for a tax-exempt liability for purposes of this schedule and computations, is in accordance with the requirements under sections 141 through 150. Under this alternative, the organization can use different 12-month periods for each tax-exempt liability reported. The alternative period(s) must be specifically described in Part VI.

## Specific Instructions

### Definitions

**Tax-exempt bond.** This is an obligation issued by or on behalf of a **governmental issuer** for which the interest paid is excluded from the holder's gross income under section 103. For this purpose, a bond can be in any form of indebtedness under federal tax law, including a bond, note, loan, or lease-purchase agreement.

**Bond issue.** This is an issue of two or more bonds which are sold at substantially the same time, sold pursuant to the same plan of financing, and payable from the same source of funds. See Regulations section 1.150-1(c).

**Governmental issuer.** A state or local **governmental unit** that issues **tax-exempt bonds**.

**Gross proceeds.** This generally means any sale proceeds, investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations sections 1.148-1(b), 1.148-1(c), and 1.148-9(b).

**Pooled financing issue.** This is a bond issue from which more than \$5 million of proceeds will be used to make loans to two or more conduit borrowers.

**Proceeds.** This generally means 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).

**Defeasance escrow.** This is an irrevocable escrow established in an amount that, together with investment earnings, is sufficient to pay all the principal of, and interest and call premium on, bonds from the date the escrow is established. See Regulations section 1.141-12(d)(6). A **defeasance escrow** can be established for several purposes, including the remediation of nonqualified bonds when the defeasance provides for redemption of bonds on the earliest call date. However, for purposes of completing this schedule, an escrow established with proceeds of a **refunding issue** to defease a prior issue is referred to as a refunding escrow.

**Refunding escrow.** This is 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.** This is 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), (3), and (4).

**Private business use.** **Private business use** means use of the proceeds of an issue by the organization or another section 501(c)(3) organization in an unrelated trade or business as defined by section 513. 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.

**Special rules for refunding of pre-2003 issues.** Bonds issued after December 31, 2002, to refund bonds issued before January 1, 2003, have special reporting requirements. Such refunding bonds are subject to the generally applicable reporting requirements of Parts I, II, and IV. However, the organization need not complete lines 1 through 9 of Part III to report private business use information for

the issue for such refunding bonds. These special rules don't apply to bonds issued after December 31, 2002, to refund directly or through a series of refunding bonds that were also originally issued after 2002.

**Example 1. Refunding of pre-2003 bonds.** Bonds issued in 2002 to construct a facility were current refunded in 2016. In 2019, bonds were issued to current refund the 2016 bonds. As of December 31, 2021, the last day of the organization's **tax year**, the 2019 refunding bonds had an outstanding principal amount exceeding \$100,000. The organization must list the refunding bond issue in Part I for each year the outstanding principal amount exceeds \$100,000 as of the last day of such year, and must provide all Part I, Part II, and Part IV information for such **refunding issue**. Because the original bonds were issued prior to 2003, the organization need not complete Part III for the refunding bond issue.

**Example 2. Refunding of post-2002 bonds.** Bonds issued in 2014 were advance refunded in 2017. As of December 31, 2021, the last day of the organization's **tax year**, the **refunding issue** had an outstanding principal amount exceeding \$100,000. The organization must list the refunding issue in Part I for each year the outstanding principal amount exceeds \$100,000 as of the last day of the year, and must provide all Part I, Part II, Part III, and Part IV information for such refunding issue. If any outstanding bonds of the 2014 bond issue weren't legally defeased, the organization must also list the 2014 bond issue in Part I, and must provide all Part I, Part II, Part III, and Part IV information for such bond issue.

## Part I. Bond Issues

In Part I, provide the requested information for each outstanding tax-exempt **bond issue** (including a **refunding issue**) that:

- Had an outstanding principal amount in excess of \$100,000 as of the last day of the **tax year** (or other selected 12-month period), and
- Was issued after December 31, 2002.

For this purpose, bond issues that have been legally defeased in whole, and as a result are no longer treated as a liability of the organization, need not be listed in Part I and aren't subject to the generally applicable reporting requirements of Parts I, II, III, and IV.

**Note.** Continued compliance with federal tax law requirements is required with respect to defeased bonds.

Use one row for each issue, and use the Part I row designation for a particular issue (for example, "A" or "B") consistently throughout Parts I through IV. The

information provided in columns (a) through (d) should be consistent with the corresponding information included on Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues, filed by the governmental issuer upon the issuance of the bond issue. Complete multiple schedules if necessary to account for all outstanding post-December 31, 2002, tax-exempt bond issues. In this case, describe in the first Schedule K, Part VI, that additional schedules are included.

**Columns (a) and (b).** Enter the name and employer identification number (**EIN**) of the issuer of the bond issue. The issuer's name is the name of the entity which issued the **bond issue** (typically, a state or local **governmental unit**). The issuer's name and EIN should be identical to the name and EIN listed on Form 8038, Part I, lines 1 and 2, filed for the bond issue.

**Column (c).** Enter the Committee on Uniform Securities Identification Procedures (CUSIP) number on the bond with the latest maturity. The CUSIP number should be identical to the CUSIP number listed on Form 8038, Part I, line 9, filed for the bond issue. If the **bond issue** wasn't publicly offered and there is no assigned CUSIP number, enter zeros in place of the CUSIP number.

**Column (d).** Enter the issue date of the obligation. The issue date should be identical to the issue date listed on Form 8038, Part I, line 7, filed for the **bond issue**. The issue date is generally the date on which the issuer receives the purchase price in exchange for delivery of the evidence of indebtedness (for example, a bond). In no event is the issue date earlier than the first day on which interest begins to accrue on the bond for federal income tax purposes. See Regulations section 1.150-1(b).

**Column (e).** Enter the issue price of the obligation. The issue price should generally be identical to the issue price listed on Form 8038, Part III, line 21(b), filed for the **bond issue**. The issue price is generally determined under Regulations sections 1.148-1(b) and 1.148-1(f). If the issue price isn't identical to the issue price listed on the filed Form 8038, use Part VI to explain the difference.

**Column (f).** Describe the purpose of the **bond issue**, such as to construct a hospital or provide funds to refund a prior issue. If any of the bond proceeds were used to refund a prior issue, enter the date of issue for each of the refunded issues. If the issue has multiple purposes, enter each purpose. If the issue financed various projects or activities corresponding to a related purpose, only enter the purpose once. For example, if proceeds are used to acquire various

items of office equipment, the amount of such expenditures should be aggregated and identified with the stated purpose of "office equipment." Alternatively, if proceeds are used to construct and equip a single facility, the expenditures should be aggregated and identified with the stated purpose of "construct & equip facility" where the identification of the facility is distinguishable from other bond-financed facilities, if any. Use Part VI if additional space is needed for this purpose.

**Column (g).** Check "Yes" or "No" to indicate whether a **defeasance escrow** or **refunding escrow** has been established to irrevocably defease any bonds of the **bond issue**.

**Column (h).** Check "Yes" if the organization acted as an "**on behalf of issuer**" in issuing the **bond issue**. Check "No" if the organization only acted as the borrower of the bond proceeds under the terms of a conduit loan with the **governmental issuer** of the bond issue.

An "on behalf of issuer" is 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 a letter ruling that the obligations of a nonprofit corporation will be 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 a constituted authority organized by a state or local governmental unit and empowered to issue debt obligations in order to further public purposes. See Rev. Rul. 57-187, 1957-1 C.B. 65.

**Column (i).** Check "Yes" or "No" to indicate if the **bond issue** was a pooled financing issue.

## Part II. Proceeds

Complete for each bond issue listed in rows A through D of Part I. Complete multiple schedules if necessary to account for all outstanding tax-exempt **bond issues**. Note that lines 3 and 5 through 12 concern the amount of proceeds of the bond issue, but line 4 concerns the amount of **gross proceeds** of the bond issue. Because of this, the aggregate of the amounts entered on lines 4 through 12 may not equal the amount entered on line 3.

**Line 1.** Enter the cumulative principal amount of bonds of the issue that have been retired as of the end of the 12-month period used in completing this schedule.

**Line 2.** Enter the cumulative principal amount of bonds of the issue that haven't been retired, but have been legally defeased through the establishment of a **defeasance escrow** or a **refunding escrow**, as of the end of the 12-month period.

**Line 3.** Enter the total amount of proceeds of the **bond issue** as of the end of the 12-month period. If the total proceeds aren't identical to the issue price listed in Part I, column (e), use Part VI to explain the difference (for example, investment earnings).

**Line 4.** Enter the amount of **gross proceeds** held in a reasonably required sinking fund, pledged fund, or reserve or replacement fund as of the end of the 12-month period. See Regulations sections 1.148-1(c)(2), 1.148-1(c)(3), and 1.148-2(f).

**Line 5.** Enter the cumulative amount of proceeds used, as of the end of the 12-month period, to pay interest on the applicable portion of the **bond issue** during construction of a financed capital project.

**Line 6.** Enter the amount of proceeds held in a **refunding escrow** as of the end of the 12-month period. For this purpose only, include investment proceeds without regard to the project period limitation found in the definition of proceeds.

**Line 7.** Enter the cumulative amount of proceeds used to pay bond issuance costs, including (but not limited to) underwriters' spread as well as fees for trustees and bond counsel as of the end of the 12-month period. Issuance costs are costs incurred in connection with, and allocable to, the issuance of a **bond issue**. See Regulations section 1.150-1(b) for an example list of issuance costs.

**Line 8.** Enter the cumulative amount of proceeds used to pay fees for credit enhancement that are taken into account in determining the yield on the issue for purposes of section 148(h) (for example, bond insurance premiums and certain fees for letters of credit) as of the end of the 12-month period.

**Line 9.** Enter the cumulative amount of proceeds used to finance working capital expenditures as of the end of the 12-month period. However, don't report expenditures reported in lines 4, 6, 7, and 8. A working capital expenditure is any cost that isn't a capital expenditure (for example, current operating expenses). See Regulations section 1.150-1(b).

**Line 10.** Enter the cumulative amount of proceeds used to finance capital expenditures as of the end of the 12-month period. Capital expenditures generally include costs incurred to

acquire, construct, or improve land, buildings, and equipment. See Regulations section 1.150-1(b). However, don't report capital expenditures financed by a prior issue that was refunded by the bond issue or capitalized interest that was reported on line 5.

**Line 11.** Enter the cumulative amount of proceeds used for any item not reported on lines 4 through 10 as of the end of the 12-month period. Include any proceeds used or irrevocably held to redeem or legally defease bonds of the issue.

**Line 12.** Enter the amount of unspent proceeds as of the end of the 12-month period other than those amounts identified in lines 4, 6, and 11.

**Line 13.** Enter the year in which construction, acquisition, or rehabilitation of the financed project was substantially completed. A project can be treated as substantially completed when, based upon all the facts and circumstances, the project has reached a degree of completion which would permit its operation at substantially its design level and it is, in fact, in operation at such level. See Regulations section 1.150-2(c). If the **bond issue** financed multiple projects, enter the latest year in which construction, acquisition, or rehabilitation of each of the financed projects was substantially completed. For example, if a bond issue financed the construction of three projects which were substantially completed in 2019, 2020, and 2021, respectively, then enter "2021." If the bond issue financed working capital expenditures, provide the latest year in which the proceeds of the issue were allocated to those expenditures.

**Line 14.** Check "Yes" if the bonds were issued after 2017 to refund tax-exempt bonds or if the bonds were issued prior to 2018 to currently refund tax-exempt bonds. Otherwise, check "No."

**Line 15.** Check "Yes" if the bonds were issued after 2017 to refund taxable bonds or if the bonds were issued prior to 2018 to advance refund tax-exempt bonds. Otherwise, check "No."

**Line 16.** Check "Yes" or "No" to indicate if the final allocation of proceeds has been made. Proceeds of a **bond issue** must be accounted for using any reasonable, consistently applied accounting method. Allocations must be made by certain applicable due dates and are generally not considered final until the expiration of such due dates. See Regulations section 1.148-6.

**Line 17.** Check "Yes" or "No" to indicate if the organization maintains adequate books and records to support the final allocation of proceeds. Answer this

question only with respect to the **tax year** applicable to this schedule.

## Part III. Private Business Use

Complete for **bond issues** listed in rows A through D of Part I, other than listed bond issues that are post-December 31, 2002, **refunding issues** which refund pre-January 1, 2003, bond issues directly or through a series of refundings. For this purpose, a refunding bond issue also includes allocation and treatment of bonds of a multipurpose issue as a separate refunding issue under Regulations section 1.141-13(d). Complete multiple schedules if necessary to account for all outstanding **tax-exempt bond** issues.

The organization may omit from Part III information with respect to any bond issue reported in Part I that is a qualified private activity bond other than a qualified 501(c)(3) bond. For any other qualified private activity bonds, in Part VI the organization must identify the issue by reference to rows A through D of Part I, as applicable, and identify the type of qualified private activity bond.

**Line 1.** Check "Yes" or "No" to indicate if the organization was at any time during the reporting period a partner in a partnership or a member of a limited liability company (LLC) which both owned property that was financed by the **bond issue** and included as partner(s) or member(s) entities other than a section 501(c)(3) organization.

**Line 2.** Check "Yes" or "No" to indicate if any lease arrangements that may result in **private business use** were effective at any time during the year with respect to property financed by the **bond issue**. The lease of financed property to a nongovernmental person other than a section 501(c)(3) organization is generally private business use. Lease arrangements that constitute unrelated trade or business of the lessor, or that are for an unrelated trade or business of a section 501(c)(3) organization lessee, may also result in private business use. See Regulations sections 1.141-3(b)(3) and 1.145-2(b)(1).

**Line 3a.** Check "Yes" or "No" to indicate if any management or service contract that may result in **private business use** was effective at any time during the year with respect to property financed by the **bond issue**. For this purpose, answer "Yes" even if the organization has determined that the management or service contract meets the safe harbor under Rev. Proc. 2017-13, 2017-6 I.R.B. 787, available at [IRS.gov/irb/2017-06\\_IRB/ar15.html](https://www.irs.gov/irb/2017-06_IRB/ar15.html), and won't result in actual private business use. A management or service contract for the financed property can result in private business use of the property, based on all

facts and circumstances. A management or service contract for the financed property generally results in private business use of that property if the contract provides for compensation for services rendered with compensation based, in whole or in part, on a share of net profits from the operation of the facility. See Regulations section 1.141-3(b)(4). See also Rev. Proc. 2016-44, 2016-36 I.R.B. 316, available at [IRS.gov/irb/2016-36\\_IRB/ar13.html](https://www.irs.gov/irb/2016-36_IRB/ar13.html).

**Line 3b.** If line 3a was checked "Yes," check "Yes" or "No" to indicate if, during the 12-month period used to report on the bond issue, the organization routinely engaged bond counsel or other outside counsel to review any management or service contracts relating to the financed property.

**Line 3c.** Check "Yes" or "No" to indicate if any research agreement that may result in private business use was effective at any time during the year for property financed by the **bond issue**. For this purpose, answer "Yes" even if the organization has determined that the research agreement meets the safe harbor under Rev. Proc. 2007-47, 2007-29 I.R.B. 108, available at [IRS.gov/irb/2007-29\\_IRB/ar12.html](https://www.irs.gov/irb/2007-29_IRB/ar12.html), and won't result in actual **private business use**. An agreement by a nongovernmental person to sponsor research performed by the organization can result in private business use of the property used for the research, based on all the facts and circumstances. A research agreement for the financed property will generally result in private business use of that property if the sponsor is treated as the lessee or owner of financed property for federal income tax purposes. See Regulations section 1.141-3(b)(6).

**Line 3d.** If line 3c was checked "Yes," check "Yes" or "No" to indicate if, during the 12-month period used to report on the bond issue, the organization routinely engaged bond counsel or other outside counsel to review any research agreements relating to the financed property.

**Line 4.** Enter the average percentage during the year of the property financed by the **bond issue** that was used in a **private business use** by a nongovernmental person other than a section 501(c)(3) organization. See Regulations section 1.141-3(g)(4). The average percentage is determined by comparing (i) the amount of private business use (see *Definitions*, earlier) during the year to (ii) the total amount of private business use and use that isn't private business use during that year. Don't include costs of issuance reported in Part II in the amount of property used in a private business use (clause (i) of the preceding sentence), but do include such costs in the total amount

of use (clause (ii)). Enter the yearly average percentage to the nearest tenth of a percentage point (for example, 8.9%). For this purpose, don't include any use relating to either a management or service contract identified on line 3a that the organization has determined meets the safe harbor under Rev. Proc. 2017-13, or otherwise doesn't result in private business use. See also Rev. Proc. 2016-44. Similarly, don't include any use relating to a research agreement identified on line 3c that the organization has determined meets the safe harbor under Rev. Proc. 2007-47, or otherwise doesn't result in private business use.

**Line 5.** Enter the average percentage during the year of the property financed by the **bond issue** that was used in an **unrelated trade or business activity** (a **private business use**) by the organization, another section 501(c)(3) organization, or a state or local **governmental unit**. See Regulations section 1.141-3(g)(4). Enter the yearly average percentage rounded to the nearest tenth of a percentage point (for example, 8.9%).

**Line 7.** Check "Yes" or "No" to indicate whether, as of the end of the 12-month period used to report on the **bond issue**, the bond issue met the private security or payment test of section 141(b)(2), as modified by section 145, to apply to qualified 501(c)(3) bonds. Generally, a qualified 501(c)(3) bond issue will meet the private security or payment test if more than 5% of the payment of principal or interest on the bond issue is either made or secured (directly or indirectly) by payments or property used or to be used for a private business use. See Regulations sections 1.141-4 and 1.145-2.

**Line 8a.** Check "Yes" or "No" to indicate whether the owner of any of the financed property sold or transferred the property to an entity other than a state or local governmental unit or another section 501(c)(3) organization. For this purpose, report sales and transfers on a cumulative basis since the issuance of the bonds.

**Line 8b.** If line 8a was checked "Yes," report the percentage of property sold or transferred, including prior transfers on a cumulative basis, since the issuance of the bonds.

**Line 8c.** If line 8a was checked "Yes," state whether the organization took any remedial actions under the applicable regulations with respect to any nonqualified bonds that may have resulted from the transfer.

**Line 9.** Check "Yes" or "No" to indicate whether the organization has established written procedures to ensure timely remedial action with respect to all nonqualified bonds in accordance with

Regulations sections 1.141-12 and 1.145-2 or other additional remedial actions authorized by the Commissioner under Regulations section 1.141-12(h). Answer "Yes" only if the procedures applied to the bond issue during the 12-month period used to report on the bond issue.

## Part IV. Arbitrage

Complete for each **bond issue** listed in rows A through D of Part I. Complete multiple schedules if necessary to account for all outstanding tax-exempt bond issues.

**Line 1.** Under section 148(f), interest on a state or local bond isn't tax exempt unless the issuer of the bond rebates to the United States arbitrage profits earned from investing proceeds of the bond in higher yielding nonpurpose investments. Issuers of tax-exempt bonds and any other bonds subject to the provisions of section 148 must use Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, to make arbitrage rebate and related payments. Generally, rebate payments are due no later than 60 days after every fifth anniversary of the issue date and the final payment of the bonds. Check "Yes" or "No" to indicate whether the issuer has filed the Form 8038-T that would have been most recently due.

**Lines 2a through 2c.** If the issuer hasn't filed Form 8038-T for the most recent computation date for which filing would be required if rebate were due, check "Yes" or "No" to indicate whether any of the explanations in lines 2a through 2c apply. If line 2c is checked "Yes," use Part VI to provide the date of the rebate computation showing that no rebate was due for the applicable computation date.

**Line 3.** Check "Yes" or "No" to indicate if the **bond issue** is a variable rate issue. A variable rate issue is an issue containing a bond with a yield not fixed and determinable on the issue date.

**Lines 4a through 4e.** In general, payments made or received by a **governmental issuer** or borrower of bond proceeds under a qualified hedge are taken into account to determine the yield on the **bond issue**. A qualified hedge can be entered into before, at the same time as, or after the date of issue. Check "Yes" or "No" on line 4a to indicate

if the organization or the governmental issuer has entered into a qualified hedge and identified it on the governmental issuer's books and records. See Regulations section 1.148-4(h). If the answer to line 4a is "Yes":

- Enter the name of the provider of the hedge on line 4b;
- Enter the term of the hedge rounded to the nearest tenth of a year (for example, 2.4 years) on line 4c;
- Enter "Yes" or "No" on line 4d to indicate if, as a result of the hedge, variable yield bonds will be treated as fixed yield bonds (superintegration of the hedge) (see Regulations section 1.148-4(h)(4)); and
- Enter "Yes" or "No" on line 4e to indicate if the hedge was terminated prior to its scheduled termination date.

**Lines 5a through 5d.** Check "Yes" or "No" on line 5a to indicate if any gross proceeds of the **bond issue** were invested in a guaranteed investment contract (GIC). A GIC includes any nonpurpose investment that has specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate, including "negotiations" through requests for bids. It also includes any agreement to supply investments on two or more dates (for example, a forward supply contract). If the answer on line 5a is "Yes":

- Enter the name of the provider of the GIC on line 5b,
- Enter the term of the GIC rounded to the nearest tenth of a year on line 5c, and
- Enter "Yes" or "No" on line 5d to indicate if the regulatory safe harbor for establishing fair market value provided in Regulations section 1.148-5(d)(6)(iii) was satisfied.

**Line 6.** Check "Yes" or "No" to indicate if any **gross proceeds** were invested beyond a temporary period (for example, the 3-year temporary period applicable to proceeds spent on expenditures for capital projects, or the 13-month temporary period applicable to proceeds spent on working capital expenditures), or if any gross proceeds were invested in a reserve or replacement fund in an amount exceeding applicable limits. See Regulations sections 1.148-2(e) and (f).

**Line 7.** Check "Yes" or "No" to indicate if the organization has established written procedures to monitor compliance with the

arbitrage, yield restriction, and rebate requirements of section 148. Answer "Yes" only if the procedures applied to the bond issue during the 12-month period are used to report on the bond issue.

## Part V. Procedures To Undertake Corrective Action

Regulations section 1.141-12 and other available remedies for noncompliance may not cover all violations of the requirements of section 145 and other applicable requirements for tax-exempt bonds benefiting the organization. Certain remedial provisions also require that the noncompliance be identified and remedial action taken within a limited time after the deliberate action or other cause of the violation. In instances where applicable remedial provisions aren't available under the regulations, an issuer of bonds may request a voluntary closing agreement to address the violation under the Tax Exempt Bonds Voluntary Closing Agreement Program described under Notice 2008-31, 2008-11 I.R.B. 592. Check "Yes" or "No" to indicate whether the organization has established written procedures to ensure timely identification of violations of federal tax requirements and timely correction of any identified violation(s) through use of the voluntary closing agreement program if self-remediation isn't available under applicable regulations. Answer "Yes" only if the procedures applied during the 12-month period are used to report on the bond issue.

## Part VI. Supplemental Information

Use Part VI to provide the narrative explanations required, if applicable, to supplement Part I, columns (e) and (f); to provide additional information or comments relating to the reporting of liabilities by related organizations; and to describe certain assumptions which are used to complete Schedule K (Form 990) when the information provided isn't fully supported by existing records. Also use Part VI to supplement responses to questions on Schedule K (Form 990). Identify the specific part and line number that the response supports, in the order in which the responses appear on Schedule K (Form 990).

# Schedule L

Transactions with Interested Persons

**SCHEDULE L  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Transactions With Interested Persons**

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
- ▶ Attach to Form 990 or Form 990-EZ.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2021**

**Open To Public Inspection**

Employer identification number

**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and section 501(c)(29) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

- 2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958. ▶ \$ \_\_\_\_\_
- 3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1)												
(2)												
(3)												
(4)												
(5)												
(6)												
(7)												
(8)												
(9)												
(10)												
<b>Total</b>						▶ \$ _____						

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				
(7)				
(8)				
(9)				
(10)				

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# Schedule L

Instructions

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# Instructions for Schedule L (Form 990)

## Transactions With Interested Persons

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

### 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](https://www.irs.gov/Form990).

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

### Purpose of Schedule

Schedule L (Form 990) is used by an organization that files Form 990 or 990-EZ to provide information on certain financial transactions or arrangements between the organization and **disqualified person(s)** under section 4958 or other interested persons. Schedule L is also used to determine whether a member of the organization's **governing body** is an independent member for purposes of Form 990, Part VI, line 1b.

**Supplemental information.** Parts I–IV can be duplicated if additional space is needed. Also, Part V may be used to explain a transaction or to provide additional information.

### Who Must File

The chart at the bottom of this page provides which organizations must complete all or a part of Schedule L and must attach Schedule L to Form 990 or 990-EZ.

**Note.** The organization should answer “Yes” to Form 990, Part IV, lines 28a, 28b, or 28c, only if the party to the transaction was an “interested person” as defined in these instructions, and the threshold amounts described in the specific instructions to Schedule L, Part IV, later, are met.

If an organization isn't required to file Form 990 or 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

### Specific Instructions

For Parts I, II, and III, report all transactions regardless of amount. Part IV instructions provide individual and total reporting thresholds below which reporting isn't required for an interested person.

Each reportable transaction is to be reported in only one part of Schedule L, as described below.

**Interested persons.** For purposes of Part I, an interested person is a

**disqualified person** under section 4958. For purposes of Parts II–IV, an interested person is one of the following.

- For Form 990 filers, a person required to be listed on Form 990, Part VII, Section A as a current or former **officer, director, trustee, or key employee**, and for Form 990-EZ filers, a current officer, director, trustee, or key employee required to be listed on Form 990-EZ, Part IV. For purposes of reporting management company transactions on Part IV, however, a former officer, director, trustee, or key employee of the organization within the last 5 tax years is treated as an interested person whether or not required to be so listed.
- The creator or founder of the organization, including the sponsoring organizations of a Voluntary Employees' Beneficiary Association (VEBA).
- A substantial contributor. For purposes of Schedule L, Parts II–IV, a substantial contributor is an individual or organization that made **contributions** during the tax year in the aggregate of at least \$5,000, and whose contributions are required to be reported on Schedule B (Form 990), Schedule of Contributors, for the organization's tax year. A substantial contributor may include an employer that contributes to a VEBA.
- For purposes of Part III, a member of the organization's grant selection committee.
- A **family member** of any individual described above.
- A **35% controlled entity** of one or more individuals and/or organizations described above.
- For purposes of Part III, an **employee** (or child of an employee) of a substantial contributor or of a 35% controlled entity of such person, but only if the employee (or child of an employee) received the grant or assistance by the direction or advice of the substantial contributor or designee or of the 35% controlled entity, or under a program funded by the substantial contributor that was intended primarily to benefit such employees (or their children).

### Types of Filers-Schedule L

Type of filer	IF you answer “Yes” to . . . . .	THEN you must complete . . . . .
Section 501(c)(3), 501(c)(4), or 501(c)(29) organization	Form 990, Part IV, line 25a or 25b (regarding <b>excess benefit transactions</b> )	Schedule L, Part I.
Section 501(c)(3) or 501(c)(4)	Form 990-EZ, Part V, line 40b (regarding excess benefit transactions)	Schedule L, Part I.
All organizations	Form 990, Part IV, line 26 (regarding loans)	Schedule L, Part II.
All organizations	Form 990-EZ, Part V, line 38a (regarding loans)	Schedule L, Part II.
All organizations	Form 990, Part IV, line 27 (regarding grants)	Schedule L, Part III.
All organizations	Form 990, Part IV, line 28a, 28b, or 28c (regarding business transactions)	Schedule L, Part IV.



Refer to the specific instructions under each Part for information on how to report substantial contributors or those related to substantial contributors.

An interested person for purposes of Parts II–IV doesn't include a section 501(c)(3) organization, an exempt organization with the same tax-exempt status (for example, section 501(c)(3) or 527 status) as the filing organization, or a **governmental unit** or instrumentality. Treat as a section 501(c)(3) organization a foreign organization for which the filing organization has made a reasonable judgment (or has an opinion of U.S. counsel) that the foreign organization is described in section 501(c)(3).

**Reasonable effort.** The organization isn't required to provide information about a transaction if it is unable to secure sufficient information to conclude that the transaction is reportable after making a **reasonable effort** to obtain such information. An example of a reasonable effort is for the organization to distribute a questionnaire annually to each person that it believes may be an interested person, as described earlier, requesting information relevant to determining whether a transaction is reportable. The questionnaire may include the name and title of each person reporting information, blank lines for the person's signature and signature date, and the pertinent instructions and definitions for Schedule L interested persons and transactions.

**Example.** A substantial contributor to the organization states that he would like Mr. X and Ms. Y to be beneficiaries of a grant. The organization inquires of the substantial contributor whether Mr. X or Ms. Y are interested persons with respect to the organization because of a family or business relationship they have with the substantial contributor (using the pertinent instructions and definitions), and the substantial contributor replies in writing that they aren't. Whether they actually are interested persons or not, the organization has made a reasonable effort in this situation.

## Part I. Excess Benefit Transactions

(To be completed by section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.)

**Line 1.** For each **excess benefit transaction** involving an organization described in section 501(c)(3), 501(c)(4), or 501(c)(29), regardless of amount, provide information relating to each of the following:

- Identify in column (a) the **disqualified person(s)** that received an excess benefit in the transaction. If the person has interested person status only as a

substantial contributor, a **family member** of a substantial contributor, a **35% controlled entity** of a substantial contributor, or an **employee** of a substantial contributor or 35% controlled entity of a substantial contributor, then enter the term "substantial contributor" or "related to substantial contributor" (as the case may be) instead of the interested person's name, in order to protect the confidentiality of the substantial contributor.

- Identify in column (b) the relationship between the **disqualified person** and the organization (for example, "officer" or "family member of director"). If "substantial contributor" was entered in column (a), enter "substantial contributor" here as well. If "related to substantial contributor" was entered in column (a), then describe the relationship without referring to specific names, for example, "child of employee of **35% controlled entity** of substantial contributor."

If an interested person has status as such other than by being a substantial contributor or related to one, then make no reference to the substantial contributor status. For example, if grantee Jane Smith is both a substantial contributor and the spouse of Director John Smith, then she must be listed by name in column (a), and column (b) must state "spouse of Director John Smith" or words to similar effect.

- Describe the transaction in column (c).
- State in column (d) whether the transaction has been corrected.
- Identify in Part V the organization manager(s), if any, that participated in the transaction, knowing that it was an excess benefit transaction.

**Excess benefit transaction.** An excess benefit transaction generally is a transaction in which an **applicable tax-exempt organization** directly or indirectly provides to or for the use of a disqualified person an economic benefit the value of which exceeds the value of the consideration received by the organization for providing such benefit. For special section 4958 rules governing transactions with **donor advised funds** and **supporting organizations**, see the special rules under *Section 4958 Excess Benefit Transactions* in Appendix G in the Instructions for Form 990, or Appendix E in the Instructions for Form 990-EZ.

Applicable tax-exempt organizations generally are limited to organizations which (without regard to any excess benefit) are section 501(c)(3) **public charities**, section 501(c)(4) or 501(c)(29) organizations, or organizations that had such status at any time during the 5-year period ending on the date of the excess benefit transaction.

Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations should refer to

the Instructions for Form 990, Part IV, lines 25a–25b (or Form 990-EZ, Part V, line 40b) before completing Part I. For more information on excess benefit transactions, section 4958, and special rules for donor advised funds and supporting organizations, see Appendix G in the Instructions for Form 990 (or Appendix E in the Instructions for Form 990-EZ) and Pub. 557, Tax-Exempt Status for Your Organization.

**Line 2.** Enter the amount of excise tax incurred by **disqualified persons** and organization managers under section 4958 for the transactions reported on line 1, whether or not assessed by the IRS, unless abated. Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, must be filed to report and pay the tax on excess benefit transactions.

## Part II. Loans to and/or From Interested Persons

Report details on loans, including salary advances, payments made pursuant to a split-dollar life insurance arrangement that are treated as loans under Regulations section 1.7872-15, and other advances and receivables (referred to collectively as "loans"), as described on Form 990, Part IV, line 26 (including receivables reported on Form 990, Part X, line 5, 6, or 22), on Form 990-EZ, Part V, line 38a, or on Form 990, Part IV, line 26 (if the organization reported an amount on Form 990, Part X, line 5, 6, or 22). Report only loans between the organization and interested persons that are outstanding as of the end of the organization's **tax year**. Report each loan separately, regardless of amount.

In addition to loans originally made between the organization and an interested person, also report loans originally between the organization and a third party or between an interested person and a third party that were transferred so as to become a debt outstanding between the organization and an interested person.

**Exceptions.** Don't report the following in Part II.

- Excess benefit transactions** reported on Schedule L, Part I.
- Advances under an **accountable plan** as described in the Instructions for Part II of Schedule J (Form 990), Compensation Information.
- Pledges receivable that would qualify as charitable contributions when paid.
- Accrued but unpaid **compensation** owed by the organization.
- Loans from a credit union made to an interested person on the same terms as offered to other members of the credit union.

- **Tax-exempt bonds** purchased from the filing organization and held by an interested person, so long as the interested person purchased the bonds on the same terms as offered to the general public.
- Deposits into a bank account (when the bank is an interested person) in the ordinary course of business, on the same terms as the bank offers to the general public.
- Receivables for a section 501(c)(9) VEBA from a sponsoring organization or contributing employer of the VEBA, if those receivables were created in the ordinary course of business and have been due for 90 days or fewer.
- Receivables outstanding that were created in the ordinary course of the organization's business on the same terms as offered to the general public (such as receivables for medical services provided by a **hospital** to an officer of the hospital).

**Column (a).** Identify the interested person that was the debtor or creditor on the loan. If the person has interested person status only as a substantial contributor, a **family member** of a substantial contributor, a **35% controlled entity** of a substantial contributor, or an **employee** of a substantial contributor or 35% controlled entity of a substantial contributor, then enter the term "substantial contributor" or "related to substantial contributor" (as the case may be) instead of the interested person's name, in order to protect the confidentiality of the substantial contributor.

**Column (b).** Identify the relationship between the interested person and the organization. If "substantial contributor" was entered in column (a), enter "substantial contributor" here as well. If "related to substantial contributor" was entered in column (a), then describe the relationship without referring to specific names, for example, "child of employee of **35% controlled entity** of substantial contributor."

If an interested person has status as such other than by being a substantial contributor or related to one, then make no reference to the substantial contributor status. For example, if grantee Jane Smith is both a substantial contributor and the spouse of Director John Smith, then she must be listed by name in column (a), and column (b) must state "spouse of Director John Smith" or words to similar effect.

**Column (c).** Describe the organization's purpose for engaging in the loan.

**Column (d).** Check either "To" or "From," whichever is applicable.

**Column (e).** Enter the original dollar amount owed (the loan principal).

**Column (f).** Enter the balance due as of the end of the organization's **tax year**, including outstanding principal, accrued interest, and any applicable penalties and collection costs. For Form 990 filers, the sum total indicated in column (f) must equal the total of Form 990, Part X, Balance Sheet, column (B), lines 5 and 6 (for amounts owed to the organization), and column (B), line 22 (for amounts owed by the organization).

**Column (g).** Answer "Yes" if any payment by the debtor was past due as of the end of the organization's **tax year**, or if the debtor otherwise is in default under the terms and conditions of the loan.

**Column (h).** State whether the organization's **governing body** (or a committee of the governing body) approved the loan transaction.

**Column (i).** State whether the loan is evidenced by a promissory note or other written agreement signed by the debtor.

### Part III. Grants or Assistance Benefiting Interested Persons

Report each grant or other assistance (including provision of goods, services, or use of facilities), regardless of amount, provided by the organization to any interested person at any time during the organization's **tax year**. Examples of grants are scholarships, fellowships, discounts on goods or services, internships, prizes, and awards. A grant includes the gift portion of a part-sale, part-gift transaction.

**TIP** See **Reasonable effort**, *earlier*, applicable to Part III.

**Exceptions.** Don't report the following in Part III.

- **Excess benefit transactions** reported on Schedule L, Part I.
- Loans reported (or not required to be reported) on Schedule L, Part II.
- Business transactions that don't contain any gift element and that are engaged in to serve the direct and immediate needs of the organization, such as payment of **compensation** (including taxable and nontaxable fringe benefits treated as compensation) to an **employee** or **independent contractor** in exchange for services of comparable value. Some business transactions may be reportable on Schedule L, Part IV.
- Compensation to a person listed on Form 990, Part VII, Section A (including taxable and nontaxable fringe benefits treated as compensation).

- Grants to employees (and their children) of a substantial contributor or 35% controlled entity of a substantial contributor, awarded on an objective and nondiscriminatory basis based on pre-established criteria and reviewed by a selection committee, as described in Regulations section 53.4945-4(b).

- Grants or assistance provided to an interested person as a member of the charitable class or other class (such as a member of a section 501(c)(5), 501(c)(6), or 501(c)(7) organization) that the organization intends to benefit in furtherance of its exempt purpose, if provided on similar terms as provided to other members of the class, such as short-term disaster relief, poverty relief, or trauma counseling. However, grants for travel, study (such as scholarships or fellowships), or other similar purposes (such as 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 grantee) like those described in section 4945(d)(3) aren't excluded from reporting under this exception.

(But see **Schools**, later, for instructions on how to report grants, scholarships, and other assistance from colleges, universities, primary, and secondary schools.) Grants that are awards recognizing past achievements also aren't excluded from reporting under this exception. Grants for travel, study, or similar purposes don't include such purposes as short-term disaster relief, poverty relief, or trauma counseling.

- Grants or assistance to a section 501(c)(3) organization.

**Column (a).** Enter the name of the interested person that benefitted from the grant or assistance. If the person has interested person status only as a substantial contributor, a **family member** of a substantial contributor, a **35% controlled entity** of a substantial contributor, or an **employee** of a substantial contributor or 35% controlled entity of a substantial contributor, then enter the term "substantial contributor" or "related to substantial contributor" (as the case may be) instead of the interested person's name, in order to protect the confidentiality of the substantial contributor.

**Column (b).** Describe the relationship between the interested person that benefitted from the grant or assistance and the organization, such as "spouse of Director John Smith." If "substantial contributor" was entered in column (a), enter "substantial contributor" here as well. If "related to substantial contributor" was entered in column (a), then describe the relationship without referring to specific names, for example, "child of employee of

**35% controlled entity** of substantial contributor.”

If an interested person has status as such other than by being a substantial contributor or related to one, then make no reference to the substantial contributor status. For example, if grantee Jane Smith is both a substantial contributor and the spouse of Director John Smith, then she must be listed by name in column (a), and column (b) must state “spouse of Director John Smith” or words to similar effect.

**Column (c).** Enter the total dollar amount of grants and other assistance provided to the interested person during the organization's **tax year**.

**Column (d).** Describe the type of assistance provided to the interested person.

**Column (e).** Describe the organization's purpose in providing assistance to the interested person.

**Schools.** Colleges, universities, and primary and secondary schools aren't required to identify interested persons to whom they provided scholarships, fellowships, and similar financial assistance. Instead, these organizations must, on Part III, group each type of financial assistance (for example, need-based scholarships, merit scholarships, discounted tuition) provided to interested persons on separate lines. For each line, the school should report in column (c), the aggregate dollar amount of each type of assistance, the type of assistance in column (d), and the purpose of the assistance in column (e), unless such reporting would be an unauthorized disclosure of student education records under the Family Educational Rights and Privacy Act (FERPA). Columns (a) and (b) should be left blank for these lines.

## Part IV. Business Transactions Involving Interested Persons

Report on Part IV business transactions for which payments were made during the organization's **tax year** between the organization and an interested person, if such payments exceeded the reporting thresholds described below, and regardless of when the transaction was entered into by the parties. The “ordinary course of business” exception to reporting business relationships on Form 990, Part VI, line 2, doesn't apply for purposes of Schedule L, but see the exception below for publicly traded companies.

In general, an organization must report business transactions on Part IV with an interested person if: (1) all payments during the **tax year** between the organization and the interested person exceeded \$100,000; (2) all payments

during the tax year from a single transaction between such parties exceeded the greater of \$10,000 or 1% of the filing organization's total revenue for the tax year; (3) **compensation** payments during the tax year by the organization to a **family member** of a current or former officer, director, trustee, or key employee of the organization listed on Form 990, Part VII, Section A, exceeded \$10,000; or (4) in the case of a joint venture with an interested person, the organization has invested \$10,000 or more in the joint venture, whether or not during the tax year, and the profits or capital interest of the organization and of the interested person each exceeds 10% at some time during the tax year.

**Business transactions.** Business transactions include but aren't limited to joint ventures and contracts of sale, lease, license, insurance, and performance of services, whether initiated during the organization's **tax year** or ongoing from a prior year.

**Certain management company transactions with former officers, etc.** A business transaction also includes a transaction between the organization and a **management company** of which a former officer, director, trustee, or key employee of the organization (within the last 5 **tax years**, even if not listed on Form 990, Part VII, Section A, because the individual didn't receive any compensation from the organization) is a direct or indirect 35% owner (as measured by stock ownership (voting power or value, whichever is greater) of a corporation, profits or capital interest (whichever is greater) in a partnership or limited liability company, or beneficial interest in a trust), or an officer, director, or trustee.

**Aggregate reporting.** The organization can aggregate multiple individual transactions between the same parties, or list them separately. If aggregation is chosen, report the aggregate amount in column (c) and describe the various types of transactions (for example, “consulting,” “rental of real property”) in column (d).

**Exceptions.** Don't report the following in Part IV.

- **Excess benefit transactions** reported on Schedule L, Part I.
- Loans reported (or not required to be reported) on Schedule L, Part II.
- Grants and other assistance reported (or not required to be reported) on Schedule L, Part III (however, this exception doesn't apply to transactions covered by the business transaction exception described in the Part III instructions earlier; such transactions may need to be reported in Part IV).
- **Compensation** reported on Form 990, Part VII, Section A, unless the compensation was to a family member of

another person reported on Form 990, Part VII, Section A.

- Deposits into or withdrawals from a bank account (when the bank is an interested person) in the ordinary course of business, on the same terms as the bank offers to the general public.
- The organization's charging of membership dues to its officers, directors, etc.
- If the organization transfers funds to an interested person to make investments on behalf of the organization as its agent or contractor (but not as part of a joint venture), the amount of the transaction for purposes of Part IV reporting isn't the entire amount transferred but the management fees or other service fees or carried interest (if any) of the interested person.
- Transactions with publicly traded companies in the ordinary course of the publicly traded company's business, on the same terms as it generally offers to the public (or more favorable for the filing organization).

**Example 1.** T, a **family member** of an **officer** of the organization, serves as an **employee** of the organization and receives during the organization's **tax year** compensation of \$15,000, which isn't more than 1% of the organization's total revenue. The organization is required to report T's compensation as a business transaction on Schedule L, Part IV, because the organization's compensation to a family member of an officer exceeds \$10,000, whether or not T's compensation is reported on Form 990, Part VII.

**Example 2.** X, the child of a current **director** listed on Form 990, Part VII, Section A, is a first-year associate at a law partnership that the organization pays \$150,000 during the organization's tax year. The organization isn't required to report this business transaction on account of X's employment relationship to the law firm.

**Example 3.** The facts are the same as in Example (2), except that X is a partner of the law firm and has an ownership interest in the law firm of 36% of the profits. The organization must report the business transaction because the law firm is a 35% controlled entity of X and the dollar amount is in excess of the \$100,000 aggregate threshold.

**Example 4.** The facts are the same as in Example (3), except that the law firm entered into the transaction with the organization before X's parent became a director of the organization. X's parent became a director during the organization's tax year. The organization must report all payments made during its tax year to the law firm for the transaction.

**Example 5.** The facts are the same as in Example (3), except that X is the child of a former director listed on Form 990, Part VII, Section A. The organization is required to report the business transaction, as family members of former directors listed in Part VII are interested persons.

**Example 6.** The facts are the same as in Example (3), except that the organization pays \$75,000 in total during the organization's tax year for 15 separate transactions to collect debts owed to the organization. None of the transactions involves payments to the law partnership in excess of \$10,000. The organization isn't required in this instance to report the business transactions, because the dollar amounts don't exceed either the \$10,000 transaction threshold or the \$100,000 aggregate threshold.

**Example 7.** The facts are the same as in Example (6), except that the organization pays \$105,000 instead of \$75,000. Because the aggregate payments for the business transactions exceed \$100,000, the organization must report all the business transactions. The organization can report the transactions on an aggregate basis or list them separately.

**Column (a).** Enter the name of the interested person involved in the direct or indirect business relationship with the organization. If the person has interested person status only as a substantial contributor, a **family member** of a substantial contributor, a **35% controlled**

**entity** of a substantial contributor, or an **employee** of a substantial contributor or 35% controlled entity of a substantial contributor, then enter the term "substantial contributor" or "related to substantial contributor" (as the case may be) instead of the interested person's name, in order to protect the confidentiality of the substantial contributor.

**Column (b).** Enter the relationship between the interested person and the organization. For example:

- **Key employee** of the organization;
- **Family member** of Freda Jones, former director; or
- Entity more than 35% owned by (1) Freda Jones, former director, and (2) Lisa Lee, President. If "substantial contributor" was entered in column (a), enter "substantial contributor" here as well. If "related to substantial contributor" was entered in column (a), then describe the relationship without referring to specific names, for example, "child of employee of **35% controlled entity** of substantial contributor."

If an interested person has status as such other than by being a substantial contributor or related to one, then make no reference to the substantial contributor status. For example, if grantee Jane Smith is both a substantial contributor and the spouse of Director John Smith, then she must be listed by name in column (a), and column (b) must state "spouse of Director John Smith" or words to similar effect.

**Column (c).** The dollar amount of the transaction is the cash or **fair market value** of other assets and services provided by the organization during the **tax year**, net of reimbursement of expenses. For **joint ventures** with interested persons, report the total amount invested by the organization in the joint venture as of the end of the organization's tax year, whether or not the organization invested any part of the amount during the tax year.

**Column (d).** Describe the transaction(s) by type, such as employment or **independent contractor** arrangement, rental of property, or sale of assets.

**Column (e).** State "Yes" if all or part of the consideration paid by the organization is based on a percentage of revenues of the organization. For instance, state "Yes" if a management fee is based on a percentage of revenues, or a legal fee owed to outside attorneys by a public interest law firm is a percentage of the amount collected.

## Part V. Supplemental Information

Use Part V if the organization needs additional space to explain a transaction or provide additional information. On Part V, identify the specific part and line number that each response supports, in the order in which those parts and lines appear on Schedule L (Form 990). Part V can be duplicated if more space is needed.

# Schedule M

Noncash Contributions

**SCHEDULE M  
(Form 990)**

**Noncash Contributions**

OMB No. 1545-0047

**2021**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

- ▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**
- ▶ **Attach to Form 990.**
- ▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Name of the organization

Employer identification number

**Part I Types of Property**

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1	Art—Works of art . . . . .			
2	Art—Historical treasures . . . . .			
3	Art—Fractional interests . . . . .			
4	Books and publications . . . . .			
5	Clothing and household goods . . . . .			
6	Cars and other vehicles . . . . .			
7	Boats and planes . . . . .			
8	Intellectual property . . . . .			
9	Securities—Publicly traded . . . . .			
10	Securities—Closely held stock . . . . .			
11	Securities—Partnership, LLC, or trust interests . . . . .			
12	Securities—Miscellaneous . . . . .			
13	Qualified conservation contribution—Historic structures . . . . .			
14	Qualified conservation contribution—Other . . . . .			
15	Real estate—Residential . . . . .			
16	Real estate—Commercial . . . . .			
17	Real estate—Other . . . . .			
18	Collectibles . . . . .			
19	Food inventory . . . . .			
20	Drugs and medical supplies . . . . .			
21	Taxidermy . . . . .			
22	Historical artifacts . . . . .			
23	Scientific specimens . . . . .			
24	Archeological artifacts . . . . .			
25	Other ▶ ( . . . . . )			
26	Other ▶ ( . . . . . )			
27	Other ▶ ( . . . . . )			
28	Other ▶ ( . . . . . )			

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**29** Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part V, Donee Acknowledgement . . . . . **29**

	Yes	No
<b>30a</b> During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which isn't required to be used for exempt purposes for the entire holding period? . . . . .		
<b>b</b> If "Yes," describe the arrangement in Part II.		
<b>31</b> Does the organization have a gift acceptance policy that requires the review of any nonstandard contributions? . . . . .		
<b>32a</b> Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .		
<b>b</b> If "Yes," describe in Part II.		
<b>33</b> If the organization didn't report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.		



# Schedule M

Instructions

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## General Instructions

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

**Future developments.** For the latest information about developments related to Schedule M (Form 990), such as legislation enacted after the schedule and its instructions were published, go to [www.irs.gov/Form990](http://www.irs.gov/Form990).

**Note:** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990.

### Purpose of Schedule

Schedule M (Form 990) is used by an organization that files Form 990 to report the types of **noncash contributions** received during the year by the organization and certain information regarding such **contributions**. The schedule requires reporting of the quantity and the reported financial statement amount of noncash contributions received by type of property. Report noncash donated items even if sold immediately after received. Don't report noncash contributions received by the organization in a prior year. Don't report donations of services or the donated use of facilities, equipment, or materials donated.

### Who Must File

An organization that answered "Yes" to Form 990, Part IV, lines 29 or 30, must complete Schedule M (Form 990) and attach it to Form 990. This means an organization that reported more than \$25,000 of aggregate **noncash contributions** on Form 990, Part VIII, line 1g, or that during the year received **contributions of art, historical treasures, or other similar assets, or qualified conservation contributions**, regardless of whether it reported any revenues for such contributions in Part VIII.

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.

## Specific Instructions

### Part I. Types of Property

**Column (a).** Check the box if during the year the organization received any contributions of the property type identified.

**Column (b).** For each type of property received during the year, enter the number of **contributions** or the number of items contributed, determined in accordance with the organization's recordkeeping practices. Explain in Part II of this schedule whether the organization is reporting the number of

contributions or the number of items received, or a combination of both methods. As described below, for contributions of securities, such as publicly traded stock, treat each separate gift (rather than each share received) as an item for this purpose.

Organizations that receive contributions of books, publications, clothing, and household goods aren't required to complete column (b) for those items reported on lines 4 and 5.

**Columns (c)–(d).** In column (c), enter the revenues reported on Form 990, Part VIII, line 1g, for the appropriate property type. If none were reported, enter "0."

In column (d), describe the method used to determine the amount reported on Form 990, Part VIII, line 1g (for example, cost or selling price of the donated property, sale of comparable properties, replacement cost, opinions of experts, etc.). See Pub. 561, *Determining the Value of Donated Property*, for more information.

**Example 1.** A used car in poor condition is donated to a local high school for use by students studying car repair. A used car guide shows the dealer retail value for this type of car in poor condition is \$1,600. However, the guide shows the price for a private party sale of the car is only \$750. The fair market value of the car is considered to be \$750, which is the amount the organization reported on Form 990, Part VIII, line 1g. In column (c), the organization should enter \$750. In column (d), the organization should enter "sale of comparable properties and/or opinion of expert" as the method used to determine fair market value.

**Example 2.** An organization primarily receives bulk donations of clothing, household goods, and other similar items, intended for resale. Under its permitted financial reporting practices, it doesn't recognize or record revenue at the time of receipt of the contribution, but instead records such items in inventory and reports contribution revenues at the time of sale based on prior inventory turnover experience. In column (c), the organization can enter the amount that represents the total estimated amount of annual sales revenue for each type of property received under its permitted financial reporting method, and in column (d), enter "resale value or annual sales revenue" as the method of determining revenue.

Museums and other organizations that don't report contributions of **art, historical treasures**, and other similar items as revenue, as permitted under generally accepted accounting principles,

enter "0" in column (c) and leave column (d) blank. The organization can explain in Part II that a zero amount was reported on Form 990, Part VIII, line 1g, because the museum did not capitalize its collections, as allowed under Financial Accounting Standards Board Accounting Standards Codification 958-360-25 (ASC 958-360-25).

An organization that received **qualified conservation contributions or conservation easements** must report column (c) revenue if it reports revenue contributions in its financial statements. The organization must also report revenue from such qualified conservation contributions and conservation easements consistently with how it reports such revenue in Form 990, Part VIII.

**Line 1. 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. Works of art don't include **collectibles** reported on line 18 or taxidermy reported on line 21.

**Line 2. An historical treasure** is a building, structure, area, or property with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archeology, or culture of a country, state, or city.

**Line 3. A contribution** of a fractional interest in art is a contribution, not in trust, of an undivided portion of a donor's entire interest in a **work of art**. A contribution of the donor's entire interest must consist of a part of each substantial interest or right the donor owns in such work of art and must extend over the entire term of the donor's interest in the property. A gift generally is treated as a gift of an undivided portion of a donor's entire interest in property if the donee is given the right, as a tenant in common with the donor, to possession, dominion, and control of the property for a portion of each year appropriate to its interest in such property. For each work of art or item, report in column (b) the fractional interest for each year an interest in the property is received for the underlying work of art or item. See section 170(o) for special rules for fractional gifts.

**Line 4.** Enter information about **contributions** of all books and publications. Don't include rare books and manuscripts reported on line 1, **collectibles** reported on line 18, and archival records reported on lines 25 through 28.

Removed "(formerly SFAS 116)."

**Line 5.** Enter information about clothing items and **household goods** which were in good used condition or better. Clothing items and household goods which weren't in good used condition or better are to be reported as a separate type in "Other" beginning with line 25.

**Lines 6–7.** On line 6, include only **contributions** of motor vehicles manufactured primarily for use on public streets, roads, and highways. Don't include on lines 6 or 7 contributions of the donor's stock in trade or property held by the donor primarily for sale to customers in the ordinary course of a trade or business. The organization is required to furnish to the donor and file with the IRS Form 1098-C, Contributions of Motor Vehicles, Boats, and Airplanes, for contributions reported on these lines. See Form 990, Part V, line 7h.

**Line 8.** Intellectual property is any patent, copyright (other than a copyright described in section 1221(a)(3) or 1231(b)(1)(C)), trademark, trade name, trade secret, know-how, software (other than software described in section 197(e)(3)(A)(i)), or similar property. The organization is required to furnish to the donor and file with the IRS Form 8899, Notice of Income From Donated Intellectual Property, for certain contributions on this line. See Form 990, Part V, line 7g.

**Line 9. Publicly traded securities** means **securities** for which (as of the date of the contribution) market quotations are readily available on an established securities market. For each **security**, treat each separate gift (rather than each share received) as a **contribution** for this purpose. Include on this line interests in publicly traded partnerships, limited liability companies or trusts, and publicly traded corporations.

**Line 10. Closely held stock** means shares of stock issued by a corporation that isn't publicly traded. For each **security**, treat each separate gift (rather than each share received) as a **contribution** for this purpose.

**Line 11.** Enter information about **contributions** of interests in a partnership, limited liability company, or trust, that isn't publicly traded. For each **security**, treat each separate gift (rather than each share received) as a contribution for this purpose.

**Line 12.** Enter information about **contributions of securities** that aren't reported on lines 9 through 11. For each **security**, treat each separate gift (rather than each share received) as a contribution for this purpose.

**Lines 13–14. A qualified conservation contribution** is a 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, or
3. A restriction (an easement), granted in perpetuity, on the use which may be made of the real property.

A *qualified organization* means an organization which is:

1. A **governmental unit** described in section 170(c)(1);
2. A publicly supported charitable organization described in sections 501(c)(3) 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
3. 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 those restrictions.

A conservation purpose means:

1. The preservation of land areas for outdoor recreation used 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 farmland and forest land) where such preservation is for the scenic enjoyment of the general public or pursuant to a clearly delineated federal, state, or local governmental conservation policy; or
4. The preservation of an historically important land area or a certified historic structure.

See section 170(h) for additional information, including special rules for the conservation purpose requirement for buildings in registered historic districts.

On line 13, enter information about contributions of a qualified real property interest that is a restriction for the exterior of a certified historic structure. A **certified historic structure** is any building or structure listed on 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.

On line 14, enter information about qualified conservation contributions other than those entered on line 13. This includes **conservation easements** to preserve land areas for outdoor recreation used by, or for the education of, the general public; to protect a relatively natural habitat or ecosystem; to preserve open space; or to preserve an historically important land area.

**Line 15.** Enter information about **contributions** of residential real estate. Include information about contributions (not in trust) of a remainder interest in a personal residence which wasn't the donor's entire interest in the property. The term personal residence includes any property used by the donor as a personal residence but isn't limited to the donor's principal residence. The term personal residence also includes stock owned by the donor as a tenant-stockholder in a cooperative housing corporation if the dwelling the donor is entitled to occupy as a tenant-stockholder is used by the donor as a personal residence. Don't enter information about contributions of the use of facilities or property, as such contributions aren't reportable on Form 990, Part VIII.

**Line 16.** Enter information about **contributions** of commercial real estate, such as a commercial office building. Include information about contributions (not in trust) of a remainder interest in a farm which wasn't the donor's entire interest in the property. The term farm refers to land used for the production of crops, fruits, or other agricultural products, or for the maintenance of livestock. A farm includes the improvements located on the farm property.

**Line 17.** Enter information about real estate interests not reported on lines 15 or 16.

**Line 18. Collectibles** include autographs, sports memorabilia, dolls, stamps, coins, books (other than books and publications reported on line 4), gems, and jewelry (other than costume jewelry reported on line 5), but not art reported on lines 1 through 3, or historical artifacts or scientific specimens reported on lines 22 or 23.

**Line 19.** Enter information about food items, including food inventory contributed by corporations and other businesses.

**Line 20.** Enter information about drugs, medical supplies, and similar items contributed by corporations and other businesses that manufactured or distributed such items.

**Line 21.** Taxidermy property means any work of art that is the reproduction or preservation of an animal, in whole or in part; is prepared, stuffed, or mounted to recreate one or more characteristics of the animal; and contains a part of the body of the dead animal.

**Line 22.** Enter information about historical artifacts such as furniture, fixtures, textiles, and household items of an historic nature. Don't include **Art** reported on lines 1 through 3, or any archeological artifacts reported on line 24.

**Line 23.** Scientific specimens include living plant and animal specimens, natural and physical sciences specimens (such as rocks and minerals), and objects or materials that relate to, or exhibit, the methods or principles of science.

**Line 24.** Enter information about archeological and ethnographical artifacts, other than **Art** reported on lines 1 through 3, and historical artifacts reported on line 22. An archeological artifact is any object over 250 years old and is normally discovered as a result of scientific excavation, clandestine or accidental digging for exploration on land, or under water. Ethnological artifacts are objects which are the product of a tribal or nonindustrial society, and important to the cultural heritage of a people because of its distinctive characteristics, comparative rarity, or its contribution to the knowledge of the origins, development, or history of that people.

**Lines 25–28.** Use lines 25 through 28 to separately report other types of property not described above or reported on previous lines. These include items that didn't satisfy specific charitable deduction requirements applicable to the **contribution** of such type of property, but which were contributed to the organization, such as clothing and **household goods** that weren't in good used or better condition, and **conservation easements** that the organization knows don't constitute **qualified conservation contributions**.

Self-created items, such as personal papers and manuscripts, including archival records, are to be listed separately as a type. Archival records are materials of any kind created or

received by any person, family, or organization in the conduct of their affairs that are preserved because of the enduring value of the information they contain or as evidence of the functions and responsibilities of their creator.

Donations of items used by the organization at a charitable auction (other than goods sold by the charity at the auction, which should be reported on lines 1 through 24, as appropriate), such as food served at the event or floral centerpieces, can be reported separately on lines 25 through 28. **Noncash contributions** don't include donations of services or donated use of materials, equipment, or facilities, which may be reported in the narrative section of Form 990, Part III, line 4.

**Line 29.** Enter the number of Forms 8283, Noncash Charitable Contributions, received by the organization during the year for **contributions** for which the organization completed Form 8283, Part V.

**Lines 30a–30b.** Answer "Yes" to line 30a if the organization received during the year a **noncash contribution** reportable on lines 1 through 28 for which the organization is required, by the terms of the gift or otherwise, to hold the property for at least three years from the date of the **contribution** and which property is not required to be used for exempt purposes for the entire holding period. An organization that answers "Yes" to line 30a must describe the arrangement in Part II.

**Line 31.** Answer "Yes" if the organization has a gift acceptance policy that requires the review of any nonstandard contributions. A non-standard contribution includes a contribution of an item that isn't reasonably expected to be used to satisfy or further the organization's exempt purposes (aside from the need of such organization for income or funds) and for which (a) there is no ready market to which the organization can go to liquidate the contribution and convert it to cash, and (b) the value of the item is highly speculative or difficult to ascertain. For example, the contribution of a taxpayer's successor member interest of the type described in Notice 2007-72, 2007-36 I.R.B. 544 available at [www.irs.gov/pub/irs-irbs/irb07-36.pdf](http://www.irs.gov/pub/irs-irbs/irb07-36.pdf), is a nonstandard contribution for this purpose.

**Lines 32a–32b.** Answer "Yes" to line 32a if the organization hires or uses third parties or related organizations to solicit, process, or sell **noncash contributions**. Answer "No" if the only third party used by the organization to solicit, process, or sell noncash contributions is a broker who sells publicly traded securities received by the organization as a gift. An organization that answers "Yes" to line 32a must describe these arrangements in Part II.

**Line 33.** If applicable, describe in Part II why the organization didn't report revenue in column (c) for a type of property for which column (a) is checked.

## Part II. Supplemental Information

Use Part II to provide narrative information required in Part I, column (b), and Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also use Part II to provide other narrative explanations and descriptions, as needed. Identify the specific line number that the response supports. Part II can be duplicated if more space is needed.

# Schedule N

Liquidation, Termination, Dissolution, or Significant  
Disposition of Assets







# Schedule N

Instructions

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## General Instructions

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

**Future developments.** For the latest information about developments related to Schedule N (Form 990), such as legislation enacted after the schedule and its instructions were published, go to [www.IRS.gov/Form990](http://www.IRS.gov/Form990).

**Note:** Terms in **bold** are defined in the Glossary of the Instructions for Form 990.

### Purpose of Schedule

Schedule N (Form 990) is used by an organization that files Form 990 or Form 990-EZ to report going out of existence or disposing of more than 25% of its net assets through sale, exchange, or other disposition.

An organization that completely liquidated, terminated, or dissolved and ceased operations during the **tax year** must complete Part I. An organization that was still in the process of winding up its affairs at the end of the tax year, but hadn't completely liquidated, terminated, or dissolved and ceased operations, shouldn't complete Part I, but may need to complete Part II. An organization that has made a **significant disposition of net assets** must complete Part II. For an organization filing Form 990-EZ, see the Instructions for Form 990-EZ, line 36, for Part II reporting requirements. An organization that has terminated its operations and has no plans for future activities must complete only Part I and not Part II of this schedule.

If there are more transactions to report in Parts I and II than space available, those parts can be duplicated to report the additional transactions. Use Part III to report additional narrative information. See Part III instructions later.

### Who Must File

Any organization that answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 31 or 32, or Form 990-EZ, line 36, must complete and attach Schedule N to Form 990 or Form 990-EZ, as applicable.

If an organization isn't required to file Form 990 or 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.

## Specific Instructions

### Part I. Liquidation, Termination, or Dissolution

If the organization answered "Yes" to Form 990, Part IV, line 31, it must complete Part I. If the organization answered "Yes" to Form 990-EZ, line 36, because it fully liquidated, dissolved, or terminated during the tax year, it must complete Part I. An organization must answer "Yes" to either of these lines if it has ceased operations and has no plans to continue any activities or operations in the future. This includes an organization that has dissolved, liquidated, terminated, or merged into a successor organization.



*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.*

*If a certified copy of its articles of dissolution or merger isn't available, the organization may submit resolutions of its governing board approving dissolution or merger, and/or plans of liquidation or merger approved by its governing board. An organization filing Schedule N shouldn't report its liquidation, termination, or dissolution in a letter to IRS Exempt Organizations, Determinations ("EO Determinations"). EO Determinations no longer issues letters confirming that the organization's tax-exempt status was terminated upon its liquidation, termination, or dissolution.*

**Line 1.** List assets transferred in the liquidation, termination, dissolution, or merger.

If there are more transactions to report in Part I than space available, Part I can be duplicated to report the additional transactions.

**Column (a).** Assets should be aggregated into categories and should be sufficiently described. Separately list related transaction expenses of at least \$10,000. A transaction expense consists of a payment to a professional or other third party for services rendered to assist in the transaction or in the winding down of the organization's activities, such as attorney or accountant fees. Brokerage fees shouldn't be included as transaction expenses in column (a), but should be included in the **fair market value (FMV)** amount in column (c).

**Column (b).** Enter the date the assets were distributed or the date when the transaction expense was paid.

**Column (c).** Enter the FMV of the asset distributed or the amount of transaction expense paid.

**Column (d).** Enter the method of valuation for the asset being distributed. Methods of valuation include appraisals, comparables, book value, actual cost (with or without depreciation), and outstanding offers (among other methods). For transaction expenses, provide the method for determining the amount of the expense, such as an hourly rate or fixed fee.

**Columns (e) and (f).** Enter the **EIN**, name, and address of each recipient of assets distributed or transaction expenses paid. Don't enter social security numbers of individual recipients. For membership organizations that transfer assets to individual members, the names of individual members needn't be reported. Rather, the members may be aggregated into specific classes of membership, or they may be aggregated into one group, if there is only one class of membership.

**Column (g).** Enter the section of the Internal Revenue Code under which the transferee organization is tax-exempt (for instance, section 501(c)(3) or 501(c)(4)), if it is exempt. For recipients that aren't tax-exempt under a particular section of the Code, enter the type of entity. Examples of types of entities are government agencies or **governmental units**, or

limited liability companies (LLCs). Report "individual" if the recipient isn't an entity.

**Line 2.** Report whether any **officer, director, trustee, or key employee** listed in Form 990, Part VII, Section A, is (or is expected to become) involved in a successor or transferee organization by governing, controlling, or having a financial interest in that organization. "Having a financial interest" includes receiving payments from a successor or transferee organization as an **employee, independent contractor**, or in any other capacity.

**Line 2a.** Check "Yes" if any officer, director, trustee, or key employee listed in Form 990, Part VII, Section A, is (or is expected to become) a director or trustee of a successor or transferee organization.

**Line 2b.** Check "Yes" if any officer, director, trustee, or key employee listed in Form 990, Part VII, Section A, is (or is expected to become) an employee of, or independent contractor for, a successor or transferee organization.

**Line 2c.** Check "Yes" if any officer, director, trustee, or key employee listed on Form 990, Part VII, Section A, is (or is expected to become) an owner, whether direct or indirect, in a successor or transferee organization.

**Line 2d.** Check "Yes" if any officer, director, trustee, or key employee listed on Form 990, Part VII, Section A, has received or is expected to receive "**compensation** or other similar payment" as a result of the liquidation, termination, or dissolution of the organization, whether paid by the organization or a successor or transferee organization. For this purpose, "compensation or other similar payment" includes a severance payment, a "change in control" payment, or any other payment that wouldn't have been made to the individual if the dissolution, liquidation, or termination of the organization hadn't occurred.

**Line 2e.** If the organization checked "Yes" to any of the other questions on lines 2a through 2d, provide the name of the person involved, and explain in Part III the nature of the listed person's relationship with the successor or transferee organization and the type of benefit received or to be received by the person.

**Line 3.** Check "Yes" if the organization's assets were distributed in accordance with its governing instrument.

**Line 4a.** Check "Yes" if the organization is required to notify a state attorney general or other appropriate state official of the organization's intent to dissolve, liquidate, or terminate.

**Line 4b.** Check "Yes" if the organization provided the notice described in line 4a.

**Line 5.** Check "Yes" if the organization discharged or paid all of its liabilities in accordance with state law.

**Line 6a.** Check "Yes" and complete line 6b if the organization had any **tax-exempt bonds** outstanding during the year.

**Line 6b.** Check "Yes" and complete line 6c if the organization discharged or defeased all of its tax-exempt bond liabilities during the tax year. Leave line 6b blank if the answer to line 6a is "No."

**Line 6c.** If the organization checked “Yes” on line 6b, explain in Part III how the bond liabilities were discharged, defeased, or otherwise settled during the year. Also provide an explanation if any bond liabilities were discharged, defeased, or otherwise settled other than in accordance with the Code or applicable state law, or if the organization did not discharge or defease any of its bond liabilities. If the organization avoided the need for a defeasance of bonds, such as through the transfer of assets to another section 501(c)(3) organization, provide the name of the transferees of such assets, the CUSIP number of the **bond issue**, and a description of the terms of such arrangements in Part III.



*An organization that completes Part I doesn't complete Part II.*

## Part II. Sale, Exchange, Disposition, or Other Transfer of More Than 25% of the Organization's Assets

If an organization answered “Yes” to Form 990, Part IV, line 32 or Form 990-EZ, line 36, because it made a **significant disposition of net assets** during the **tax year**, it must complete Part II. A significant disposition of the organization's net assets includes a sale, exchange, disposition, or other transfer of more than 25% of the **FMV** of its net assets during the tax year, regardless of whether the organization received full and 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 commenced 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 occurred through a series of related dispositions or events depends on the facts and circumstances in each case.

A significant disposition of net assets may result from either an expansion or a contraction of operations. Examples of the types of transactions required to be reported in Part II as significant dispositions of net assets include the following.

- 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 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, and 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 organization has an ownership interest.
- Transfers of assets pursuant to a reorganization in which the organization is a surviving entity.

The following types of situations aren't required to be reported in 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 instance, 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 instance, 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.

For purposes of Schedule N, “net assets” means **total assets** less total liabilities. The determination of a significant disposition of net assets is made by reference to the FMV of the organization's net assets at the beginning of the tax year (in the case of a series of related dispositions that commenced in a prior year, at the beginning of the tax year during which the first disposition was made).

**Line 1.** Refer to the instructions for Part I, line 1, columns (a)–(g), earlier.

If there are more transactions to report in Part II than space available, Part II can be duplicated to report the additional transactions.

**Line 2.** Refer to the instructions for Part I, line 2, earlier.

## Part III. Supplemental Information

Use Part III to provide the narrative information required in Part I, lines 2e, 3, and 6c, and Part II, line 2e. Also use Part III to provide additional narrative explanations and descriptions as necessary to support or supplement any responses in Part I or II. Identify the specific part and line(s) that the response supports. Part III may be duplicated if more space is needed.

# Schedule 0

Supplemental Information to Form 990 or 990-EZ

**2021 Schedule O (Released November 8, 2021)**

No significant changes to form or instructions.

**SCHEDULE O  
(Form 990)**

**Supplemental Information to Form 990 or 990-EZ**

OMB No. 1545-0047

Complete to provide information for responses to specific questions on Form 990 or 990-EZ or to provide any additional information.

**2021**

▶ Attach to Form 990 or Form 990-EZ.

**Open to Public Inspection**

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

Area with horizontal dashed lines for providing supplemental information.

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# Schedule 0

Instructions

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## General Instructions

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

**Future developments.** For the latest information about developments related to Schedule O (Form 990), such as legislation enacted after the schedule and its instructions were published, go to [www.irs.gov/Form990](http://www.irs.gov/Form990).

### Purpose of Schedule

An organization should use Schedule O (Form 990), rather than separate attachments, to provide the IRS with narrative information required for responses to specific questions on Form 990 or 990-EZ, and to explain the organization's operations or responses to various questions. It allows organizations to supplement information reported on Form 990 or 990-EZ.

Don't use Schedule O to supplement responses to questions in other schedules of the Form 990 or 990-EZ. Each of the other schedules includes a separate part for supplemental information.

### Who Must File

All organizations that file Form 990 and certain organizations that file Form 990-EZ must file Schedule O (Form 990). At a minimum, the schedule must be used to answer Form 990, Part VI, lines 11b and 19. If an organization isn't required to file Form 990 or 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

### Specific Instructions

Use as many continuation sheets of Schedule O (Form 990) as needed.

Complete the required information on the appropriate line of Form 990 or 990-EZ prior to using Schedule O (Form 990).

Identify clearly the specific part and line(s) of Form 990 or 990-EZ to which each response relates. Follow the part and line sequence of Form 990 or 990-EZ.

**Late return.** If the return isn't filed by the due date (including any extension granted), attach a separate statement giving the reasons for not filing on time. **Don't use** this schedule to provide the late-filing statement.

**Amended return.** If the organization checked the *Amended return* box on Form 990, *Heading*, item B, or Form 990-EZ, *Heading*, item B, use Schedule O (Form 990) to list each part or schedule and line item of the Form 990 or 990-EZ that was amended.

**Group return.** If the organization answered "Yes" to Form 990, line H(a), but "No" to line H(b), use a separate attachment to list the name, address, and EIN of each affiliated organization included in the group return. **Don't use** this schedule. See the instructions for Form 990, *I. Group Return*.

**Form 990, Parts III, V, VI, VII, IX, XI, and XII.** Use Schedule O (Form 990) to provide any narrative information required for the following questions in the Form 990.

1. Part III, *Statement of Program Service Accomplishments*.

- "Yes" response to line 2.
- "Yes" response to line 3.
- Other program services on line 4d.

2. Part V, *Statements Regarding Other IRS Filings and Tax Compliance*.

- "No" response to line 3b.
- "Yes" or "No" response to line 13a.
- "No" response to line 14b.

3. Part VI, *Governance, Management, and Disclosure*.

- Material differences in voting rights among members of the governing body in line 1a.
- Delegation of governing board's authority to executive committee in line 1a.
- "Yes" responses to lines 2 through 7b.
- "No" responses to lines 8a, 8b, and 10b.
- "Yes" response to line 9.
- Description of process for review of Form 990, if any, in response to line 11b.
- "Yes" response to line 12c.
- Description of process for determining **compensation**, in response to lines 15a and 15b.

i. If applicable, in response to line 18, an explanation as to why the organization checked the *Other* box or didn't make any of Forms 1023, 1024, 1024-A, 990, or 990-T publicly available.

j. Description of public disclosure of documents, in response to line 19.

4. Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*.

a. Explain if reporting of compensation paid by a related organization is provided only for the period during which the related organization was related, not the entire calendar year ending with or within the tax year, and state the period during which the related organization was related.

b. Description of reasonable efforts undertaken to obtain information on compensation paid by related organizations, if the organization is unable to obtain such information to report in column (E).

5. Explanation for Part IX, *Statement of Functional Expenses*, line 11g (other fees for services), including the type and amount of each expense included in line 11g, if the amount in Part IX, line 11g, exceeds 10% of the amount in Part IX, line 25 (total functional expenses).

6. Explanation for Part IX, *Statement of Functional Expenses*, line 24e (all other expenses), including the type and amount of each expense included in line 24e, if the amount on line 24e exceeds 10% of the amount in Part IX, line 25 (total functional expenses).

7. Part XI, *Reconciliation of Net Assets*. Explain any other changes in net assets or fund balances reported on line 9.

8. Part XII, *Financial Statements and Reporting*.

a. Change in accounting method or description of other accounting method used on line 1.

b. Change in committee oversight review from prior year on line 2c.

c. "No" response to line 3b.

**Form 990-EZ, Parts I, II, III, and V.** Use Schedule O (Form 990) to provide any narrative information required for the following questions.

1. Part I, *Revenue, Expenses, and Changes in Net Assets or Fund Balances*.

a. Description of other revenue, in response to line 8.

b. List of grants and similar amounts paid, in response to line 10.

c. Description of other expenses, in response to line 16.

d. Explanation of other changes in net assets or fund balances, in response to line 20.

2. Part II, *Balance Sheets*.

a. Description of other assets, in response to line 24.

b. Description of total liabilities, in response to line 26.

3. Description of other program services, in response to Part III, *Statement of Program Service Accomplishments*, line 31.

4. Part V, *Other Information*.

a. "Yes" response to line 33.

b. "Yes" response to line 34.

c. Explanation of why organization didn't report unrelated business gross income of \$1,000 or more to the IRS on Form 990-T, in response to line 35b.

d. "No" response to line 44d.

**Other.** Use Schedule O (Form 990) to provide narrative explanations and descriptions in response to other specific questions. The narrative provided should refer and relate to a particular line and response on the form.



**Don't include on Schedule O (Form 990) any social security number(s), because this schedule will be made available for public inspection.**

# Schedule R

Related Organizations and Unrelated Partnerships

**2021 Schedule R (Released December 1, 2021)**  
No significant changes to form or instructions.

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

2021

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.**  
▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Name of the organization

Employer identification number

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) .....					
(2) .....					
(3) .....					
(4) .....					
(5) .....					
(6) .....					

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) .....							
(2) .....							
(3) .....							
(4) .....							
(5) .....							
(6) .....							
(7) .....							

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Cat. No. 50135Y

Schedule R (Form 990) 2021

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**Part III Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(2) -----												
(3) -----												
(4) -----												
(5) -----												
(6) -----												
(7) -----												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) -----									
(2) -----									
(3) -----									
(4) -----									
(5) -----									
(6) -----									
(7) -----									

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**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II–IV?		
<b>a</b> Receipt of <b>(i)</b> interest, <b>(ii)</b> annuities, <b>(iii)</b> royalties, or <b>(iv)</b> rent from a controlled entity . . . . .	<b>1a</b>	
<b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .	<b>1b</b>	
<b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .	<b>1c</b>	
<b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .	<b>1d</b>	
<b>e</b> Loans or loan guarantees by related organization(s) . . . . .	<b>1e</b>	
<b>f</b> Dividends from related organization(s) . . . . .	<b>1f</b>	
<b>g</b> Sale of assets to related organization(s) . . . . .	<b>1g</b>	
<b>h</b> Purchase of assets from related organization(s) . . . . .	<b>1h</b>	
<b>i</b> Exchange of assets with related organization(s) . . . . .	<b>1i</b>	
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .	<b>1j</b>	
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .	<b>1k</b>	
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .	<b>1l</b>	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .	<b>1m</b>	
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .	<b>1n</b>	
<b>o</b> Sharing of paid employees with related organization(s) . . . . .	<b>1o</b>	
<b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .	<b>1p</b>	
<b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .	<b>1q</b>	
<b>r</b> Other transfer of cash or property to related organization(s) . . . . .	<b>1r</b>	
<b>s</b> Other transfer of cash or property from related organization(s) . . . . .	<b>1s</b>	

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

	(a) Name of related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512–514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) .....													
(2) .....													
(3) .....													
(4) .....													
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(16) .....													

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**Part VII** **Supplemental Information**

Provide additional information for responses to questions on Schedule R. See instructions.

Area with horizontal dashed lines for providing supplemental information.

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# Schedule R

Instructions

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# Instructions for Schedule R (Form 990)

## Related Organizations and Unrelated Partnerships

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

**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](https://www.irs.gov/Form990).

### General Instructions

**Note.** Terms in **bold** are defined in the *Glossary* of the Instructions for Form 990, Return of Organization Exempt From Income Tax.

### Purpose of Schedule

Schedule R (Form 990) is used by an organization that files Form 990 to provide information on **related organizations**, on certain transactions with related organizations, and on certain unrelated partnerships through which the organization conducts significant activities.

### Who Must File

The chart below sets forth which organizations must complete all or a part of Schedule R and attach Schedule R to Form 990. 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.

Type of filer	IF you answer "Yes" to . . .	THEN you must complete . . .
All organizations	Form 990, Part IV, line 33 (regarding disregarded entities)	Schedule R, Part I.
All organizations	Form 990, Part IV, line 34 (regarding related organizations)	Schedule R, Parts II, III, IV, and V, line 1, as applicable.
All organizations	Form 990, Part IV, line 35b (regarding payments from or transactions with controlled entities)	Schedule R, Part V, line 2.
Section 501(c)(3) organization	Form 990, Part IV, line 36 (regarding transfers to exempt noncharitable related organizations)	Schedule R, Part V, line 2.
All organizations	Form 990, Part IV, line 37 (regarding conduct of activity through unrelated partnership)	Schedule R, Part VI.

### Overview

Part I of Schedule R (Form 990) requires identifying information on any organizations that are treated for federal tax purposes as **disregarded entities** of the filing organization. Part II requires identifying information on related tax-exempt organizations. Part III requires identifying information on any **related organizations** that are treated for federal tax purposes as partnerships. Part IV requires identifying information on any related organizations that are treated for federal tax purposes as C or S corporations or trusts. Part V requires information on transactions between the organization and related organizations (excluding disregarded entities). Part VI requires information on an **unrelated organization** treated as a partnership through which the organization conducted more than 5% of its activities (as described in Part VI).

Part VII of Schedule R (Form 990) may be used to provide additional information in response to questions in Schedule R.

### Relationships

An organization, including a nonprofit organization, a stock corporation, a partnership or limited liability company (LLC), a trust, and a **governmental unit** or other government entity, is a **related organization** to the filing organization if it stands, at any time during the **tax year**, in

one or more of the following relationships to the filing organization.

- **Parent**—An organization that controls (see definitions of **control** under *Definition of Control*) 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.
- **Supporting/Supported**—An organization that is (or claims to be) at any time during the organization's tax year (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.
- **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 sponsoring organizations and contributing employers as related organizations, sponsoring organizations and contributing employers shouldn't report a VEBA as a related organization, unless the VEBA is related to the sponsoring organization or contributing employer in some other capacity listed above.

**VEBA contributing employers and sponsoring organizations.** If the filing organization is a section 501(c)(9) VEBA, it must list its sponsoring organizations and contributing employers on Schedule R (Form 990). The filing organization must report all information on its sponsoring organizations in Parts II through IV, as applicable. However, the filing organization is required to list only the name of its contributing employers in Parts II through IV, and isn't required to report any additional information in those parts.

The filing organization must also report its related transactions with sponsoring organizations and contributing employers in Part V, line 1, and, if applicable, line 2.

#### **Disregarded entity exception.**

**Disregarded entities** are treated as related organizations for purposes of reporting on Schedule R (Form 990), Part I, but not for purposes of reporting transactions with related organizations in Part V, or otherwise on Form 990. A disregarded entity of an organization related to the filing organization is generally treated as part of the related organization and not as a separate entity. See *Appendix F* in the Instructions for Form 990.

**Bank trustee exception.** If the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the filing organization isn't required to report the other trust as a brother/sister related organization on the ground of common control by the bank or financial institution trustee.

## **Definition of Control**

**Related organizations.** 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 the members who have the power to 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 interests 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 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.

**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 will be determined in proportion to that person's actuarial interest in the trust as of the end of the tax year.

In some situations, a named beneficiary may have no determinable interest in the trust. For instance, if Trust A allows the trustee to distribute income and principal in the trustee's sole discretion for 10 years to the then-living issue of X, with the remainder (if any) to Charity B, then Charity B has no interest in the trust that can be determined before the 10-year period is ended, and therefore doesn't control the trust for purposes of Form 990 and Schedule R.

See Regulations sections 301.7701-2, 3, and 4 for more information on classification of corporations, partnerships, disregarded entities, and trusts.

#### **Examples of control by multiple persons.**

**Example 1.** Organizations A and B each appoint one-third of the board members of Organizations C and D, and aren't otherwise related to Organizations C and D. Although neither Organization A nor Organization B is a parent of Organization C or Organization D, Organizations C and D are controlled by the same persons, and therefore are brother/sister related organizations with respect to each other.

**Example 2.** There are 1,000 individuals who are members of both Organizations E and F. The members elect the board members of both

Organizations E and F. Organizations E and F are brother/sister related organizations with respect to each other.

**Indirect control.** **Control** can be indirect. For example, if the filing organization controls Entity A, which in turn controls (under the definition of control in these instructions) 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.

**Example 1.** B, an exempt organization, wholly owns (by voting power) C, a taxable corporation. C holds a 51% profits interest in D, a partnership. Under the principles of section 318, B is deemed to own 51% of D (100% of C's 51% interest in D). Thus, B controls both C and D, which are therefore both related organizations with respect to B.

**Example 2.** X, an exempt organization, owns 80% (by value) of Y, a taxable corporation. Y holds a 60% profits interest as a limited partner of Z, a limited partnership. Under the principles of section 318, X is deemed to own 48% of Z (80% of Y's 60% interest in Z). Thus, X controls Y. X doesn't control Z through X's ownership in Y. Y is a related organization with respect to X, and (absent other facts) Z isn't.

**Example 3.** Same facts as in *Example 2*, except that Y is also one of three general partners of Z. Because Y controls Z through means other than ownership percentage, and X controls Y, in these circumstances, Z is a related organization with respect to X. The other general partners of Z (if organizations) aren't related organizations with respect to X, absent other facts.

**Example 4.** Organizations A, B, C, and D are nonprofit organizations. Organization A appoints the board of Organization B, which appoints the board of Organization C. A majority of the board members of Organization D are also board members of Organization A. Under these circumstances, Organizations B and D are directly controlled by Organization A, and Organization C is indirectly controlled by Organization A. Therefore, Organizations B, C, and D are subsidiaries of Organization A; Organization C is also a subsidiary of Organization B; and Organizations B and C have a brother/sister relationship with Organization D.

**Example 5.** T, an exempt organization described in section 501(c)(3), owns 40% of the stock of U, a taxable C corporation. T and U each own 40% of the stock of V, another taxable C corporation. Under these facts, T and U aren't related organizations as parent/subsidiary because T doesn't own more than 50% of U's stock. Under section 318(a)(2)(C), none of U's holdings are attributed to T by virtue of T's ownership of U stock, because T owns less than 50% of U stock. Thus, T and V aren't related organizations as parent/subsidiary.

**Example 6.** Same facts as in Example 5, except that U is an S corporation. Under section 318(a)(5)(E), T constructively owns 16% of V through U (40% of U's 40% ownership of V), giving T a total ownership interest of 56% in V, and making T and V related organizations as parent/subsidiary.

**Example 7.** Same facts as in Example 5, except that T owns 50% of U's stock. T and U aren't related organizations as parent/subsidiary because T doesn't own more than 50% of U's stock. Under section 318(a)(2)(C), U's holdings are attributed to T by virtue of T's 50% ownership of U's stock. Thus, T constructively owns 20% of V through U (50% of U's 40% ownership of V), giving T a total ownership interest of 60% in V, and making T and V related organizations as parent/subsidiary.

**Example 8.** F is a 501(c)(3) public charity that appoints the governing body of G, another 501(c)(3) public charity. G is supported by H, a Type III supporting organization within the meaning of section 509(f)(1), but G doesn't control H. G and H are thus related organizations because of the supporting/supported relationship. Absent other facts, F and H aren't related organizations.

**Group exemption. Central organizations and subordinate organizations of a group exemption** aren't required to be listed as **related organizations** in Schedule R (Form 990), Part II. All other related organizations of the central organization or of a subordinate organization are required to be listed in Schedule R (Form 990). The following rules apply.

- An organization that is a central or subordinate organization in a group exemption (whether filing an individual return or a **group return**) isn't required to list any of the subordinate organizations of the group in Part II.
- In the case of a group return, the central organization must attach a list of the subordinate organizations included in the group return in response to Form 990, page 1, item H(b). The central organization must list in Schedule R (Form 990), Parts II through IV the related

organizations of each subordinate organization other than (1) related organizations that are included within the group exemption, or (2) related organizations that the central organization knows to be included in another group exemption. If an organization isn't listed because it is known to be included in another group exemption, the central organization must explain in Part VII the relationship between its own group and members and the related organization known to be included in another group exemption (but you needn't include the names of such related organizations).

- An organization that isn't included in a group exemption isn't required to list in Part II a related organization that is included in a group exemption. Similarly, an organization that is included in a group exemption isn't required to list in Part II a related organization that is included in another group exemption. In either case, the organization must explain in Part VII the relationship between it and the related organization included in another group exemption (but you needn't include the names of such related organizations).

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 required by the Part V instructions (for example, checking "Yes" to Part V, line 1b, if the organization made a grant to a related organization included in a group exemption, and reporting on Part V, line 2, the organization's receipt of interest or annuities from a **controlled entity** included in a group exemption), including listing the name of the related organization in Part V, line 2, column (a), for transactions that must be reported in line 2.

## Specific Instructions

### Part I. Identification of Disregarded Entities

Enter the details of each **disregarded entity** on separate lines of Part I.

**Column (a). Name, address, and EIN.** Enter the full legal name and mailing address of the **disregarded entity**. Also enter the **employer identification number (EIN)** of the disregarded entity, if it has one.



*A disregarded entity generally must use the EIN of its sole member. An exception applies 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).*

**Column (b). Primary activity.** Briefly describe the primary activity of the **disregarded entity**.

**Column (c). Legal domicile.** List the U.S. state (or **U.S. possession**) or foreign country in which the **disregarded entity** is organized (the state or foreign country whose law governs the disregarded entity's internal affairs).

**Column (d). Total income.** Enter the amount of the filing organization's total revenue reported in Form 990, Part VIII, line 12, column (A), attributable to the **disregarded entity**.

**Column (e). End-of-year assets.** Enter the amount of the organization's **total assets** reported in Form 990, Part X, line 16, column (B), attributable to the **disregarded entity**.

**Column (f). Direct controlling entity.** Enter the name of the entity that directly controls the **disregarded entity**. For instance, if B is a disregarded entity of the filing organization, and if C is a disregarded entity of B, report B as the direct controlling entity of C. If the filing organization directly controls, enter its name.

### Part II. Identification of Related Tax-Exempt Organizations

For purposes of Schedule R (Form 990), treat **governmental units** and **instrumentalities and foreign governments** as tax-exempt organizations.

Enter the details of each **related organization** on separate lines of Part II.

**Column (a). Name, address, and EIN.** Enter the related organization's full legal name, mailing address, and **EIN**.

**Column (b). Primary activity.** Briefly describe the primary activity of the **related organization**.

**Column (c). Legal domicile.** List the U.S. state (or **U.S. possession**) or foreign country in which the **related organization** is organized. For a corporation, enter the state of incorporation (or the 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).

**Column (d). Exempt Code section.** Enter the section that describes the related organization (for example, section 501(c)(3) for a **public charity**, section

501(c)(6) for a business league, or section 527 for a separate segregated fund). For purposes of Schedule R, an organization that claims exemption is treated as exempt. Also for purposes of Schedule R, treat as a section 501(c)(3) organization a related **foreign organization** recognized as a charity by the foreign country, or for which the filing organization has made a reasonable judgment (or has an opinion of U.S. counsel) that the foreign organization is described in section 501(c)(3). The filing organization isn't required to make or obtain such a determination for purposes of Schedule R. For **governmental units**, instrumentalities, and **foreign governments** that don't have a section 501(c) determination letter, leave blank.

**Column (e). Public charity status.** For a related section 501(c)(3) organization, report its **public charity** status, using the appropriate line number (lines 1 through 12d) corresponding to the public charity status checked on Schedule A (Form 990), Public Charity Status and Public Support, Part I. If the related organization is a **private foundation**, use the designation "PF." If the related organization is a section 509(a)(3) **supporting organization**, also indicate its type: I, II, III-FI, or III-O (for Type I, Type II, Type III functionally integrated, or Type III other, respectively).

For purposes of Schedule R, treat as a public charity a related **foreign organization** that hasn't been recognized as a section 501(c)(3) public charity by the IRS but for which the filing organization has made a good faith determination, based on an affidavit from the foreign organization or the opinion of counsel, that the foreign organization is the equivalent of a public charity. The filing organization isn't required to make or obtain such a determination for purposes of Schedule R; if it hasn't, leave column (e) blank.

**Column (f). Direct controlling entity.** Enter the name of the entity (if any) that directly controls the related organization; otherwise, enter "N/A." If the filing organization directly controls, enter its name.

**Column (g). Section 512(b)(13) controlled entity.** Check "Yes" if the related organization is a **controlled entity** of the filing organization under section 512(b)(13). If not, check "No."

## Part III. Identification of Related Organizations Taxable as a Partnership

In this part, identify any **related organization** treated as a partnership for federal tax purposes. If the partnership is related to the filing organization by reason of being its parent or brother/sister and the filing organization isn't a partner or

member in the partnership, then complete only columns (a), (b), and (c), and enter "N/A" in columns (d), (e), (f), (g), (i), and (k).

Enter the details of each related organization on separate lines of Part III.

Some of the information requested in this part is derived from Schedule K-1 (Form 1065), Partner's Share of Income, Deductions, Credits, etc., issued to the organization. If the Schedule K-1 (Form 1065) isn't available, provide a reasonable estimate of the required information.

**Column (a). Name, address, and EIN.** Enter the related partnership's full legal name, mailing address, and **EIN**.

**Column (b). Primary activity.** Briefly describe the primary business activity conducted, or product or service provided, by the related partnership (for example, investment in other entities, low-income housing, etc.).

**Column (c). Legal domicile.** List the U.S. state (or **U.S. possession**) or foreign country in which the related partnership is organized (the state or foreign country whose law governs the related partnership's internal affairs).

**Column (d). Direct controlling entity.** Enter the name of the entity (if any) that directly controls the related partnership; otherwise, enter "N/A." If the filing organization directly controls, enter its name.

**Column (e). Predominant income.** Classify the predominant type of partnership income as:

- Related;
- Unrelated; or
- Excluded from tax under section 512, 513, or 514.

In other words, enter which of the three types listed above is more prevalent than the others.

For classification purposes, use the definitions set forth in the instructions to the Statement of Revenue in Form 990, Part VIII, columns (B), (C), and (D).

**Column (f). Share of total income.** Enter the dollar amount of the filing organization's distributive share of the related partnership's total income, in accordance with the organization's profits interest as specified by the partnership or LLC agreement, for the related partnership's **tax year** ending with or within the filing organization's tax year. Use the total amount reported by the related partnership on Schedule K-1 (Form 1065) for the partnership's tax year ending with or within the filing organization's tax year (total of Schedule K-1, Part III, lines 1 through 11 and 18, tax-exempt income).

**Column (g). Share of end-of-year assets.** Enter the dollar amount of the filing organization's distributive share of the related partnership's end-of-year **total assets**, in accordance with the organization's capital interest as specified by the partnership or LLC agreement, for the related partnership's **tax year** ending with or within the filing organization's tax year. Use Schedule K-1 (Form 1065) for the partnership's year ending with or within the organization's tax year to determine this amount by adding the organization's ending capital account to the organization's share of the partnership's liabilities at year end reported on the Schedule K-1.

**Column (h). Disproportionate allocations.** Check "Yes" if the interest of the filing organization as a partner of the partnership (or as a member of the LLC) in any item of income, gain, loss, deduction, or credit, or any right to distributions was disproportionate to the filing organization's investment in such partnership or LLC at any time during the filing organization's **tax year**. Otherwise, check "No."

**Column (i). Code V—UBI amount in box 20 of Schedule K-1 (Form 1065).** Enter the dollar amount, if any, listed as the Code V amount (**unrelated business taxable income**) in box 20 of Schedule K-1 (Form 1065) received from the related partnership for the partnership's **tax year** ending with or within the filing organization's tax year. If no Code V amount is listed in box 20, enter "N/A."

**TIP** *If the organization has reason to believe that the stated amount in box 20 is incorrect, it should consult with the partnership. The stated amount in box 20 isn't controlling with respect to the organization's unrelated business income tax liability.*

**Column (j). General or managing partner.** Check "Yes" if the filing organization was at any time during its **tax year** a general partner of a related limited partnership, or a managing partner or managing member of a related general partnership, LLC, or other entity treated as a partnership. Otherwise, check "No."

**Column (k). Percentage ownership.** Enter the filing organization's percentage interest in the profits or in the capital of the related partnership, whichever is greater.

## Part IV. Identification of Related Organizations Taxable as a Corporation or Trust

In this part, identify any **related organization** treated as a C or S corporation or trust for federal tax

purposes (such as a charitable remainder trust), other than a related organization reported as a tax-exempt organization in Part II of Schedule R (Form 990). If the corporation or trust is related to the filing organization as its parent or as a brother/sister related organization, and the filing organization doesn't have an ownership interest in the corporation or trust, then complete only columns (a), (b), (c), and (e), and enter "N/A" in columns (d), (f), (g), and (h). Don't report trusts described within section 401(a).

Some of the information requested in this part is derived from Schedule K-1 (Form 1041), Beneficiary's Share of Income, Deductions, Credits, etc., or Schedule K-1 (Form 1120-S), Shareholder's Share of Income, Deductions, Credits, etc., issued to the organization. If the Schedule K-1 isn't available, provide a reasonable estimate of the required information.

Enter the details of each related organization on separate lines of Part IV.

**Column (a). Name, address, and EIN.** Enter the related organization's full legal name, mailing address, and EIN.

**Column (b). Primary activity.** Briefly describe the primary business activity conducted, or product or service provided, by the **related organization** (for example, holding company, **management company**).

**Column (c). Legal domicile.** List the U.S. state (or **U.S. possession**) or foreign country in which the **related organization** is organized. For a corporation, enter the state of incorporation (or the 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).

**Column (d). Direct controlling entity.** Enter the name of the entity (if any) that directly controls the related organization; otherwise, enter "N/A." If the filing organization directly controls, enter its name.

**Column (e). Type of entity.** Use one of the following codes to indicate the tax classification of the related organization: C (corporation or association taxable under subchapter C), S (corporation or association taxable under subchapter S), or T (trust, including a split-interest trust).

**Column (f). Share of total income.** For a **related organization** that is a C corporation, enter the dollar amount of the organization's share of the C corporation's total income. To calculate this share, multiply the total income of the C corporation (as reported on its Form 1120,

U.S. Corporation Income Tax Return) by the following fraction: the value of the filing organization's shares of all classes of stock in the C corporation, divided by the value of all outstanding shares of all classes of stock in the C corporation. The total income is for the related organization's **tax year** ending with or within the filing organization's tax year.

For a related organization that is an S corporation, enter the filing organization's allocable share of the S corporation's total income. Use the amount on Schedule K-1 (Form 1120-S) for the S corporation's tax year ending with or within the filing organization's tax year (Part III, lines 1 through 10, of Schedule K-1 (Form 1120-S)).

For a related organization that is a trust, enter the total income and gains reported on Part III, lines 1 through 8, of Schedule K-1 (Form 1041) issued to the filing organization for the trust's tax year ending with or within the filing organization's tax year.

 *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**, including gain on the disposition of stock.*

**Column (g). Share of end-of-year assets.** Enter the dollar amount of the filing organization's allocable share of the **related organization's total assets** as of the end of the related organization's **tax year** ending with or within the filing organization's tax year. For related C and S corporations, this amount is determined by multiplying the corporation's end-of-year total assets by the fraction described in column (f). For related trusts, this amount corresponds to the filing organization's percentage ownership in the trust.

**Column (h). Percentage ownership.** For a **related organization** taxable as a corporation, enter the filing organization's percentage of stock ownership in the corporation (total combined voting power or total value of all outstanding shares, whichever is greater). For a related S corporation, use the percentage reported on Schedule K-1 (Form 1120-S) for the year ending with or within the filing organization's **tax year**. For a related organization taxable as a trust, enter the filing organization's percentage of beneficial interest. In each case, enter the percentage interest as of the end of the related organization's tax year ending with or within the filing organization's tax year.

**Column (i). Section 512(b)(13) controlled entity.** Check "Yes" if the **related organization** is a **controlled entity** of the filing organization under section

512(b)(13). If not, check "No."

**Split-interest trusts.** If the related organization is a split-interest trust described in section 4947(a)(2), the organization may enter in column (a) the term "Charitable remainder trust," "Charitable lead trust," or "Pooled income fund," as appropriate, instead of the trust's name, EIN, or address. If the organization was related to more than one of a certain type of related split-interest trust during the tax year, it should enter the number of that type of trust in parentheses after the name. For instance, if the organization had two related charitable remainder trusts and three related charitable lead trusts, it should enter "Charitable remainder trusts (2)" on one line of column (a) and "Charitable lead trusts (3)" on another line in column (a). The organization may leave columns (e), (f), (g), and (h) blank for these lines. Use Part VII if the organization needs space to provide additional information for columns (b), (c), (d), or (i).

## Part V. Transactions With Related Organizations

**Line 1.** Check "Yes" in the appropriate boxes of line 1 if the filing organization engaged in any of the transactions listed in Part V with any **related organizations** (other than disregarded entities listed in Part I). A single transaction may be described by and reported in more than one line. A "transfer," for purposes of Part V, lines 1r and 1s, includes any conveyance of funds or property not described in lines 1a through 1q, whether or not for consideration, such as a merger with a related organization.

**Line 2.** The filing organization must report on this line any of the following transactions that it engaged in with a **controlled entity** of the filing organization, as defined in section 512(b)(13), during the **tax year**.

- All transactions described in line 1a, which includes all receipts or accruals of interest, annuities, royalties, or rent from a controlled entity under section 512(b)(13), regardless of amount.
- Any other type of transaction, described in lines 1b through 1s, with controlled entities, if the amounts involved during the tax year between the filing organization and a particular controlled entity exceed \$50,000 for that type of transaction.

Section 501(c)(3) organizations must also report on line 2 transactions described in Part V, lines 1b through 1s, that they engaged in with related tax-exempt organizations not described in section 501(c)(3) (including section 527 political organizations), if the amounts involved during the tax year between the

filing organization and a particular related tax-exempt organization exceed \$50,000.

Enter the details of each related organization and each transaction type on a separate line of the table. Transactions of a specified type, described in lines 1b through 1s, with a particular organization don't need to be reported if the total amount of transactions of such type during the tax year didn't exceed \$50,000.

**Column (a). Name of related organization.** Enter the full legal name of the related organization.

**Column (b). Transaction type (a–s).** Enter the transaction type (lines 1a through 1s). Aggregate all transactions of the same type with the same related organization.

**Column (c). Amount involved.** The amount involved in a transaction is the **fair market value** of the services, cash, and other assets provided by the filing organization during its **tax year**, or the fair market value received by the filing organization, whichever is higher, regardless of whether the transaction was entered into by the parties in a prior year. Any reasonable method for determining such amount is acceptable.

**Column (d). Method of determining amount involved.** Describe the method used to determine the value of the services, cash, and other assets reported in column (c).

**Split-interest trusts.** If the organization engaged in a type of transaction reportable in Part V, line 2, with one or more split-interest trusts described in section 4947(a)(2), the organization may enter in column (a) the term “Charitable remainder trust,” “Charitable lead trust,” or “Pooled income fund,” as appropriate, instead of the trust's name. For instance, if the organization carried a \$100,000 liability for a loan it received from a related charitable lead trust, it should enter “Charitable lead trust” in column (a), transaction type “e” in column (b), and “\$100,000” in column (c). Multiple transactions of the same type with the same type of split-interest trust may be aggregated on the same line, with the number of each type of trust listed in parentheses. For instance, if the organization received \$60,000 from one related charitable remainder trust as payment for investment services and \$70,000 from another related charitable remainder trust as payment for investment services during the tax year, it may enter “Charitable remainder trusts (2)” in column (a), transaction type “i” in column (b), and “\$130,000” in column (c).

## Part VI. Unrelated Organizations Taxable as a Partnership

In this part, provide information on any **unrelated organization** (an organization that isn't a related organization with respect to the filing organization) that meets all of the following conditions.

1. The unrelated organization is treated as a partnership for federal tax purposes (S corporations are excluded).

2. The filing organization was a partner or member of the unrelated partnership at any time during the filing organization's **tax year**.

3. The filing organization conducted more than 5% of its activities, based on the greater of its **total assets** at the end of its tax year or its total revenue for its tax year, through the unrelated partnership.

In determining the percentage of the filing organization's activities as measured by its total assets, use the amount reported on Form 990, Part X, line 16, column (B), as the denominator, and the filing organization's ending capital account balance for the partnership tax year ending with or within the filing organization's tax year as the numerator (the amount reported on Schedule K-1 (Form 1065) can be used). In determining the percentage of the filing organization's activities as measured by its total revenue, use the amount reported on Form 990, Part VIII, line 12, as the denominator, and the filing organization's distributive share of the partnership's gross revenue for the partnership tax year ending with or within the filing organization's tax year as the numerator.

**Example.** X, a section 501(c)(3) organization, is a partner of Y, an unrelated partnership, which conducts an activity that constitutes an **unrelated trade or business** with respect to X. X's distributive share of Y's total income is \$60,000 for Y's tax year ending with or within X's tax year. X has an ending capital account balance in Y of \$120,000 as reported on Schedule K-1 (Form 1065). X's total revenue and total assets for its tax year are \$1,000,000 and \$1,200,000, respectively. Because X's total assets exceed X's total revenue for its tax year, X must consider total assets in determining whether X conducted more than 5% of its activities through Y for X's tax year. X conducted 10% of its activities through Y, as measured by X's total assets (\$120,000/\$1,200,000), and thus must identify Y in Schedule R (Form 990), Part VI, and provide the required information. If, instead, X's total revenue for its tax year was \$1,300,000, then total revenue would be considered rather than total assets; X's activities conducted through Y, as measured by X's total revenue

(\$60,000/\$1,300,000), wouldn't be greater than 5% of X's total activities, and therefore X wouldn't be required to identify Y in Schedule R (Form 990), Part VI.

Disregard the unrelated partnerships that meet both of the following conditions.

1. 95% or more of the filing organization's total 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)–(3) and (5), such as interest, dividends, royalties, rents, and capital gains (including unrelated debt-financed income).

2. 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.

Enter the details of each organization on separate lines of Part VI.

Some of the information requested in this part is derived from Schedule K-1 (Form 1065) issued to the organization. If the Schedule K-1 isn't available, provide a reasonable estimate of the required information.

**Column (a). Name, address, and EIN.** Enter the unrelated partnership's full legal name, mailing address, and **EIN**.

**Column (b). Primary activity.** Briefly describe the primary business activity conducted, or product or service provided, by the unrelated partnership.

**Column (c). Legal domicile.** List the U.S. state (or **U.S. possession**) or foreign country in which the unrelated partnership is organized (the state or foreign country whose law governs the unrelated partnership's internal affairs).

**Column (d). Predominant income.** Classify the predominant type of income as:

- Related;
- Unrelated; or
- Excluded from tax under section 512, 513, or 514.

In other words, enter one of the three types of income listed above that is more prevalent than the others. For classification purposes, use the definitions set forth in the instructions to the Statement of Revenue in Form 990, Part VIII, columns (B), (C), and (D).

**Column (e). Section 501(c)(3) partners.** Check “Yes” if all the partners of the unrelated partnership (or members of the LLC) are section 501(c)(3) organizations or **governmental units** (or wholly owned subsidiaries of either). Otherwise, check “No.”

**Column (f). Share of total income.** Enter the dollar amount of the filing

organization's distributive share of the related partnership's total income, in accordance with the organization's profits interest as specified by the partnership or LLC agreement, for the related partnership's **tax year** ending with or within the filing organization's tax year. Use the total amount reported by the related partnership on Schedule K-1 (Form 1065) for the partnership's tax year ending with or within the filing organization's tax year (total of Schedule K-1, Part III, lines 1 through 11 and line 18, tax-exempt income).

**Column (g). Share of end-of-year assets.** Enter the dollar amount of the filing organization's distributive share of the unrelated partnership's **total assets**, in accordance with the filing organization's capital interest as specified by the partnership or LLC agreement, as of the end of the unrelated partnership's **tax year** ending with or within the filing organization's tax year. Use the ending capital account reported on Schedule K-1 (Form 1065) for the year ending with or within the filing organization's tax year.

**Column (h). Disproportionate allocations.** Check "Yes" if the interest of the filing organization as a partner of the partnership (or as a member of the LLC) in any item of income, gain, loss, deduction, or credit, or any right to distributions was disproportionate to the organization's investment in such partnership or LLC at any time during the filing organization's **tax year**. Otherwise, check "No."

**Column (i). Code V—UBI amount in box 20 of Schedule K-1 (Form 1065).** Enter the dollar amount, if any, listed as the Code V amount (**unrelated business taxable income**) in box 20 of Schedule K-1 (Form 1065) received from the unrelated partnership for the partnership's **tax year** ending with or within the filing organization's tax year. If no Code V amount is listed in box 20, enter "N/A."

 *If the organization has reason to believe that the stated amount in box 20 is incorrect, it should consult with the partnership. The stated amount in box 20 isn't controlling with*

*respect to the organization's unrelated business income tax liability.*

**Column (j). General or managing partner.** Check "Yes" if the filing organization was at any time during its **tax year** a general partner of an unrelated limited partnership, or a managing partner or managing member of an unrelated general partnership, LLC, or other entity treated as a partnership. Otherwise, check "No."

**Column (k). Percentage ownership.** Enter the filing organization's percentage interest in the profits or in the capital of the related partnership, whichever is greater.

## Part VII. Supplemental Information

Use Part VII if the organization needs space to provide additional information in response to questions in Schedule R (Form 990). In Part VII, identify the specific part and line number that each response supports in the order in which those parts and lines appear on Schedule R (Form 990).

# Form 990-T

Exempt Organization Business Income Tax Return

Form **990-T**

**Exempt Organization Business Income Tax Return  
(and proxy tax under section 6033(e))**

OMB No. 1545-0047

2021

Department of the Treasury  
Internal Revenue Service

For calendar year 2021 or other tax year beginning \_\_\_\_\_, **2021**, and ending \_\_\_\_\_, 20\_\_\_\_\_

▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection  
for 501(c)(3)  
Organizations Only

<b>A</b> <input type="checkbox"/> Check box if address changed.		Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.)	D Employer identification number
<b>B</b> Exempt under section <input type="checkbox"/> 501( ) ( ) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a) <input type="checkbox"/> 529A	Print or Type	Number, street, and room or suite no. If a P.O. box, see instructions.	<b>E</b> Group exemption number (see instructions)
		City or town, state or province, country, and ZIP or foreign postal code	
		C Book value of all assets at end of year . . . . . ▶	Removes check box for applicable reinsurance entity.
		G Check organization type ▶ <input type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust	
		H Check if filing only to ▶ <input type="checkbox"/> Claim credit from Form 8941 <input type="checkbox"/> Claim a refund shown on Form 2439	
		I Check if a 501(c)(3) organization filing a consolidated return with a 501(c)(2) titleholding corporation . . . . . ▶ <input type="checkbox"/>	
		J Enter the number of attached Schedules A (Form 990-T) . . . . . ▶	
		K During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ <input type="checkbox"/> Yes <input type="checkbox"/> No If "Yes," enter the name and identifying number of the parent corporation ▶	
		L The books are in care of ▶	Telephone number ▶

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Part I Total Unrelated Business Taxable Income	
1 Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions) . . . . .	1
2 Reserved . . . . .	2
3 Add lines 1 and 2 . . . . .	3
4 Charitable contributions (see instructions for limitation rules) . . . . .	4
5 Total unrelated business taxable income before net operating losses. Subtract line 4 from line 3 . . . . .	5
6 Deduction for net operating loss. See instructions . . . . .	6
7 Total of unrelated business taxable income before specific deduction and section 199A deduction. Subtract line 6 from line 5 . . . . .	7
8 Specific deduction (generally \$1,000, but see instructions for exceptions) . . . . .	8
9 <b>Trusts.</b> Section 199A deduction. See instructions . . . . .	9
10 <b>Total deductions.</b> Add lines 8 and 9 . . . . .	10
11 <b>Unrelated business taxable income.</b> Subtract line 10 from line 7. If line 10 is greater than line 7, enter zero . . . . .	11
Part II Tax Computation	
1 <b>Organizations taxable as corporations.</b> Multiply Part I, line 11 by 21% (0.21) . . . . . ▶	1
2 <b>Trusts taxable at trust rates.</b> See instructions for tax computation. Income tax on the amount on Part I, line 11 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041) . . . . . ▶	2
3 <b>Proxy tax.</b> See instructions . . . . . ▶	3
4 Other tax amounts. See instructions . . . . .	4
5 Alternative minimum tax (trusts only) . . . . .	5
6 <b>Tax on noncompliant facility income.</b> See instructions . . . . .	6
7 <b>Total.</b> Add lines 3 through 6 to line 1 or 2, whichever applies . . . . .	7

Part III Tax and Payments

Removes reference to Form 965-B.

Form 990-T Part III Tax and Payments table with lines 1a through 11. Includes fields for credits, tax, and payments.

Part IV Statements Regarding Certain Activities and Other Information (see instructions)

Form 990-T Part IV Statements Regarding Certain Activities and Other Information table with questions 1 through 6a and 6b.

Previously Line 4a and b.

Part V Supplemental Information

Provide the explanation required by Part IV, line 6b. Also, provide any other additional information. See instructions.

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 taxpayer) is based on all information of which preparer has any knowledge.

Sign Here section with signature line, date, title, and a box for IRS discussion.

Paid Preparer Use Only section with fields for name, signature, date, firm name, EIN, and address.

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# Schedule A (Form 990-T)

Unrelated Business Taxable Income for Unrelated  
Trade or Business

**SCHEDULE A  
(Form 990-T)**

Department of the Treasury  
Internal Revenue Service

**Unrelated Business Taxable Income  
From an Unrelated Trade or Business**

▶ Go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information.  
 ▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

OMB No. 1545-0047

2021

Open to Public Inspection for  
501(c)(3) Organizations Only

<b>A</b> Name of the organization	<b>B</b> Employer identification number
<b>C</b> Unrelated business activity code (see instructions) ▶	<b>D</b> Sequence: _____ of _____

**E** Describe the unrelated trade or business ▶

Part I	Unrelated Trade or Business Income	(A) Income	(B) Expenses	(C) Net
<b>1a</b>	Gross receipts or sales _____			
<b>b</b>	Less returns and allowances _____ <b>c</b> Balance ▶	<b>1c</b>		
<b>2</b>	Cost of goods sold (Part III, line 8) . . . . .	<b>2</b>		
<b>3</b>	Gross profit. Subtract line 2 from line 1c . . . . .	<b>3</b>		
<b>4a</b>	Capital gain net income (attach Sch D (Form 1041 or Form 1120)). See instructions . . . . .	<b>4a</b>		
<b>b</b>	Net gain (loss) (Form 4797) (attach Form 4797). See instructions . . . . .	<b>4b</b>		
<b>c</b>	Capital loss deduction for trusts . . . . .	<b>4c</b>		
<b>5</b>	Income (loss) from a partnership or an S corporation (attach statement) . . . . .	<b>5</b>		
<b>6</b>	Rent income (Part IV) . . . . .	<b>6</b>		
<b>7</b>	Unrelated debt-financed income (Part V) . . . . .	<b>7</b>		
<b>8</b>	Interest, annuities, royalties, and rents from a controlled organization (Part VI) . . . . .	<b>8</b>		
<b>9</b>	Investment income of section 501(c)(7), (9), or (17) organizations (Part VII) . . . . .	<b>9</b>		
<b>10</b>	Exploited exempt activity income (Part VIII) . . . . .	<b>10</b>		
<b>11</b>	Advertising income (Part IX) . . . . .	<b>11</b>		
<b>12</b>	Other income (see instructions; attach statement) . . . . .	<b>12</b>		
<b>13</b>	<b>Total.</b> Combine lines 3 through 12 . . . . .	<b>13</b>		

Part II	Deductions Not Taken Elsewhere	See instructions for limitations on deductions. Deductions must be directly connected with the unrelated business income	
<b>1</b>	Compensation of officers, directors, and trustees (Part X) . . . . .	<b>1</b>	
<b>2</b>	Salaries and wages . . . . .	<b>2</b>	
<b>3</b>	Repairs and maintenance . . . . .	<b>3</b>	
<b>4</b>	Bad debts . . . . .	<b>4</b>	
<b>5</b>	Interest (attach statement). See instructions . . . . .	<b>5</b>	
<b>6</b>	Taxes and licenses . . . . .	<b>6</b>	
<b>7</b>	Depreciation (attach Form 4562). See instructions . . . . .	<b>7</b>	
<b>8</b>	Less depreciation claimed in Part III and elsewhere on return . . . . .	<b>8a</b>	<b>8b</b>
<b>9</b>	Depletion . . . . .	<b>9</b>	
<b>10</b>	Contributions to deferred compensation plans . . . . .	<b>10</b>	
<b>11</b>	Employee benefit programs . . . . .	<b>11</b>	
<b>12</b>	Excess exempt expenses (Part VIII) . . . . .	<b>12</b>	
<b>13</b>	Excess readership costs (Part IX) . . . . .	<b>13</b>	
<b>14</b>	Other deductions (attach statement) . . . . .	<b>14</b>	
<b>15</b>	<b>Total deductions.</b> Add lines 1 through 14 . . . . .	<b>15</b>	
<b>16</b>	Unrelated business income before net operating loss deduction. Subtract line 15 from Part I, line 13, column (C) . . . . .	<b>16</b>	
<b>17</b>	Deduction for net operating loss. See instructions . . . . .	<b>17</b>	
<b>18</b>	<b>Unrelated business taxable income.</b> Subtract line 17 from line 16 . . . . .	<b>18</b>	

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**Part III Cost of Goods Sold** Enter method of inventory valuation ►

<b>1</b>	Inventory at beginning of year . . . . .	<b>1</b>	
<b>2</b>	Purchases . . . . .	<b>2</b>	
<b>3</b>	Cost of labor . . . . .	<b>3</b>	
<b>4</b>	Additional section 263A costs (attach statement) . . . . .	<b>4</b>	
<b>5</b>	Other costs (attach statement) . . . . .	<b>5</b>	
<b>6</b>	<b>Total.</b> Add lines 1 through 5 . . . . .	<b>6</b>	
<b>7</b>	Inventory at end of year . . . . .	<b>7</b>	
<b>8</b>	<b>Cost of goods sold.</b> Subtract line 7 from line 6. Enter here and in Part I, line 2 . . . . .	<b>8</b>	
<b>9</b>	Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization? <input type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b>		

**Part IV Rent Income (From Real Property and Personal Property Leased with Real Property)**

**1** Description of property (property street address, city, state, ZIP code). Check if a dual-use. See instructions.

**A**  \_\_\_\_\_

**B**  \_\_\_\_\_

**C**  \_\_\_\_\_

**D**  \_\_\_\_\_

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>2</b> Rent received or accrued				
<b>a</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%) . . . . .				
<b>b</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income) . . . . .				
<b>c</b> Total rents received or accrued by property. Add lines 2a and 2b, columns A through D . . . . .				
<b>3</b> Total rents received or accrued. Add line 2c columns A through D. Enter here and on Part I, line 6, column (A) ►	_____			
<b>4</b> Deductions directly connected with the income in lines 2(a) and 2(b) (attach statement) . . . . .				
<b>5</b> <b>Total deductions.</b> Add line 4 columns A through D. Enter here and on Part I, line 6, column (B) . . . . .	_____			

**Part V Unrelated Debt-Financed Income** (see instructions)

**1** Description of debt-financed property (street address, city, state, ZIP code). Check if a dual-use. See instructions.

**A**  \_\_\_\_\_

**B**  \_\_\_\_\_

**C**  \_\_\_\_\_

**D**  \_\_\_\_\_

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
<b>2</b> Gross income from or allocable to debt - financed property . . . . .				
<b>3</b> Deductions directly connected with or allocable to debt-financed property				
<b>a</b> Straight line depreciation (attach statement) . . . . .				
<b>b</b> Other deductions (attach statement) . . . . .				
<b>c</b> Total deductions (add lines 3a and 3b, columns A through D) . . . . .				
<b>4</b> Amount of average acquisition debt on or allocable to debt - financed property (attach statement) . . . . .				
<b>5</b> Average adjusted basis of or allocable to debt-financed property (attach statement) . . . . .				
<b>6</b> Divide line 4 by line 5 . . . . .	%	%	%	%
<b>7</b> Gross income reportable. Multiply line 2 by line 6				
<b>8</b> <b>Total gross income</b> (add line 7, columns A through D). Enter here and on Part I, line 7, column (A) . . . . .	_____			
<b>9</b> Allocable deductions. Multiply line 3c by line 6				
<b>10</b> <b>Total allocable deductions.</b> Add line 9, columns A through D. Enter here and on Part I, line 7, column (B) ►	_____			
<b>11</b> <b>Total dividends - received deductions</b> included in line 10 . . . . .	_____			

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**Part VI Interest, Annuities, Royalties, and Rents from Controlled Organizations** (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				

Add columns 5 and 10. Enter here and on Part I, line 8, column (A)

Add columns 6 and 11. Enter here and on Part I, line 8, column (B)

**Totals** . . . . . ▶

**Part VII Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach statement)	4. Set-asides (attach statement)	5. Total deductions and set-asides (add columns 3 and 4)
(1)				
(2)				
(3)				
(4)				

Add amounts in column 2. Enter here and on Part I, line 9, column (A)

Add amounts in column 5. Enter here and on Part I, line 9, column (B)

**Totals** . . . . . ▶

**Part VIII Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

<b>1</b> Description of exploited activity: _____	
<b>2</b> Gross unrelated business income from trade or business. Enter here and on Part I, line 10, column (A)	<b>2</b>
<b>3</b> Expenses directly connected with production of unrelated business income. Enter here and on Part I, line 10, column (B)	<b>3</b>
<b>4</b> Net income (loss) from unrelated trade or business. Subtract line 3 from line 2. If a gain, complete lines 5 through 7	<b>4</b>
<b>5</b> Gross income from activity that is not unrelated business income	<b>5</b>
<b>6</b> Expenses attributable to income entered on line 5	<b>6</b>
<b>7</b> Excess exempt expenses. Subtract line 5 from line 6, but do not enter more than the amount on line 4. Enter here and on Part II, line 12	<b>7</b>

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**Part IX Advertising Income**

**1** Name(s) of periodical(s). Check box if reporting two or more periodicals on a consolidated basis.

- A**
- B**
- C**
- D**

Enter amounts for each periodical listed above in the corresponding column.

	A	B	C	D
<b>2</b> Gross advertising income . . . . .				
<b>a</b> Add columns A through D. Enter here and on Part I, line 11, column (A) . . . . .	▶ _____			
<b>3</b> Direct advertising costs by periodical . . . . .				
<b>a</b> Add columns A through D. Enter here and on Part I, line 11, column (B) . . . . .	▶ _____			
<b>4</b> Advertising gain (loss). Subtract line 3 from line 2. For any column in line 4 showing a gain, complete lines 5 through 8. For any column in line 4 showing a loss or zero, do not complete lines 5 through 7, and enter zero on line 8 . . . . .				
<b>5</b> Readership costs . . . . .				
<b>6</b> Circulation income . . . . .				
<b>7</b> Excess readership costs. If line 6 is less than line 5, subtract line 6 from line 5. If line 5 is less than line 6, enter zero . . . . .				
<b>8</b> Excess readership costs allowed as a deduction. For each column showing a gain on line 4, enter the lesser of line 4 or line 7 . . . . .				
<b>a</b> Add line 8, columns A through D. Enter the greater of the line 8a, columns total or zero here and on Part II, line 13 . . . . .	▶ _____			

**Part X Compensation of Officers, Directors, and Trustees** (see instructions)

1. Name	2. Title	3. Percentage of time devoted to business	4. Compensation attributable to unrelated business
<b>(1)</b>		%	
<b>(2)</b>		%	
<b>(3)</b>		%	
<b>(4)</b>		%	

**Total.** Enter here and on Part II, line 1 . . . . . ▶ \_\_\_\_\_

**Part XI Supplemental Information** (see instructions)

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# Form 990-T

Instruction to Form 990-T and Schedule A



# Instructions for Form 990-T

## Exempt Organization Business Income Tax Return (and Proxy Tax Under Section 6033(e))

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

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Moved from 'What's New' to 'Reminders.'

### What's New

**Credit for qualified sick and family leave wages.** The American Rescue Plan Act of 2021 (ARP) provided credits for qualified sick and family leave wages similar to the credits that were previously enacted under the Families First Coronavirus Response Act (FFCRA) and amended and extended by the COVID-related Tax Relief Act of 2020. See the Instructions for Form 941 for more information.

**COVID-19 related employee retention credit.** The employee retention credit enacted by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, and amended by the ARP and other recent legislation, is limited to qualified wages paid before October 1, 2021 (or in the case of wages paid by an eligible employer which is a recovery startup business, before January 1, 2022). See the Instructions for Form 941 for more information.

### Reminders

**Temporary allowance of 100% for business meals.** An organization is allowed a 100% deduction for certain business meal expenses paid or incurred in 2021 and 2022. See *Travel, meals, and entertainment*, later.

**Required electronic filing.** If you are filing a 2021 Form 990-T, you are required to file electronically. See *When, Where, and How To File*, later, for more information.

**Separate UBTI calculation for each trade or business.** Organizations with more than one unrelated trade or business must compute unrelated business taxable income (UBTI), including for purposes of determining any net operating loss deduction, separately with respect to each trade or business. See Schedule A (Form 990-T). The UBTI with respect to any such trade or business shall not be less than zero when computing total UBTI.

**Qualified opportunity investment.** If you deferred a capital gain into a qualified opportunity fund (QOF), attach Schedule D, Form 8949, and Form 8997, Initial and Annual Statement of Qualified Opportunity Fund (QOF) Investments, to your return. You will need to file Form 990-T with Form 8997 attached annually until you dispose of the investment. See the Instructions for Form 8997.

**Qualified business income deduction.** If you are a trust filing Form 990-T and have unrelated business income, you may have Qualified Business Income (QBI) and may be allowed a QBI deduction under section 199A. See Part I, line 9, later, for more information.

**Adjustments to tax attributable to partner's audit liability.** If your organization received Form 8986, Partner's Share of Adjustment(s) to Partnership-Related Item(s), from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, see the instructions for Part II, line 4 and Part III, line 1b.

**Omit SSN information.** Don't include social security numbers on publicly disclosed forms. Because the IRS is required to publicly disclose a 501(c)(3) organization's Form 990-T returns, social security numbers should not be included on this form.

Previously line 7.

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### Future Developments

For the latest information about developments related to Form 990-T and its instructions, such as legislation enacted after they were published, go to [IRS.gov/Form990T](https://www.irs.gov/Form990T).

Removed reminder on net operating loss (NOL) carryback of any NOL arising in a tax year beginning after 2017 and before 2021 to each of the 5 tax years preceding the tax year of the NOL.

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Removed reporting for unrelated business income on reinsurance entities.

Inspection Requirements of Section 501(c)(3) Organizations, later.

## General Instructions

### Purpose of Form

Use Form 990-T and Schedule A (as applicable) to:

- Report unrelated business income;
- Figure and report unrelated business income tax liability;
- Report proxy tax liability;
- Claim a refund of income tax paid by a regulated investment company (RIC) or a real estate investment trust (REIT), on undistributed long-term capital gain; and
- Request a credit for certain federal excise taxes paid or for small employer health insurance premiums paid.

### Who Must File

#### Organizations with Current UBTI

- Any disregarded entity, domestic, or foreign organization exempt under section 501(a), section 529(a), or section 529A(a), if it has gross income of \$1,000 or more from a regularly conducted unrelated trade or business (see Regulations section 1.6012-2(e)). Gross income is gross receipts minus the cost of goods sold (see Regulations section 1.61-3). For a discussion of cost of goods sold see *Schedule A (Form 990-T), Part III. Cost of Goods Sold*, later.



The gross receipts from a gaming business include all amounts wagered in games, not just the net proceeds after payment of prizes and other expenses. Cash prizes aren't included in cost of goods sold but are reported on Schedule A, Part II, Line 14 as other deductions.



A disregarded entity, as described in Regulations sections 301.7701-1 through 301.7701-3, is treated as a branch or division of its parent organization for federal tax purposes. Therefore, financial information applicable to a disregarded entity must be reported as the parent organization's financial information.

- Colleges and universities of states and other governmental units, and subsidiary corporations wholly owned by such colleges and universities. However, a section 501(c)(1) corporation that is an instrumentality of the United States and both organized and exempt from tax by an Act of Congress doesn't have to file.
- Qualified tuition programs described under section 529 that have \$1,000 or more of unrelated trade or business gross income.
- Qualified ABLE programs described under section 529A that have \$1,000 or more of unrelated trade or business gross income.
- Trustees for the following trusts that have \$1,000 or more of unrelated trade or business gross income:
  1. Individual retirement accounts (IRAs), including traditional IRAs described under section 408(a),
  2. Simplified employee pension IRAs (SEP IRAs) described under section 408(k),
  3. Savings incentive match plan for employees of small employers IRAs (SIMPLE IRAs) described under section 408(p),
  4. Roth IRAs described under section 408A,
  5. Coverdell education savings accounts (ESAs) described under section 530,
  6. Archer medical savings accounts (Archer MSAs) described under section 220, and
  7. Health savings accounts (HSAs) described under section 223.

Previously Section 1291 and Recapture tax.

ve is treated as a



separate trust for unrelated business income tax purposes (even if there is a single owner or beneficiary for multiple accounts and must have its own EIN if it will file Form 990-T to report gross unrelated business taxable income of \$1,000 or more). A custodian is treated as a trustee. See section 408(h). Individual retirement annuities, unlike individual retirement accounts, aren't subject to unrelated business income tax.



IRAs and other tax-exempt shareholders in a RIC or REIT filing Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains should complete Form 990-T as explained in IRAs and other tax-exempt shareholders in a RIC or REIT, later.

### Organizations With or Without Current UBTI

**Proxy tax.** Organizations liable for the proxy tax on lobbying and political expenditures. See *Part II, line 3. Proxy Tax*, later, for a discussion of the proxy tax. If your organization is only required to file because of the proxy tax, see *Proxy Tax Only* under *Which Parts To Complete*, later.

**Other taxes or amounts.** Organizations that are liable for other taxes (such as tax deferred under section 1291 (Form 990-T, Part II, line 4) or section 1294 (Part III, line 4)), or organizations liable for other amounts due (or entitled to a refund of, or credit for other amounts such as recapture of tax credits or interest adjustments (such as recapture of a credit or interest due under a look-back rule (Form 990-T, Part III, line 3)). See a discussion of these items later. If your organization is required to file Form 990-T only because of these taxes or other amounts, see *Other Taxes* under *Which Parts To Complete*, later.

**Qualified opportunity investment (annual report).** Organizations that deferred a capital gain into a qualified opportunity fund (QOF) must file Form 990-T with Schedule D, Form 8949, and Form 8997 attached. Each such organization must file Form 990-T with Form 8997 attached annually until the organization disposes of the investment. See the Instructions for Form 8997.



If you are filing Form 990-T only because of the proxy tax, other taxes, or only to claim a refund, go directly to *Proxy Tax Only*, *Other Taxes*, or *Claim for Refund*, later. If you are filing Form 990-T only to claim the credit for small employer health insurance premiums, see the instructions for *Part III, line 6f*, later.

### Which Parts to Complete

#### Organizations with unrelated business taxable income.

Organizations with unrelated business taxable income must complete Form 990-T, and also a separate Schedule A (Form 990-T) for each separate unrelated trade or business. See Regulations section 1.512(a)-6. Complete all Schedules A (Form 990-T) first. See *Instructions for Schedule A*, later.

**Consolidated returns.** The consolidated return provisions of section 1501 don't apply to exempt organizations, except for organizations having title holding companies. If a title holding corporation described in section 501(c)(2) pays any amount of its net income for a tax year to an organization exempt from tax under section 501(a) (or would, except that the expenses of collecting its income exceeded that income), and the corporation and organization file a consolidated return as described below, then treat the title holding corporation as being organized and operated for the same purposes as the other exempt organization (in addition to the purposes described in section 501(c)(2)).

Two organizations exempt from tax under section 501(a), one a title holding company and the other earning income from the

Removed reference to applicable reinsurance entities under the Affordable Care Act of 2010 (ACA), section 1341(c)(1).

first, will be includible corporations for purposes of section 1504(a). If the organizations meet the definition of an affiliated group and the other relevant provisions of chapter 6, then these organizations may file a consolidated return. The parent organization must attach Form 851, Affiliations Schedule, to the consolidated return. For the first year a consolidated return is filed, the title holding company must attach Form 1122, Authorization and Consent of Subsidiary Corporation To Be Included in a Consolidated Income Tax Return. See Regulations section 1.1502-100.

#### Organizations with no unrelated business taxable income.

An organization with no unrelated business taxable income that needs to file Form 990-T should complete and file Form 990-T only. Such an organization does not complete or attach Schedule A (Form 990-T) to its return.

**Proxy tax only.** Organizations that are required to file Form 990-T only because they are liable for the proxy tax on lobbying and political expenditures must complete the following.

- The heading (above Part I) except items J and K;
- Part II, lines 3 and 7;
- Part III;
- Signature area; and
- Attach a statement showing the proxy tax computation.

**Other taxes.** Organizations that are required to file Form 990-T only because they are liable for tax previously deferred (such as under section 1291 or section 1294), recapture taxes, the tax on a hospital organization's non-compliant facility income, or other items listed in the instructions for Part III, line 4, must complete the following.

- The heading above Part I except items J and K;
- The applicable lines of Parts II and III;
- Signature area; and

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Removed instructions for paper filing. The instructions to the 2020 Form 990-T provided these instructions for "limited exceptions" in which filing a paper return was permitted.

because of the recapture of a tax credit, or other items listed in the instructions for Part III, line 3, must complete the following.

- The heading above Part I except items J and K;
- The applicable lines of Parts II and III that require an entry;
- Signature area; and
- Attach all appropriate forms and/or schedules showing the computation of the applicable tax or taxes.

**Claim for refund (including special instructions for IRA trustees).** If your only reason for filing a Form 990-T is to claim a refund, complete the following:

- The heading above Part I except items J and K;
- Enter -0- on Part I, lines 1 and 11, and Part III, line 4;
- Enter the credit or payment on Part III, lines 6a through 6g, as appropriate;
- Part III, lines 7, 10, and 11; and
- Signature area.

For claims described below, follow the additional instructions for that claim.

**IRAs and other tax-exempt shareholders in a RIC or REIT.** If you are an IRA or other tax-exempt shareholder that is invested in a RIC or a REIT and file Form 990-T only to obtain a refund of income tax paid on undistributed long-term capital gains, follow steps above under *Claim for Refund (including special instructions for IRA trustees)*; check the applicable box in item H at the top of Form 990-T; and attach Copy B of Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains.

**Composite Form 990-T.** If you are a trustee of more than one IRA invested in a RIC, you may be able to file a composite Form 990-T to claim a refund of tax under section 852(b) instead of filing a separate Form 990-T for each IRA. See Notice 90-18, 1990-1 C.B. 327, for information on who can file a composite

return. Complete steps above under *Claim For Refund (including special instructions for IRA trustees)* and follow the additional requirements in the notice.

**Backup withholding.** If your only reason for filing Form 990-T is to claim a refund of backup withholding, complete steps above under *Claim for Refund (including special instructions for IRA trustees)* and attach a copy of the Form 1099 showing the withholding.

## When, Where, and How to File

### When to file

**15th day of 4th month or 15th day of 5th month.** An employees' trust defined in section 401(a), an IRA (including SEPs and SIMPLEs), a Roth IRA, a Coverdell ESA, or an Archer MSA must file Form 990-T by the 15th day of the 4th month after the end of its tax year. All other organizations must file Form 990-T by the 15th day of the 5th month after the end of their tax years. If the regular due date falls on a Saturday, Sunday, or legal holiday, file no later than the next business day. If the return is filed late, see *Interest and Penalties*, later.

**Extensions.** Filers may request an automatic extension of time to file Form 990-T by using Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return.

**Amended return.** To correct errors or change a previously filed return, check box F, "Check box if an amended return," at the top of the return. Also, in Part V, "Supplemental Information," include a statement that indicates the line numbers on the original return that were changed and give the reason for each change. Generally, the amended return must be filed within 3 years after the date the original return was due or 3 years after the date the original return was filed, whichever is later.

### Where and How to File

**Electronic filing.** If you are filing a 2021 Form 990-T and you are required to file electronically. For additional information on the electronic filing, visit [IRS.gov/E-file](https://www.irs.gov/e-file).

### Estimated Tax Payments

Generally, an organization filing Form 990-T must make installment payments of estimated tax if its estimated tax (tax minus allowable credits) is expected to be \$500 or more. Both corporate and trust organizations use Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to figure their estimated tax liability. Don't include the proxy tax when computing your estimated tax liability for 2021.

To figure estimated tax, only trusts must take the alternative minimum tax (if applicable) into account. See Form 990-W for more information.

### Depository Method of Tax Payment

The organization must pay any tax due in full by the due date of the return without extension.

### Electronic Deposit Requirement

The organization must deposit all depository taxes (such as employment tax, excise tax, and corporate income tax) electronically. Generally, electronic fund transfers are made using the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at [EFTPS.gov](https://www.eftps.gov), or call 1-800-555-4477 (TTY/TDD 1-800-733-4829). You can also get Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.

**Depositing on time.** For EFTPS deposits to be made timely, the organization must submit the deposit by 8 p.m. Eastern time the day before the deposit is due.

**Same-day wire payment option.** If you fail to submit a deposit transaction on EFTPS by 8 p.m. eastern time the day before the date a deposit is due, you can still make your deposit on time by using the Federal Tax Application (FTA), a same-day federal tax payment system that works in conjunction with EFTPS. Make arrangements with your financial institution ahead of time, noting the institution's availability, deadlines, and costs, if you believe you would ever need the same-day wire payment option. To learn more, visit [IRS.gov/SameDayWire](https://www.irs.gov/SameDayWire).

**Timeliness of deposits.** The IRS will use business days to determine the timeliness of deposits. Business days are any day that isn't a Saturday, Sunday, or legal holiday in the District of Columbia.

## Interest and Penalties

Your organization may be subject to interest and penalty charges if it files a late return or fails to pay tax when due. Generally, the organization isn't required to include interest and penalty charges on Form 990-T because the IRS can figure the amount and bill the organization for it.

**Interest.** Interest is charged on taxes not paid by the original due date for the return even if the organization uses Form 8868 to request an automatic extension of time to file. Interest is also charged on penalties imposed for failure to file, negligence, fraud, substantial valuation misstatements, and substantial understatements of tax from the due date (including extension) to the date of payment. The interest charge is figured at the underpayment rate determined under section 6621.

**Late filing of return.** An organization that fails to file its return when due (including extension of time for filing) is subject to a penalty of 5% of the unpaid tax for each month or part of a month the return is late, up to a maximum of 25% of the unpaid tax. The minimum penalty for a return that is more than 60 days late is the smaller of the tax due or \$435. The penalty won't be imposed if the organization can show that the failure to file on time was due to reasonable cause. If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

**Late payment of tax.** The penalty for late payment of taxes is usually 1/2 of 1% of the unpaid tax for each month or part of a month the tax is unpaid. The penalty can't exceed 25% of the unpaid tax. If you receive a notice about a penalty after you file this return, reply to the notice with an explanation and we will determine if you meet reasonable-cause criteria. Don't include an explanation when you file your return.

**Estimated tax penalty.** An organization that doesn't make estimated tax payments when due may be subject to an underpayment penalty for the period of underpayment. Generally, an organization is subject to this penalty if its tax liability for the tax year is \$500 or more and it didn't make estimated tax payments of at least the smaller of its tax liability for the tax year or 100% of the prior year's tax. See section 6655 for details and exceptions.

**Trust fund recovery penalty.** This penalty may apply if certain excise, income, social security, and Medicare taxes that must be collected or withheld aren't paid to the United States Treasury. These taxes are generally reported on:

- Form 720, Quarterly Federal Excise Tax Return;
- Form 941, Employer's Quarterly Federal Tax Return;
- Form 943, Employer's Annual Federal Tax Return for Agricultural Employees; or
- Form 945, Annual Return of Withheld Federal Income Tax.

The trust fund recovery penalty may be imposed on all persons who are determined by the IRS to have been responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so. The penalty is equal to the unpaid trust fund tax. See the Instructions for Form 720; Pub. 15 (Circular E), Employer's Tax Guide; or Pub. 51 (Circular A), Agricultural Employer's Tax Guide, for details, including the definition of responsible persons.

**Other penalties.** There are also penalties that can be imposed for negligence, substantial understatement of tax, reportable transaction understatements, and fraud. See sections 6662, 6662A, and 6663.

## Other Forms That May Be Required

**Forms W-2 and W-3.** File Form W-2, Wage and Tax Statement, and Form W-3, Transmittal of Wage and Tax Statements, to report wages, tips, other compensation, withheld income taxes, and withheld social security/Medicare taxes for employees.

**Form 461.** Noncorporate taxpayers may need to file Form 461, Limitation on Business Losses. See Form 461 and its instructions.

**Form 720.** File Form 720, Quarterly Federal Excise Tax Return, to report environmental excise taxes, communications and air transportation taxes, fuel taxes, manufacturer's taxes, ship passenger tax, and certain other excise taxes. See *Trust fund recovery penalty*, earlier.

**Form 926.** File Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation, if the organization is required to report certain transfers to foreign corporations under section 6038B.

**Form 940.** File Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, if the organization is liable for FUTA tax.

**Form 941 and Form 943.** File Form 941, Employer's QUARTERLY Federal Tax Return, or Form 943, Employer's Annual Federal Tax Return for Agricultural Employees, to report income tax withheld, and employer and employee social security and Medicare taxes. Also, see *Trust fund recovery penalty*, earlier.

**Form 945.** File Form 945, Annual Return of Withheld Federal Income Tax, to report income tax withheld from nonpayroll distributions or payments, including pensions, annuities, IRAs, gambling winnings, and backup withholding.

**Form 965-A and Form 965-B.** See Form 965-A, Individual Report of Net 965 Tax Liability; and Form 965-B, Corporate and Real Estate Investment Trust (REIT) Report of Net 965 Tax Liability and Electing REIT Report of 965 Amounts; and their respective instructions, for more information.

**Form 1098.** File Form 1098, Mortgage Interest Statement, to report the receipt from any individual of \$600 or more of mortgage interest (including points) in the course of the organization's trade or business and reimbursements of overpaid interest.

**Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA.** Organizations engaged in an unrelated trade or business may be required to:

- File an information return on Forms 1099-A, B, DIV, INT, LTC, MISC, NEC, OID, R, S, and SA;
- Report acquisitions or abandonments of secured property through foreclosure;
- Report proceeds from broker and barter exchange transactions;
- Report certain dividends and distributions;

Removed reference to Form 965.

- Report interest income;
- Report certain payments made on a per diem basis under a long-term care insurance contract, and certain accelerated death benefits;
- Report miscellaneous income (such as payments to providers of health and medical services, and miscellaneous income payments);
- Report nonemployee compensation;
- Report original issue discount;
- Report distributions from retirement or profit-sharing plans, IRAs, SEPs, SIMPLEs, insurance contracts;
- Report proceeds from real estate transactions; and
- Report distributions from an HSA, Archer MSA, or Medicare Advantage MSA.



*When filing the above listed Form 1099 series information returns, the organization must also file Form 1096, Annual Summary and Transmittal of U.S. Information Returns.*

**Form 4466.** File Form 4466, Corporation Application for Quick Refund of Overpayment of Estimated Tax, to apply for a quick refund if the organization overpaid its estimated tax for the year by at least 10% of its expected income tax liability and at least \$500.

**Form 5498.** File Form 5498, IRA Contribution Information, to report contributions (including rollover contributions) to any IRA, including a SEP, SIMPLE, Roth IRA, and to report Roth IRA conversions, IRA recharacterizations, and the fair market value (FMV) of the account.

**Form 5498-ESA.** File Form 5498-ESA, Coverdell ESA Contribution Information, to report contributions (including rollover contributions) to a Coverdell education savings account (ESA).

**Form 5498-SA.** File Form 5498-SA, HSA, Archer MSA, or Medicare Advantage MSA Information, to report contributions to an HSA or Archer MSA and the fair market value of an HSA, Archer MSA, or Medicare Advantage MSA. See the Instructions for Forms 1099-SA and 5498-SA.

**Form 5713.** File Form 5713, International Boycott Report, if the organization had operations in, or related to, certain “boycotting” countries.

**Form 5884-C.** File Form 5884-C, Work Opportunity Credit for Qualified Tax-Exempt Organizations Hiring Qualified Veterans, to claim the work opportunity credit for qualified first-year wages paid to qualified veterans who begin working for the organization on or after November 22, 2011, and before January 1, 2026.

**Form 5884-D.** File Form 5884-D, Employee Retention Credit for Certain Tax-Exempt Organizations Affected by Qualified Disasters, to claim the employee retention credit against certain payroll taxes if activities of the organization became inoperable because of damage from a qualified disaster. See the instructions for Form 5884-D for more information.

**Form 6198.** File Form 6198, At-Risk Limitations, if the organization has a loss from an at-risk activity conducted as a trade or business or for the production of income.

**Form 8275 and 8275-R.** Taxpayers and income tax return preparers file Form 8275, Disclosure Statement, and Form 8275-R, Regulation Disclosure Statement, to disclose items or positions taken on a tax return or that are contrary to Treasury regulations (to avoid parts of the accuracy-related penalty or certain preparer penalties).

**Form 8300.** File Form 8300, Report of Cash Payments Over \$10,000 Received in a Trade or Business, if the organization received more than \$10,000 in cash or foreign currency in one

transaction or in a series of related transactions. See Form 8300 and Regulations section 1.60501-1(c).

**Form 8582.** File Form 8582, Passive Activity Loss Limitations, for trusts that have losses (including prior year unallowed losses) from passive activities.

**Form 8697.** File Form 8697, Interest Computation Under the Look-Back Method for Completed Long-Term Contracts, to figure the interest due or to be refunded under the look-back method of section 460(b)(2). The look-back method applies to certain long-term contracts that are accounted for under either the percentage method or the completion-capitalized cost method.

**Form 8810.** File Form 8810, Corporate Passive Activity Loss and Credit Limitations, for closely held corporations that have losses or credits (including prior year unallowed losses and credits) from passive activities.

**Form 8865.** File Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships, if the organization:

1. Controlled a foreign partnership (that is, owned more than a 50% direct or indirect interest in the partnership).
2. Owned at least a 10% direct or indirect interest in a foreign partnership while U.S. persons controlled that partnership.
3. Had an acquisition, disposition, or change in proportional interest in a foreign partnership that:
  - a. Increased its direct interest to at least 10% or reduced its direct interest of at least 10% to less than 10%.
  - b. Changed its direct interest by at least a 10% interest.
4. Contributed property to a foreign partnership in exchange for a partnership interest if:
  - a. Immediately after the contribution, the organization directly or indirectly owned at least a 10% interest in the foreign partnership; or
  - b. The FMV of the property the organization contributed to the foreign partnership in exchange for a partnership interest, when added to other contributions of property made to the foreign partnership by the organization or a related person during the preceding 12-month period, exceeds \$100,000.

Also, the organization may have to file Form 8865 to report certain dispositions by a foreign partnership of property it previously contributed to that foreign partnership if it was a partner at the time of the disposition. See Form 8865 and its separate instructions.

**Form 8886.** File Form 8886, Reportable Transaction Disclosure Statement, to disclose information for each reportable transaction in which the organization participated. Form 8886 must be filed for each tax year that the federal income tax liability of the organization is affected by its participation in the transaction. The organization may have to pay a penalty if it is required to file Form 8886 but doesn't do so. The following are reportable transactions.

- Any listed transaction that is the same as, or substantially similar to tax avoidance transactions identified by the IRS.
- Any transaction offered under conditions of confidentiality for which the organization paid an advisor a fee of at least \$250,000.
- Certain transactions for which the organization has contractual protection against disallowance of the tax benefits.
- Any transaction resulting in a loss of at least \$10 million in any single year or \$20 million in any combination of years.
- Certain transactions identified by the IRS in published guidance as a “transaction of interest” (a transaction that the IRS believes has a potential for tax avoidance or evasion, but hasn't yet been identified as a listed transaction).

**Form 8886-T.** File Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, to disclose information with respect to each prohibited tax shelter transaction to which the organization is a party.

**Penalties.** The organization may have to pay a penalty if it is required to disclose a reportable transaction under section 6011 and fails to properly complete and file Form 8886. The penalty is \$50,000 (\$200,000 if the reportable transaction is a listed transaction) for each failure to file Form 8886 with its return or for failure to provide a copy of Form 8886 to the Office of Tax Shelter Analysis (OTSA). Other penalties, such as an accuracy-related penalty under section 6662A, may also apply. See the Instructions for Form 8886 for details.

**Form 8899.** File Form 8899, Notice of Income From Donated Intellectual Property, to report income from qualified intellectual property.

**Form 8925.** File Form 8925, Report of Employer-Owned Life Insurance Contracts, which must be filed by every applicable policyholder owning one or more employer-owned life insurance contracts issued after August 17, 2006.

**Form 8975.** Certain United States persons that are the ultimate parent entity of a United States multinational enterprise group with annual revenue for the preceding reporting period of \$850 million or more are required to file Form 8975. Form 8975 and its Schedules A (Form 8975) must be filed with the income tax return of the ultimate parent entity of a U.S. multinational enterprise group for the tax year in or within which the reporting period covered by Form 8975 ends. For more information, see Form 8975, Schedule A (Form 8975), and the Instructions for Form 8975 and Schedule A (Form 8975).

**Form 8978.** File Form 8978, Partner's Additional Reporting Year Tax, to report adjustments shown on Form 8986, Partner's Share of Adjustment(s) to Partnership-Related Items, received from a partnership that has elected to push out adjustments to partnership-related items to their partners.

**Form 8990.** File Form 8990, Limitation on Business Interest Expense Under Section IRC 163(j), to claim a deduction for business interest unless the taxpayer meets certain specified exceptions. Also, Form 8990 must be filed by any taxpayer that owns an interest in a partnership with current year or prior year carryover excess business interest expense allocated from the partnership.

**Form 8991.** File Form 8991, Tax on Base Erosion Payments of Taxpayers With Substantial Gross Receipts, for any corporation, other than a regulated investment company, a real estate investment trust, or an S corporation, that has average annual gross receipts for the 3-tax-year period ending with the preceding tax year of at least \$500 million.

**Form 8993.** File Form 8993, Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI), for the allowance of a deduction for the eligible percentage of FDII. The deduction is allowed only to domestic corporations (not including real estate investment trusts (REITs), regulated investment companies (RICs), and S corporations).

**Form 8994.** File Form 8994, Employer Credit for Paid Family and Medical Leave, to figure the employer credit for paid leave.

**Form 8995.** Refer to Form 8995, Qualified Business Income Deduction Simplified Computation, if you are a trust filing Form 990-T and have unrelated business income, to determine if you have Qualified Business Income (QBI) and may be allowed a QBI deduction under section 199A. See instructions for line Part I, line 9.

**Form 8995-A.** Refer to Form 8995, Qualified Business Income Deduction Simplified Computation, if you are a trust filing Form 990-T and have unrelated business income, to determine if you have Qualified Business Income (QBI) and may be allowed a QBI deduction under section 199A. See instructions for Part I, line 9.

**Form 8997.** File Form 8997, Initial and Annual Statement of Opportunity Fund Investments, annually to report investments held in a qualified opportunity fund at any time during the year. See the Instructions for Form 8997.

## Accounting Methods

An accounting method, for federal income tax purposes, is a practice a taxpayer follows to determine the 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 an item used in such overall plan. 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, 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.



*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 the 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 generally may 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 generally should use the same accounting method on the Form 990-T 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 generally must 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. See the Instructions for Form 3115 and Pub. 538 for more information and exceptions. See Rev. Proc. 2021-34 for additional procedures that may apply for obtaining automatic consent to change methods of accounting for revenue recognition and certain other methods of accounting that may affect the accounting for revenue recognition. Also see Rev. Proc. 2022-09 for additional procedures that may apply for obtaining automatic consent to change certain methods of accounting related to small businesses.

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. 2019-43, 2019-48 I.R.B. 1107, or its successor, for a list of accounting method changes that may 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 generally must 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 \$1,000 or more 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 (the requirement to file Form 3115) are not applicable. See Rev. Proc. 2015-13 for the definition of what constitutes an accounting method change.

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 its Form 990-T. 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 generally must 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.



*Generally, a taxpayer, including a tax-exempt entity, will recognize a positive section 481(a) adjustment (that is, an increase to income) ratably over four 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.*

An organization may elect a 1-year adjustment period for positive section 481(a) adjustment that is less than \$50,000. See the Instructions for Form 3115 for more information and requirements to make this election.

Include any positive section 481(a) adjustment on Schedule A (Form 990-T), Part I, line 12 (Other income). If the section 481(a) adjustment is negative, report it as a deduction on Schedule A (Form 990-T), Part II, line 14 (Other deductions). The section 481(a) adjustment should not be reported on Form 990-T as a negative number.

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 filing the Form 990-T is not a change in accounting method. In this case, an adjustment under section 481(a) is not required or permitted.

## Accounting Period

The return must be filed using the organization's established annual accounting period. If the organization has no established accounting period, file the return on the calendar-year basis.

To change an accounting period, some organizations may make a notation on a timely filed Form 990, 990-EZ, 990-PF, or 990-T. Others may be required to file Form 1128, Application To Adopt, Change, or Retain a Tax Year. For details on which

procedure applies to your organization, see Rev. Proc. 85-58, 1985-2 C.B. 740, and the Instructions for Form 1128.

For the short period return, figure the tax by placing the organization's taxable income on an annual basis. If the organization changes its accounting period, file Form 990-T for the short period that begins with the first day after the end of the old tax year and ends on the day before the first day of the new tax year. For details, see section 443.

## Reporting 990-T Information on Other Returns

Your organization may be required to file an annual information return on:

- Form 990, Return of Organization Exempt From Income Tax;
- Form 990-EZ, Short Form Return of Organization Exempt From Income Tax;
- Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Nonexempt Charitable Trust Treated as a Private Foundation; or
- Form 5500, Annual Return/Report of Employee Benefit Plan.

If so, include on that information return the unrelated business gross income and expenses (but not including the specific deduction claimed on Part I, line 8, or any expense carryovers from prior years) reported on Form 990-T for the same tax year.

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on the organization's return and schedules. If you do round to whole dollars, you 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 \$1.39 become \$1 and \$2.50 becomes \$3. If you have 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. If you are entering amounts that include cents, make sure to include the decimal point. There is no cents column on the form.

## Public Inspection Requirements of Section 501(c)(3) Organizations

Under section 6104(d), a section 501(c)(3) organization that files Form 990-T must make its entire annual exempt organization business income tax return (including amended returns) available for public inspection. See *Appendix C. Public Inspection of Form 990-T Returns Filed by Section 501(c)(3) Organization*, later.

# Specific Instructions

## Period Covered

File the 2021 form for calendar year 2021 or a fiscal year beginning in 2021 and ending in 2022. For a fiscal year, fill in the tax year information at the top of the form.

The 2021 Form 990-T may also be used if:

- The organization has a tax year of less than 12 months that begins and ends in 2022, and
- The 2022 Form 990-T isn't available at the time the organization is required to file its return. The organization must show its 2022 tax year on the 2021 Form 990-T and take into account any tax law changes that are effective for tax years beginning after 2021.

## Name and Address

The name and address on Form 990-T should be the same as the name and address shown on other Forms 990.

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, show 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 on the street address line "C/O" followed by the third party's name and street address or P.O. box.

**CAUTION** **Change of name.** If the organization has changed its name, it must check the box next to "Name of organization" and also provide the following when filing this return, if it is:

- A corporation, is incorporated with the state or limited liability company treated as a corporation for tax purposes (that is, not a disregarded entity)—an incorporation or articles of incorporation or articles of limited liability company of filing with the state.
- A trust—an amendment to the trust agreement or the trustee(s) signature.
- An association, or an unincorporated association—an amendment to the articles of association, constitution, by-laws, or other organizing document with signatures of at least two officers/members.

New instruction for certain public colleges and universities.

## Items A through L

**Item A.** If the organization has changed its address since it last filed a return, check Item A.

**TIP** If a change in 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 B.** Check the box under which the organization receives its tax exemption.

Qualified pension, profit-sharing, and stock bonus plans should check the 501 box and enter "a" between the first set of parentheses. Do not make an entry in the space between the second parentheses.

For other organizations exempt under section 501, check the box for 501 and enter the section that describes their tax exempt status, for example, 501(c)(3).

For tax exempt organizations that don't receive their exemption under section 501, use the following guide.

IF you are a . . . . .	THEN check this box
IRA, SEP, or SIMPLE	408(e)
Roth IRA	408A
Archer MSA	220(e)
Coverdell ESA	530(a)
Qualified State Tuition Program	529(a)
Qualified ABLE Program	529A

A public college or university that has not obtained recognition of exemption under section 501(c)(3) should not check any box in Item B.

**Item C.** Enter the total of the end-of-year assets from the organization's books of account.

**Item D.** An employees' trust described in section 401(a) and exempt under section 501(a) should enter its own trust identification number in this block.

An IRA trust enters its own EIN in this block. An IRA trust never enters a social security number or the trustee's EIN.

An EIN may be applied for:

- Online—Click on the *Employer ID Numbers (EINs)* link at [IRS.gov/EIN](https://www.irs.gov/EIN). The EIN is issued immediately once the application information is validated.
- By mailing or faxing Form SS-4, Application for Employer Identification Number.

**Note.** Only organizations located in the United States or U.S. possessions can use the online application. Foreign organizations must use one of the other methods to apply for an EIN.

**Item E.** If the organization is covered by a group exemption, enter the group exemption number.

**Item F.** Check this box if the organization previously filed a Form 990-T 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. Also, see *Amended return*, earlier, for information you must include in an amended return.

**Item G.** Check the box that describes your organization.

A public college or university subject to tax on its unrelated business taxable income under section 511(a)(2)(B) should check the box for "501(c) corporation."

"Other trust" includes IRAs, SEPs, SIMPLEs, Roth IRAs, Coverdell IRAs, and Archer MSAs.

Section 529 organizations check the 501(c) corporation or 501(c) trust box depending on whether the organization is a corporation or a trust. Also, the box for 529(a) in Item B must be checked.

**CAUTION** Compute your tax in Part II on the appropriate line. If you check (501(c)) corporation, you must compute your tax on Part II, line 1, and leave line 2 blank. If you check (501(c) trust), (401(a) trust), or (Other trust), you must compute your tax on Part II, line 2, and leave line 1 blank.

**Item H.** Check if filing Form 990-T only to claim a credit from Form 8941 or to claim a refund shown on Form 2439.

**Item I.** Check if you are a 501(c)(3) organization filing a consolidated return with a 501(c)(2) title holding corporation. See *Consolidated returns*, earlier, for additional information.

**Item J.** Enter the total number of Schedules A attached to Form 990-T. An organization with one or more unrelated trades or businesses will complete a separate Schedule A for each unrelated trade or business.

**TIP** Complete all needed Schedules A before completing Parts I through V of Form 990-T.

**Item K.** Check the "Yes," box if your organization is a corporation and either 1 or 2 below applies:

1. The organization is a member of a controlled group (defined in the tax code) and is filing a consolidated return for the tax year.
2. The organization is a member of a controlled group (defined in the tax code) and is filing a parent-subsidiary consolidated return for the tax year (see section 1563).

New instruction for certain public colleges and universities.

**Excluded member.** If the corporation is an "excluded member" of a controlled group (see section 1563(b)(2)), it is still considered a member of a controlled group for purposes of Item K.

**Item L.** Enter the name and address of the person who has the organization's books and records and the telephone number at which he or she can be reached.

Removed instructions for organizations with only one unrelated trade or business.

## Part I. Business Taxable Income

### Line 1. Total of Unrelated Business Taxable Income Computed From all Unrelated Trades or Businesses

Enter the sum of the positive amounts from all Schedules A (Form 990-T), Part II, line 18. Do not include any amount from Schedule A (Form 990-T), Part II, line 18 that is less than zero in the computation of total unrelated trade or business income reported on Part I, line 1.

### Line 2. Reserved

Do not enter any amount on this line.

### Line 4. Charitable Contributions

Enter contributions or gifts actually paid within the tax year to or for the use of charitable and governmental organizations described in section 170(c). Also, enter any unused contributions carried over from earlier years. The deduction for contributions will be allowed whether or not directly connected with the conduct of a trade or business. See *Appendix B, Charitable Contribution Deduction*, later.

### Line 6. Deduction for Net Operating Loss Arising in Tax Years Beginning Before 2018

Enter the smaller of (a) the amount of net operating losses arising in tax years beginning before January 1, 2018, or (b) the amount shown on Part I, line 1.

### Line 8. Specific Deduction

A specific deduction of \$1,000 is allowed except for computing the net operating loss and the net operating loss deduction under section 172.

Only one specific deduction may be taken, regardless of the number of unrelated businesses conducted. However, a diocese, province of a religious order, or convention or association of churches is allowed one specific deduction for each parish, individual church, district, or other local unit that regularly conducts an unrelated trade or business. This applies only to those parishes, districts, or other local units that aren't separate legal entities, but are components of a larger entity (diocese, province, convention, or association). Each specific deduction will be the smaller of \$1,000 or the gross income from any unrelated trade or business the local unit conducts. If you claim a total specific deduction larger than \$1,000, attach a statement showing how you figured the amount. The attached statement should include the name of each local unit, its gross unrelated business income, and its allowable specific deduction (which cannot exceed the smaller of \$1,000 or the local unit's gross unrelated business income).

The diocese, province of a religious order, or convention or association of churches must file a return reporting the gross income and deductions of all its units that aren't separate legal entities. These local units can't file separate returns because they aren't separately incorporated. Local units that are separately incorporated must file their own returns and can't be included with any other entity except for a title holding company. See *Consolidated Returns*, earlier.

For details on the specific deduction, see section 512(b)(12) and the related regulations.

### Line 9. Section 199A Deduction

**For Trust filers only.** If you are a trust filing Form 990-T and have unrelated business income, you may have Qualified

Business Income (QBI) and may be allowed a QBI deduction under section 199A.

Refer to the Instructions for Form 8995, Qualified Business Income Deduction Simplified Computation, or Form 8995-A, Qualified Business Income Deduction, (as applicable) to determine whether you meet the requirements for the QBI deduction and how to complete the applicable form.

For purposes of calculating the QBI deduction, the taxable income before the QBI deduction is the amount reported on Part I, line 7 minus the amount reported on Part I, line 8.

**Note.** For tax years beginning after 2017, the organization determines the unrelated business income separately for each unrelated trade or business, and the income for an unrelated trade or business cannot be less than zero. Since a loss from an unrelated trade or business is not included in the unrelated business taxable income for the tax year due to application of section 512(a)(6), when calculating QBI, omit items of income, gain, deduction, and loss from any unrelated trade or business that operated at a loss. A loss from an unrelated trade or business will be carried forward to future years when the trust has income (or gain that is subject to unrelated business income tax) from the same unrelated trade or business and will be used in those years in calculating the QBI. Additionally, W-2 wages and unadjusted basis immediately after the acquisition (UBIA) of qualified property from an unrelated trade or business that operated at a loss for the current tax year are not used in calculating the limitation on QBI for taxpayers over the threshold.

## Part II. Tax Computation

### Line 1. Organizations Taxable as Corporations

Multiply Part I, line 11 by 21% (0.21).

### Line 2. Trusts

Trusts exempt under section 501(a), which otherwise would be subject to subchapter J (estates, trusts, etc.), are taxed at trust rates. This rule also applies to employees' trusts that qualify under section 401(a). Most trusts figure the tax on the unrelated business taxable income amount on Part I, Line 11 using the Tax Rate Schedule for Trusts, below. If the tax rate schedule is used, enter the tax on Part II, line 2 and check the "Tax rate schedule" box. If the trust is eligible for the rates on net capital gains and qualified dividends, complete Schedule D (Form 1041) and enter on Part II, line 2 the tax from Schedule D (Form 1041). Check the "Schedule D" box on line 2 and attach Schedule D (Form 1041) to Form 990-T.



A trust with more than one unrelated trade or business that computes its tax on Schedule D (Form 1041) may need to adjust the amount entered on Schedule D (Form 1041), Part V, line 22, to include only the net gain from Schedule D (Form 1041), line 18a (column 2) or line 19 (column 2) that is included in income on Part I of Form 990-T.

Updated amounts.

### Tax Rate Schedule for Trusts

If the amount on Part II, line 2, is:		Of the amount over—	
Over—	But not over—	Tax is:	
\$0	\$2,650	10%	\$0
2,650	9,550	\$265 + 24%	2,650
9,550	13,050	1,921 + 35%	9,550
13,050	-----	3,146 + 37%	13,050

### Line 3. Proxy Tax

To pay the section 6033(e)(2) proxy tax on nondeductible lobbying and political expenditures, enter the proxy tax on Part II, line 3 and attach a statement showing the computation.

Exempt organizations, except section 501(c)(3) and certain other organizations, must include certain information regarding lobbying expenditures on Form 990. In addition, organizations may have to provide notices to members regarding their share of dues to which the expenditures are allocable. See the Instructions for Form 990 and Rev. Proc. 98-19, 1998-1 C.B. 547, for exceptions.

If the organization elects not to provide the notices described earlier, it must pay the proxy tax described in section 6033(e)(2). If the organization doesn't include the entire amount of allocable dues in the notices, it may have to pay the proxy tax. This tax isn't applicable to section 501(c)(3) organizations. Figure the proxy tax by multiplying the aggregate amount not included in the notices described earlier by 21%. No deductions are allowed.

#### Line 4. Other Tax Amounts

Part II, line 4 is intended to capture any positive tax amount that does not have a specific line. An MeF (Internet filing) dependency (attachment) captures the detail. Use line 4 to report tax amounts not reported on a specific line in Part II (excluding tax deferred under section 1294, which is included in Part III, line 4).

- Use this line to report the base erosion minimum tax under section 59A. Section 59A applies to base erosion payments paid or accrued in tax years beginning after 2017. See the Instructions for Form 8991 to determine if the organization qualifies as an applicable taxpayer under section 59A(e), in which case the base erosion minimum tax will need to be computed and entered on Part II, line 4.

- Use this line to report the tax and interest on a nonqualified withdrawal from a capital construction fund (section 7518).

- Use this line to report the deferred tax amount (defined in section 1291(c)(1)) that is the aggregate increase in taxes (described in section 1291(c)(2)) on an excess distribution from a passive foreign investment company (PFIC) that is taxable as unrelated business taxable income. See the Instructions for Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

- Use this line to report the increase in tax attributable to partner's audit liability. If your organization received Form 8986 from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978. See the Instructions for Form 8978. Include any increase in taxes due from Form 8978, line 14; in Part II, line 4. If Form 8978 shows a decrease in tax, do not report that here. Instead, a negative adjustment should be reported in Part III on line 1b.

Unless otherwise indicated, when reporting deferred tax on line 4, don't include interest on the tax amount. Instead, report such interest as an "other amount due" in Part III, on line 3. For example, interest on tax deferred under section 1291(c)(1), determined under section 1291(c)(3) is reported in Part III, line 3.

**How to report.** Attach a statement to Part II, line 4 showing (a) a brief description of the type of tax, and (b) the amount. For example, if the organization is reporting \$100 of tax due from an increase in tax attributable to a partner's audit liability (Form 8978), the attachment would show "Form 8978" and "\$100."

#### Line 5. Alternative Minimum Tax (Trusts Only)

Only trusts liable for tax on unrelated business taxable income may be liable for alternative minimum tax on certain adjustments and tax preference items.

Trusts attach Schedule I (Form 1041), Alternative Minimum Tax—Estates and Trusts, and enter any tax from Schedule I on this line.

#### Line 6. Tax on Noncompliant Facility Income

There is a tax on a hospital organization's non-compliant facility income. See Regulations section 1.501(r)-2 for more information. This tax is an income tax and is separate from the excise tax on a failure to meet the community health needs assessment requirements of section 501(r)(3) that is reported on Form 4720.

#### Line 7. Total

Add Part II, lines 3, 4, 5, and 6 to Part II, line 1 or 2, whichever applies.

### Part III. Tax and Payments

#### Line 1a. Foreign Tax Credit

- **Corporations.** See Form 1118, Foreign Tax Credit—Corporations, for an explanation of when a corporation can claim this credit for payment of income tax to a foreign country or U.S. possession.

- **Trusts.** See Form 1116, Foreign Tax Credit (Individual, Estate, or Trust), for rules on how the trust computes the foreign tax credit.

Complete the form that applies to the organization and attach the form to its Form 990-T. Enter the credit on this line.

#### Line 1b. Other Credits

Use line 1b to enter nonrefundable credits not identified elsewhere in Part III, line 1. Attach a statement that lists the applicable form and the amount of the credit. Such credits may include:

- Any qualified electric vehicle passive activity credits from prior years allowed for the current tax year from Form 8834, Qualified Electric Vehicle Credit, line 7. Attach Form 8834.

- The allowable credits from Form 8912, Credit to Holders of Tax Credit Bonds, line 12.

- If your organization received Form 8986 from one or more partnerships that have elected to push out adjustments to partnership-related items to their partners, complete and attach Form 8978. See the Instructions For Form 8978. Enter the amount of any decrease in taxes due from Form 8978, line 14.

#### Line 1c. General Business Credit

Enter the organization's total general business credit (excluding the work opportunity credit, employee retention credit, the empowerment zone employment credit, the Indian employment credit, and the credit for employer differential wage payments). Additionally, in some cases, certain general business credits should not be claimed if the seller of the property discloses to the organization that the seller intends to claim the credit and discloses the tentative amount of the credit. These include the qualified electric vehicle credit, the alternative motor vehicle credit, the alternative fuel vehicle refueling property credit, and the qualified plug-in electric drive motor vehicle credit.

The organization is required to file Form 3800, General Business Credit, to claim any business credit. For a list of credits, see Form 3800. Include the allowable credit from Form 3800, Part II, line 38, on Form 990-T, Part III, line 1c.

**Instructions to report base erosion minimum tax under section 59A and tax and interest on nonqualified withdrawals described in section 7518(g) were formerly included in the instructions to line 3, Part III, meaning these amounts are now reported on a different line. The PFIC instructions are similar to those provided in 2020. The instructions on reporting tax attributable to partner's audit liability are new.**

## Line 1d. Credit for Prior Year Minimum Tax

Use Form 8801 to figure the minimum tax credit and any carryforwards of that credit for trusts. For corporations, use Form 8827.

## Line 1e. Total Credits

Add lines 1a through 1d.

## Line 3. Other Amounts Due

**Recapture of investment credit.** If property is disposed of or ceases to be qualified property before the end of the recapture period or the useful life applicable to the property, there may be a recapture of the credit. See Form 4255, Recapture of Investment Credit.

**Recapture of low-income housing credit.** If the organization disposed of property (or there was a reduction in the qualified basis of the property) for which it took the low-income housing credit, it may owe a tax. See Form 8611, Recapture of Low-Income Housing Credit, and section 42(j) for details.

**Interest due under the look-back method.** If the organization used the look-back method for certain long-term contracts, see Form 8697 for information on figuring the interest the organization may have to include. The organization may also have to include interest due under the look-back method for property depreciated under the income forecast method. See Form 8866, Interest Computation Under the Look-Back Method for Property Depreciated Under the Income Forecast Method.

**Other.** Additional amounts due may be included in the total entered on Part III, line 3. Check the box for "Other" if the organization includes any of items discussed. See *How to report*, below, for details on reporting these amounts on an attached statement.

- Interest on deferred tax attributable to installment sales of certain time-shares and residential lots (section 453(l)(3)) and certain nondealer installment obligations (section 453A(c)).
- Interest due on deferred gain (section 1260(b)).
- If the organization makes the election to be taxed on its income from qualifying shipping activities, complete and attach Form 8902 to Form 990-T. See *Income from qualifying shipping activities*, later.

**How to report.** If the organization checked the "Other" box, attach a statement showing the computation of each item included in the total for Part III, line 3. In addition, identify (a) the applicable Code section or form number, (b) the type of tax or interest, and (c) the amount of tax or interest. For example, if the organization is reporting \$100 of tax due from the recapture of the QEV credit, enter "Section 30-QEV recapture tax-\$100" on the attached statement.

## Line 4. Total Tax

Include any deferred tax on the termination of a section 1294 election applicable to shareholders in a qualified electing fund in the amount entered on Part III, line 4. See Form 8621, Part VI, and *How to report*, later.

Subtract from the total entered on Part III, line 4 any deferred tax on the corporation's share of undistributed earnings of a qualified electing fund (see Form 8621, Part III).

**How to report** Attach a statement showing the computation of each item included in, or subtracted from, the total on Part III, line 4. Specify (a) the applicable Code section, (b) the type of tax, and (c) the amount of tax.

## Line 5. Section 965

**Corporations.** For tax years 2021 and later, a corporation will not have any section 965(a) inclusions to report. If the organization elected to pay its section 965 net tax liability in

installments, the organization should attach Form 965-B to Form 990-T. However, the current year installment should be paid with a separate voucher (which will be mailed to the organization in advance of the payment due date). Do not include the current year installment in the Tax and Payments computation in Part III.

**Trust.** A trust that has "net 965 tax liability" for the current tax year (as described in the Instructions for Form 965-A) should enter on line 5, the amount from the current year line on Form 965-A, Part II, column (k). If the trust has no net 965 tax liability for the current tax year, but has elected to pay its section 965 net tax liability in installments, the trust should attach Form 965-A to Form 990-T, but should not include the current year installment in the Tax and Payments computation in Part III (as described above for corporations).

## Line 6b. Estimated Tax Payments

Enter the total estimated tax payments made for the tax year.

If an organization is the beneficiary of a trust, and the trust makes a section 643(g) election to credit its estimated tax payments to its beneficiaries, include the organization's share of the estimated tax payment in the total amount entered here. Attach a statement showing the amount of the section 643(a)

Base erosion minimum tax under section 59A and tax and interest on nonqualified withdrawals described in section 7518(g) were moved to the the instructions to line 4, Part II, meaning these amounts are now reported on a different line.

Withholding, or another form which verifies the withheld tax reported on Part III, line 6d.

## Line 6e. Backup Withholding

Recipients of dividend or interest payments must generally certify their correct tax identification number to the bank or other payer on Form W-9. If the payer doesn't get this information, it must withhold part of the payments as "backup withholding." If your organization was subject to erroneous backup withholding because the payer didn't realize you were an exempt organization and not subject to this withholding, you can claim credit for the amount withheld by including it on Part III, line 6e. See *Backup withholding* under *Which Parts To Complete*, earlier.

## Line 6f. Credit for Small Employer Health Insurance Premiums

An organization described in section 501(c) which is exempt from tax under section 501(a) may be eligible to claim the refundable small employer tax credit for a percentage of certain health insurance premiums paid on behalf of its employees.

A tax-exempt eligible small employer can request the refundable credit by attaching Form 8941, Credit for Small Employer Health Insurance Premiums, showing the calculation for the amount of the refundable credit claimed. A tax-exempt organization is eligible for the refundable credit if it is an organization that is described in section 501(c) which is exempt from tax under section 501(a). The organization must keep records to substantiate the amount of the credit claimed.

**TIP** If a tax-exempt eligible small employer is filing Form 990-T only to request a credit for small employer health insurance premiums paid, complete the following steps.

1. Fill in the heading (the area above Part I) except items J and K. Check the box for "Claim credit from Form 8941" in Item H.

2. Enter -0- on Part I, line 11, and Part III, line 4.

3. Enter the credit from Form 8941, line 20, on Part III, line 6f.
4. Complete Part III, lines 7, 10, 11, and the signature area.

## Line 6g. Other Credits and Payments

Check the appropriate box(es) and enter:

- From Form 2439, Notice to Shareholder of Undistributed Long-Term Capital Gains, the credit from a regulated investment company (RIC) or a real estate investment trust (REIT). Also, attach Form 2439. If you are filing a composite Form 990-T, see *Composite Form 990-T* under *Which Parts To Complete*, earlier.
- From Form 4136, the credit for federal tax paid on fuels. Also, attach Form 4136, Credit for Federal Tax Paid on Fuels, if the organization qualifies to claim this credit.
- The credit for ozone-depleting chemicals. Include any credit the organization is claiming under section 4682(g) for taxes paid on chemicals used as propellants in metered-dose inhalers.
- The amount of current year net section 965 tax liability. For a trust, this amount will be from Form 965-A, Part I, column (d), line 4.

After entering these amounts in the appropriate spaces, add them all together and enter the total on Part III, line 6g.

**TIP** Form 8849, Claim for Refund of Excise Taxes, may be used to claim a periodic refund of excise taxes instead of waiting to claim a credit on Form 4136. See the Instructions for Form 8849 and Pub. 510, Excise Taxes (Including Fuel Tax Credits and Refunds).

## Line 8. Estimated Tax Penalty

Use Form 2220, Underpayment of Estimated Tax by Corporations, to see if the organization owes a penalty and its amount. Generally, the organization isn't required to file this form because the IRS can figure the amount of any penalty and notify the organization. However, even if the organization doesn't owe the penalty, you must complete and attach Form 2220 if either of the following applies.

- The annualized income or adjusted seasonal installment method is used.
- The organization is a "large organization" computing its first required installment based on the prior year's tax.

If you attach Form 2220, check the box on Form 990-T, Part III, line 8, and enter the amount of any penalty on this line.

## Line 9. Tax Due

You must pay the tax in full when the return is filed. You may pay by EFTPS. For more information about EFTPS, see *Electronic Deposit Requirement*, earlier. Also, you may pay by credit or debit card.

**To pay by credit or debit card.** For information on paying your taxes electronically, including by credit or debit card, go to [IRS.gov/E-pay](https://www.irs.gov/E-pay).

## Part IV. Statements Regarding Certain Activities and Other Information

### Complete all lines in Part IV

#### Line 1

Check "Yes," if either item 1 or 2 below applies.

1. At any time during the 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 year; and

2. The accounts were not with a U.S. primary 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, earlier.

If the "Yes" box is checked, write the name of the foreign country or countries. If the list of foreign country names will not fit in the available space, continue the list in Part V, Supplemental Information.

Get FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to see if the organization is considered to have 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). If the organization is required to file this form, file FinCEN Form 114 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-T.

See [www.fincen.gov](https://www.fincen.gov) for more information.

#### Line 2

The organization may be required to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts, if:

- It directly or indirectly transferred money or property to a foreign trust. For this purpose, any U.S. person who created a foreign trust is considered a transferor; or
- It is treated as the owner of any part of the assets of a foreign trust under the grantor trust rules.

See the Instructions for Form 3520.



An owner of a foreign trust must ensure that the trust files an annual information return on Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner. For details, see the Instructions for Form 3520-A.

#### Line 3

Report any tax-exempt interest received or accrued in the space provided. Include any exempt-interest dividends received as a shareholder in a mutual fund or other regulated investment company.

#### Line 4

Use line 4 to show the amount of the NOL carryover to the tax year from tax years prior to 2018 ("pre-2018 NOL"), even if some of the loss is used to offset income on this return. The amount to enter is the total of all pre-2018 NOLs generated in any year prior to 2018, and not used to offset income (either as a carryback or carryover) to a tax year prior to 2021. Do not reduce the amount by any NOL deduction reported on Part I, line 6.



The electronic (Modernized e-File) version of Form 990-T refers to a deduction taken on Part I, line 4. The reference should be to Part I, line 6.

#### Line 5

Use the table in line 5 to show the amount of each NOL carryover from tax years after 2017 that is attributable to each separate trade or business conducted at any time after 2017 ("siloes post-2017 NOL") to the tax year. Include the NOL for each separate trade or business conducted after 2017, even if a Schedule A for any one or more specific trades or businesses is not included with this return for this tax year. Report the full amount of the available NOL for each separate trade or business, even if some of the loss is used to offset income

reported on a Schedule A filed for that separate trade or business on this return.

In the first column under line 5, identify the business activity code to which each NOL relates. In the second column, enter the total amount of each siloed post-2017 NOL generated in any prior year after 2017 and not used to offset income (either as a carryback or carryover) to a tax year prior to 2021. Do not reduce the amount by any NOL deduction reported on Schedule A, Part II, line 17. See *Separate Trades or Businesses*, later, for information about changing the business activity code associated with a particular trade or business, and the effect of such a change on NOLs.

## Line 6

Line 4 in 2020.

Generally, the organization must file Form 3115, Application for Change in Accounting Method, to change its accounting method. An exception applies where a section 501(c) organization changes its accounting method to comply with the Financial Accounting Standards Board (FASB) Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958). See Notice 96-30, 1996-1 C.B. 378.

## Part V. Supplemental Information

Use Part V to provide the IRS with narrative information required for responses to specific questions on Form 990-T, and to explain the organization's operations or responses to various questions.

### Signature

**Corporations.** The return must be signed and dated by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or by any other corporate officer (such as a tax officer) authorized to sign. Receivers, trustees, or assignees must also sign and date any return filed on behalf of the organization.

**Trusts.** The return must be signed and dated by the individual fiduciary, or by the authorized officer of the trust receiving or having custody or control and management of the income of the trust. If two or more individuals act jointly as fiduciaries, any one of them may sign.

**Special rule for IRA trusts.** A trustee of IRA trusts may use a facsimile signature if all of the following conditions are met.

- Each group of returns sent to the IRS must be accompanied by a letter signed by the person authorized to sign the returns declaring, under penalties of perjury, that the facsimile signature appearing on the returns is the signature adopted by that person to sign the returns filed and that the signature was affixed to the returns by that person or at that person's direction.
- The letter must also list each return by the name and EIN of the IRA trust.
- After the facsimile signature is affixed, no entries on the return may be altered other than to correct discernible arithmetic errors.
- A manually signed copy (of the letter submitted to the IRS with the returns and a record of any arithmetic errors corrected) must be retained on behalf of the IRA trusts listed in the letter and it must be available for inspection by the IRS.

**Paid preparer.** If an officer of the organization filled in its return, the paid preparer's space should remain blank. Anyone who prepares the return but doesn't charge the organization should not sign the return. Certain others who prepare the return should not sign. For example, a regular, full-time employee of the organization, such as a clerk, secretary, etc. should not sign.

Generally, anyone who is paid to prepare the organization's tax return must sign it and fill in the *Paid Preparer Use Only* area.

The paid preparer must complete the required preparer information.

- Sign the return in the space provided for the preparer's signature.
- Give a copy of the return to the organization.

**Note.** A paid preparer may sign original returns, amended returns, or requests for filing extension by rubber stamp, mechanical device, or computer software program. Also, facsimile signatures are authorized.

**Paid preparer authorization.** If the organization wants to allow the IRS to discuss this tax return with the paid preparer who signed it, check the "Yes" box in the signature area of the return. This authorization applies only to the individual whose signature appears in the *Paid Preparer Use Only* section of its return. It doesn't apply to the firm, if any, shown in that section.

If the "Yes," box is checked, the organization is authorizing the IRS to call the paid preparer to:

- Give the IRS any information that is missing from its return,
- Call the IRS for information about the processing of its return or the status of its refund or payment(s), and
- Respond to certain IRS notices that the organization has shared with the preparer about a math error, offsets, and return preparation. The notices won't be sent to the preparer.

The organization isn't authorizing the paid preparer to receive any refund check, bind the organization to anything (including any additional tax liability), or otherwise represent the organization before the IRS. If the organization wants to expand the paid preparer's authorization, see Pub. 947, Practice Before the IRS and Power of Attorney.

The authorization can't be revoked. However, the authorization will automatically end no later than the due date (excluding extension) for filing next year's Form 990-T.



Enter the paid preparer's PTIN, not his or her social security number (SSN), in the "PTIN" box in the paid preparer's block. Because Form 990-T is publicly disclosable when filed by a 501(c)(3) organization, any information entered in this block will be publicly disclosed. For more information about PTIN's, visit the IRS website at [IRS.gov/Taxpros](https://www.irs.gov/Taxpros).

## General Instructions – Schedule A (Form 990-T)

### Purpose of the Schedule

Complete a separate Schedule A to report income and allowable deduction for each separate unrelated trade or business.

### Separate Trades or Businesses

An exempt organization may engage in more than one unrelated trade or business. Prior to the enactment of section 512(a)(6), an exempt organization deriving gross income from the regular conduct of two or more unrelated trades or businesses calculated UBTI by determining its aggregate gross income from all such unrelated trades or businesses and reducing that amount by the aggregate deductions allowed with respect to all such unrelated trades or businesses. However, section 512(a)(6) changed this calculation for exempt organizations with more than one unrelated trade or business so that, in the case of any exempt organization with more than one unrelated trade or business:

- UBTI, including for purposes of determining any NOL deduction, shall be computed separately with respect to each trade or business and without regard to section 512(b)(12) (allowing a specific deduction of \$1,000),

- The UBTI of such exempt organization shall be the sum of the UBTI so computed with respect to each trade or business, less a specific deduction under section 512(b)(12); and
- For purposes of section 512(a)(6)(B), UBTI with respect to any such trade or business shall not be less than zero.

Thus, under section 512(a)(6), an exempt organization is no longer permitted to aggregate income and deductions from all unrelated trades or businesses when calculating UBTI.

An organization determines whether it regularly carries on one or more unrelated trades or businesses by applying sections 511 through 514. Identify each separate trade or business using the first two digits of the North American Industry Classification System code (NAICS 2-digit code) that most accurately describes the unrelated trade or business based on the more specific NAICS code, such as at the 6-digit level. Identify activities in the nature of investments, which are not described in NAICS, using the appropriate business activity code described in Non-NAICS Business Activity Codes, later.

An organization will use each NAICS 2-digit code only once. For example, a hospital organization that operates several hospital facilities that include pharmacies that sell goods to the general public, would include all the pharmacies under the NAICS 2-digit code for retail trade, regardless of whether the hospital organization keeps separate books and records for each pharmacy.

Once a 2-digit NAICS code or business activity code is used for an unrelated trade or business, you should continue to use that same code in subsequent tax years. If it is necessary to change the 2-digit NAICS code or business activity code previously used for an unrelated trade or business, you must report the change in a statement attached to the Schedule A on which the activities are reported. The statement should include (1) the 2-digit NAICS code or business activity code used in the previous tax year, (2) the 2-digit NAICS code or business activity code used this year and, if filing more than one Schedule A, the sequence numbers from Item D of the applicable Schedule A, and (3) a narrative explanation describing the reason for the change.



See regulations section 1.512(a)-6(h)(4) regarding the potential effects on net operating loss carryforwards upon a change of the 2-digit NAICS code for an unrelated trade or business.



Regulations section 1.512(a)-6(c)(9) describes a transition rule for certain partnership interests. The transition period ended on the first day of the first tax year beginning after December 2, 2020.

## Dual-use property

Section 512(a)(1) permits an exempt organization with an unrelated trade or business to reduce the income from that trade or business by the deductions allowed by chapter 1 that are directly connected with the carrying on of such trade or business. To be “directly connected” with a trade or business, an item of deduction must have a proximate and primary relationship to the carrying on of the unrelated trade or business generating the gross income. See Regulations section 1.512(a)-1(a). Expenses, depreciation, and similar items attributable solely to the conduct of an unrelated trade or business are proximately and primarily related to that trade or business and qualify to reduce income from such trade or business under section 512(a)(1) to the extent such items meet the requirements of sections 162 (trade or business expenses), 167 (depreciation), and other relevant provisions. To the extent

that an exempt organization may have items of deduction that are shared between an exempt activity and an unrelated trade or business, Regulations section 1.512(a)-1(c) provides special rules for allocating such expenses. For example, if facilities are used both to carry on exempt activities and to conduct unrelated trade or business activities, then expenses, depreciation, and similar items attributable to such facilities must be allocated on a reasonable basis. See Regulations section 1.512(a)-1(c) for more information. See Regulations section 1.512(a)(6) because an exempt organization may have expenses among exempt and unrelated trade or business activities. See Regulations section 1.512(a)(6) for more information. See Regulations section 1.512(a)(6) for more information.

More detailed and modified instructions on how to complete Schedule A for these filers.

The allocation of expenses, depreciation, and similar items using an unadjusted gross-to-gross method is not reasonable if the cost of providing the good or service is substantially the same but the price charged differs between related and unrelated activities.

## Which Parts to Complete

Complete a separate Schedule A, Parts I and II, for each unrelated trade or business. Complete only the lines relevant to the unrelated trade or business being reported on that Schedule A.

### Is Gross Income More Than \$10,000?

If the sum of the amounts in all Schedules A (Form 990-T), Part I, line 13, column (A), is more than \$10,000, you must complete all Parts of each Schedule A that apply to the unrelated trade or business reported on that Schedule A.

### Is Gross Income \$10,000 or Less?

If the sum of the amounts in all Schedules A (Form 990-T), Part I, line 13, column (A), is \$10,000 or less, complete Schedule A (Form 990-T) and Form 990-T as follows.

#### Schedule A (Form 990-T)

a. Complete the heading on each Schedule A.

b. **Part I.** Complete only the lines that apply.

1. Enter information directly in column (A) on lines 1, 3 through 5, 12, and 13.

2. Entries for lines 2, and 6 through 11, must be made on the Part referenced in the text for the line in Part I. For example, enter the amount for Part I, line 2 on Part III, line 8. For Part I, line 6, columns (A) and (B), enter the amounts on Part IV, line 3 and line 5 respectively.

3. Make entries as necessary to complete the applicable lines in column (C).

c. **Part II.** Complete lines 15-18, and if necessary, the attachment to line 17 (net operating loss deduction).

#### Form 990-T

a. Complete all applicable lines in the heading area.

b. Complete all applicable lines as needed to determine the appropriate tax, applicable credits, and balance due or refund amount.

c. Complete the signature area.



**If an entry for a line on Part I or Part II must be made on a different Part of Schedule A, complete only the lines in the Part that reference a specific line on Part I or Part II. Leave all other lines in the applicable Part blank.**

Filers with gross income of \$10,000 or less as described above, don't have to complete Schedule A, Parts III through X (except as described above because certain entries must be made in those sections to populate lines in Part I and II). However, refer to applicable Parts of Schedule A when completing Schedule A, Part I, column (A) and in determining the deductible expenses to include on Schedule A, Part I, line 13, column (B).

## Exceptions and special rules

**Member income of mutual or cooperative electric companies.** Income of a mutual or cooperative electric company described in section 501(c)(12) which is treated as member income under subparagraph (H) of that section is excluded from unrelated business taxable income.

**Income from qualifying shipping activities.** The organization's gross income doesn't include income from qualifying shipping activities (as defined in section 1356) if the organization makes an election under section 1354 on a timely filed return (including extensions) to be taxed on its notional shipping income (as defined in section 1353) at the highest corporate rate. If the election is made, the organization generally may not claim any loss, deduction, or credit with respect to qualifying shipping activities. An organization making this election also may elect to defer gain on the disposition of a qualifying vessel under section 1359. Use Form 8902, Alternative Tax on Qualifying Shipping Activities, to figure the tax. Include the alternative tax on Form 990-T, Part III, line 3.

**Passive loss and at-risk limitations.** Under section 469, certain taxpayers, including certain tax-exempt organizations, may not deduct a passive activity loss (PAL). Such tax-exempt organizations ("affected tax-exempt organizations") include a trust (such as a trust described in section 501(c), a trust described in section 401(a), or an IRA), and a corporation if at any time during the last half of its tax year more than 50% in value of the outstanding stock of the corporation is owned, directly or indirectly, by or for not more than five organizations that are private foundations under section 509(a) or are described in sections 401(a) or 501(c)(17) (for example, a stock corporation described in section 501(c)(2) with a 401(a) parent or private foundation parent).

A PAL occurs when total losses (including prior year unallowed losses) from all the organization's passive activities exceed the total income from all its passive activities. Generally, passive activities include: (1) trade or business activities in which the organization didn't materially participate for the tax year; and (2) rental activities, regardless of your participation. If the organization has income or loss from a passive activity, several lines on Form 990-T and Schedule A (Form 990-T) may be affected by these rules.

PALs can't be used to offset income from nonpassive activities. Passive activity income doesn't include portfolio income. Portfolio income (see Temporary Regulations section 1.469-2T(c)(3)) is income from a nonpassive activity. Portfolio income includes all gross income, other than income derived in the ordinary course of a trade or business, that is attributable to interest, dividends, annuities, and royalties (by contrast, a bank's receipt of interest is in the ordinary course of a trade or business, as is a securities dealer's receipt of dividends). Portfolio income also includes gain or loss from the disposition of property that produces portfolio income or is held for investment (see section 163(d)(5)). The rule treating portfolio income as not from a

passive activity doesn't apply to the extent that income, of a type generally regarded as portfolio income, is derived in the ordinary course of a trade or business. For example, the business income of a bank typically is largely interest. Similarly, a securities broker/dealer may earn a substantial portion of the income from the business in the form of dividends and gains on sales of dividend-bearing instruments. Interest income may also arise in the ordinary course of a trade or business with respect to installment sales and interest charges on accounts receivable. This means that portfolio income may not be reduced by PALs or passive activity credits. For example, any portfolio income earned by a trust described in section 501(a) that is unrelated business taxable income (such as unrelated debt-financed income) may not be offset by PALs from an unrelated trade or business.

Section 469(k) provides that the passive activity limitations must be applied separately to items from each publicly traded partnership (PTP). A PTP is a partnership whose interests are traded on an established securities market or are readily tradable on a secondary market (or its substantial equivalent). PALs from a PTP generally may be used only to offset income or gain from passive activities of the same PTP. This means that a partner in a PTP may not use PALs and passive activity credits from a PTP to offset income from other sources, including passive activity income from another PTP. Such PALs and passive activity credits aren't allowed for the tax year.

Generally, PALs are subject to other limitations (for example, basis and at-risk limitations) before they are subject to the PAL limitations. For example, the at-risk rules under section 465 generally prohibit trusts and corporations that are affected tax-exempt organizations from claiming losses from activities in excess of the taxpayer's amount at risk in the activity.

An affected tax-exempt organization may need to attach Form 6198, At-Risk Limitations, and either Form 8582, Passive Activity Loss Limitations, or Form 8810, Corporate Passive Activity Loss and Credit Limitations. For more information on these rules, see Pub. 925, Passive Activity and At-Risk Rules.

**TIP** **How to report income received from a payment card and third party network transactions.** An organization that receives a Form 1099-K reporting a "gross amount" received from payment card and third party network transactions in the tax year should report these amounts in the same manner as if the payments weren't reported on a Form 1099-K. There isn't any one specific line on which to report an amount from Form 1099-K; the correct line should be determined based on the nature of the payments. Some payments received may constitute unrelated business income; see the instructions below to determine the appropriate line. For instance, if some of the payments are sales income from an unrelated business, then those payments would be reported on Part I, line 1a. Retain Forms 1099-K with your other records.

## Specific Instructions – Schedule A (Form 990-T)

### Items A through E

**Item A.** Enter the same name as entered in the heading area of Form 990-T.

**Item B.** Enter the same EIN as entered in Item D of Form 990-T.

**Item C.** On each Schedule A, enter the business activity code that best describes the organization's unrelated trade or business reported on that Schedule A. Modernized e-File requires a 6-digit numerical entry for Item C. Unless you are using a 6-digit non-NAICS business activity code, you should enter the 2 digits of the NAICS code in the first two positions and then enter four zeros to complete the entry. For example, if the

2-digit business activity code 45 (for retail trade) best describes your unrelated trade or business, enter "450000" in Item C. See *Business Activity Codes*, later for more information about business activity codes.

## Part I. Unrelated Trade or Business Income

### Line 1a. Gross Receipts or Sales

Enter the gross receipts from an unrelated trade or business regularly conducted that involves the sale of goods or performance of services.

**TIP** A section 501(c)(7) social club would report its restaurant and bar receipts from nonmembers on Schedule A, Part I, line 1, but would report its investment income on Schedule A, Part I, line 9 and in Schedule A, Part VII.

**Advance payments.** In general, advance payments are reported in the year of receipt. To report income from long-term contracts, see section 460. For rules that allow a limited deferral of advance payments beyond the current tax year, see section 451(c). Also, see Regulations section 1.451-8(c), (d), and (e). For applicability dates, see Regulations section 1.451-8(h). For information on adopting or changing to a permissible method for reporting advance payments for services and certain goods by an accrual method corporation, see the Instructions for Form 3115. Also, see Rev. Proc. 2021-34.

**Installment sales.** Generally, the installment method cannot be used for dealer dispositions of property. A "dealer disposition" is (a) any disposition of personal property by a person who regularly sells or otherwise disposes of personal property of the same type on the installment plan or (b) any disposition of real property held for sale to customers in the ordinary course of the taxpayer's trade or business.

These restrictions on using the installment method don't apply to dispositions of property used or produced in a farming business or sales of time-shares and residential lots for which the organization elects to pay interest under section 453(l)(3).

For sales of time-shares and residential lots reported under the installment method, the organization's income tax is increased by the interest payable under section 453(l)(3).

Enter on Schedule A, Part I, line 1a and line 3, the gross profit on collections from installment sales for any of the following.

- Dealer dispositions of property before March 1, 1986.
- Dispositions of property used or produced in the trade or business of farming.
- Certain dispositions of time-shares and residential lots reported under the installment method.

Attach Form 6252 to show information about each installment sale.

**Nonaccrual experience method.** Accrual method organizations aren't required to accrue certain amounts to be received from the performance of services that, on the basis of their experience, won't be collected, if:

- The services are in the fields of health, law, engineering, architecture, accounting, actuarial science, performing arts, or consulting; or
- The organization's average annual gross receipts for the 3 prior tax years doesn't exceed \$5 million.

This provision doesn't apply to any amount if interest is required to be paid on the amount or if there is any penalty for failure to timely pay the amount. See Regulations section 1.448-2. Organizations that qualify to use the nonaccrual experience method should attach a statement showing total gross receipts, amounts not accrued as a result of the

application of section 448(d)(5), and the net amount accrued. Enter the net amount on Schedule A, Part I, line 1a.

**Gain or loss on disposition of certain brownfield property.** Gain or loss from the qualifying sale, exchange, or other disposition of a qualifying brownfield property (as defined in section 512(b)(19)(C)), which was acquired by the organization after 2004, is excluded from unrelated business taxable income and is excepted from the debt-financed rules for such property. See section 512(b)(19) and 514(b)(1)(E).

### Line 4a. Capital Gain Net Income

Generally, organizations required to file Form 990-T (except organizations described in sections 501(c)(7), (9), and (17)) aren't taxed on the net gains from the sale, exchange, or other disposition of property. However, net capital gains on debt-financed property, capital gains on cutting timber, and ordinary gains on sections 1245, 1250, 1252, 1254, and 1255 property are taxed. See Form 4797, Sales of Business Property, and its instructions for additional information.

Also, any capital gain or loss passed through from an S corporation or any gain or loss on the disposition of S corporation stock by a qualified tax exempt organization (see *S Corporations*, later) is taxed as a capital gain or loss, and reported on Part I, line 4.

Capital gains and losses should be reported by a trust on Schedule D (Form 1041), Capital Gains and Losses, and by a corporation on Schedule D (Form 1120), Capital Gains and Losses (and Form 8949, Sale and Other Dispositions of Capital Assets). Schedule D of Form 1041 or Form 1120 (and Form 8949 if applicable) must be attached to Form 990-T.

If you deferred a capital gain into a QOF, you must attach Schedule D, Form 8949, and Form 8997 to your Form 990-T. You will need to annually file Form 8997 until you dispose of the investment. See the Instructions for Form 8997.

An organization that transfers securities it owns for the contractual obligation of the borrower to return identical securities recognizes no gain or loss. To qualify for this treatment, the organization must lend the securities under an agreement that requires:

1. The return of identical securities;
2. The payment of amounts equivalent to the interest, dividends, and other distributions that the owner of the securities would normally receive; and
3. The risk of loss or opportunity for gain not be lessened.

See section 512(a)(5) for details.

**Debt-financed property disposition.** The amount of gain or loss to be reported on the sale, exchange, or other disposition of debt-financed property is the same percentage as the highest acquisition indebtedness for the property for the 12-month period before the date of disposition is to the average adjusted basis of the property. The percentage may not be more than 100%. See the instructions for Schedule A, Part V, line 5 to determine adjusted basis and average adjusted basis.

If debt-financed property is depreciable or depletable property, the provisions of sections 1245, 1250, 1252, 1254, and 1255 must be considered first.

**Example.** On January 1, 2020, an exempt educational corporation, using \$288,000 of borrowed funds, purchased an office building for \$608,000. The only adjustment to basis was \$29,902 for depreciation (straight-line method under MACRS over the 39-year recovery period for nonresidential real property). The corporation (section 501(c)(3) organization) sold the building on December 31, 2021 for \$640,000. At the date of sale, the adjusted basis of the building was \$578,098 (\$608,000 - \$29,902) and the indebtedness remained at

\$288,000. The adjusted basis of the property on the first day of the year of disposition was \$593,037. The average adjusted basis is \$585,568  $((\$593,037 + \$578,098) \div 2)$ . The debt/basis percentage is 49%  $(\$288,000 \div \$585,568)$ .

The taxable gain is \$30,332  $(49\% \times (\$640,000 - \$578,098))$ . This is a long-term capital gain. A corporation should enter the gain on Schedule D (Form 1120) Part II, line 8. A trust should enter the gain on Schedule D (Form 1041) Part II, line 8, if applicable. In either scenario (a corporation or a trust), the educational organization must attach a statement on Form 990-T, in addition to the Schedule D, showing how the gain was figured along the lines described in this example, if the details weren't provided with the Schedule D.

**Disposition of property received from taxable subsidiary and used in unrelated business.** A taxable 80%-owned subsidiary corporation of one or more tax-exempt entities is generally subject to tax on a distribution in liquidation of its assets to its exempt parent (or parents). See section 337. The assets are treated as if sold at FMV.

"Tax-exempt entities" for this purpose include organizations described in sections 501(a), 529, 529A, and 115; charitable remainder trusts; U.S. and foreign governments; Indian tribal governments; international organizations; and similar non-taxable organizations.

A taxable corporation that transfers substantially all of its assets to a tax-exempt entity in a transaction that otherwise qualifies for nonrecognition treatment must recognize gain on the transaction as if it sold the assets at FMV. However, such a transfer isn't taxable if it qualifies as a like-kind exchange under section 1031 or an involuntary conversion under section 1033. In such a case the built-in appreciation is preserved in the replacement property received in the transaction. A "taxable corporation" is any corporation that isn't a tax-exempt entity as defined above, including an S corporation.

A corporation that changes status from taxable to tax-exempt is treated generally as if it transferred all of its assets to a tax-exempt entity immediately before the change in status (thus subjecting it to the tax on a deemed sale for fair FMV). This rule doesn't apply where the taxable corporation becomes exempt within 3 years of formation, or had previously been exempt and within several years (generally a period of 3 years) regains exemption, unless the principal purpose of the transactions is to avoid the tax on the change in status.

In the transactions described above, the taxable event is deferred for property that the tax-exempt entity immediately uses in an unrelated business. If the parent later disposes of the property, then any gain (not in excess of the amount not recognized) is included in the parent's unrelated business taxable income. If there is partial use of the assets in unrelated business, then there is partial recognition of gain or loss with respect to the assets not so used. Property is treated as disposed if the tax-exempt entity no longer uses it in an unrelated business.

Losses on the transfer of assets to a tax-exempt entity are disallowed if part of a plan having a principal purpose of recognizing losses.

## Line 4b. Net Gain or (Loss)

Show gains and losses on other than capital assets on Form 4797. Enter on this line the net gain or (loss) from Form 4797, Part II, line 17.

An exempt organization using Form 4797 to report ordinary gain on sections 1245, 1250, 1252, 1254, and 1255 property will include only depreciation, amortization, or depletion allowed or allowable in figuring unrelated business taxable income or taxable income of the organization (or a predecessor organization) for a period when it wasn't exempt.

## Line 4c. Capital Loss Deduction for Trusts

If a trust has a net capital loss, it is subject to the limitations of Schedule D (Form 1041). Enter on this line the loss figured on Schedule D (Form 1041).

## Line 5. Income or (Loss) From a Partnership or an S Corporation

See Regulations section 1.512(a)-6 for rules permitting the aggregation of income (and directly connected deductions) of certain partnership interests.

Also, for trusts and certain corporations, there are limitations on income and losses (including from a partnership or an S corporation) under section 469 (the passive activity loss and credit limitation rules) and section 465 (at-risk limitations). For more information on these rules, see the discussion of the application of the passive loss and at-risk limitations to affected tax-exempt organizations in the introductory instructions to *Part I. Unrelated Trade or Business Income*, earlier.

## Partnerships

If the organization is a partner in a partnership conducting an unrelated trade or business, enter the organization's share (whether or not distributed) of the partnership's income or loss from the unrelated trade or business. The organization is required to notify the partnership of its tax-exempt status.

Figure the gross income and deductions of the partnership in the same way you figure unrelated trade or business income the organization earns directly.

Attach a statement to this return showing the organization's share of the partnership's gross income from the unrelated trade or business, and its share of the partnership deductions directly connected with the unrelated gross income.

## S Corporations

Qualified tax-exempt organizations can be shareholders in an S corporation without the S corporation losing its status as an S corporation. Qualified tax-exempt organizations that hold stock in an S corporation treat their stock interest as an interest in an unrelated trade or business. All items of income, loss, or deduction that the organization receives as a shareholder of the S corporation are taken into account in Schedule A, Part I, line 5 in figuring unrelated business taxable income and not reported on another line of Schedule A (Form 990-T) that otherwise would apply, except capital gains and losses, which are reported on Part I, line 4. Report on Part I, line 4 any gain or loss on the disposition of S corporation stock.

**Qualified tax-exempts.** A qualified tax-exempt is an organization that is described in section 401(a) (qualified stock bonus, pension, and profit-sharing plans) or 501(c)(3) and exempt from tax under section 501(a).

**Exception.** Employee stock ownership plans (ESOPs) don't follow these S corporation rules if the S corporation stock is an employer security as defined in section 409(I).

Attach a statement to this return showing the qualified tax-exempt's share of all items of income, loss, or deduction. Combine the income, loss, and deductions (except for the capital gains and losses) on the statement. If you hold stock in more than one S corporation, total the combined amounts. Show capital gains and losses separately and include them on Schedule A, Part I, line 4a.

## Line 6. Rent Income

Enter the amount computed at Part IV, line 3 on Part I, line 6, column (A). Enter the amount computed at Part IV, line 5 on Part I, line 6, column (B).

## Line 7. Unrelated Debt-Financed Income

Enter the amount computed at Part V, line 8 on Part I, line 7, column (A). Enter the amount computed at Part V, line 10 on Part I, line 7, column (B).

## Line 8. Interest, Annuities, Royalties, and Rents From a Controlled Organization

Enter the sum of columns 5 and 10 from Part VI on Part I, line 8, column (A). Enter the sum of columns 6 and 11 from Part VI on Part I, line 8, column (B).

## Line 9. Investment Income of a Section 501(c)(7), (9), or (17) Organization

Enter the sum of amounts in Part VII, column 2 on Part I, line 9, column (A). Enter the sum of amounts in Part VII, column 5 on Part I, line 9, column (B).

## Line 10. Exploited Exempt Activity Income, Other Than Advertising Income

Enter the amount computed at Part VIII, line 2 on Part I, line 10, column (A). Enter the amount computed at Part VIII, line 3 on Part I, line 10, column (B).

## Line 11. Advertising Income

Enter the amount computed at Part IX, line 2 on Part I, line 11, column (A). Enter the amount computed at Part IX, line 3 on Part I, line 11, column (B).

## Line 12. Other Income

Enter on Part I, line 12 any item of unrelated business income from a particular trade or business that isn't reportable elsewhere on the return. Attach a statement describing the sources of the other income and their amounts. Such amounts may include:

- Recoveries of bad debts deducted in earlier years under the specific charge-off method;
  - The amount from Form 6478, Alcohol and Cellulosic Biofuel Fuels Credit (if applicable);
  - The amount from Form 8864, Biodiesel and Renewable Diesel Fuels Credit (if applicable); and
  - Proceeds received from employer-owned life insurance contracts issued after August 17, 2006 (complete and attach Form 8925).
- The amount of payroll tax credit taken by an employer on its employment tax returns (Forms 941, 943, and 944) for qualified paid sick and qualified paid family leave under FFCRA and ARP (both the nonrefundable and refundable portions). These amounts must be included in gross income for the tax year that includes the last day of the calendar quarter in which the credit is allowed.

**Organizations described in section 501(c)(19).** Enter the net income from an insurance business that was not properly set aside. These organizations may set aside income from payments received for life, sickness, accident, or health insurance for members of the organization or their dependents.

1. To provide for the payment of insurance benefits.
2. For a purpose specified in section 170(c)(4) (religious, charitable, scientific, literary, educational, etc.).
3. For administrative costs directly connected with benefits described in 1 and 2 above.

Amounts set aside and used for purposes other than those in 1, 2, or 3 above must be included in unrelated business taxable income for the tax year if they were previously excluded from

Removed section on "treatment of deferred foreign income upon transition to participation exemption system of taxation," related to an organization with a section 965(a) inclusion.

Any amount spent for a purpose described in section 170(c)(4) is first considered paid from funds earned by the organization from insurance activities if the income isn't used for the insurance activities.

Expenditures for lobbying aren't considered section 170(c)(4) expenses.

**Income from property financed with qualified 501(c)(3) bonds.** If any part of the property is used in a trade or business of any person other than a section 501(c)(3) organization or a governmental unit, and such use isn't consistent with the requirement for qualified 501(c)(3) bonds under section 145, the section 501(c)(3) organization is considered to have received unrelated business income in the amount of the greater of the actual rental income or the fair rental value of the property for the period it is used. No deduction is allowed for interest on the private activity bond. Report the greater of the actual rent or the fair rental value on Schedule A, Part I, line 12. Report allowable deductions in Schedule A, Part II. See sections 150(b)(3) and (c).

**Passive foreign investment company (PFIC) shareholders.** If the organization is a direct or indirect shareholder of a PFIC within the meaning of section 1297, it may have income tax consequences under section 1291 upon the disposition of the PFIC stock or on the receipt of an excess distribution from the PFIC, described in section 1291(a). The organization may have current income under section 1293 if the PFIC is a qualified electing fund (QEF) with respect to the organization. The organization may also have current income under section 1296 if it makes a section 1296 mark-to-market election with respect to the PFIC stock.

Include on Schedule A, Part I, line 12 the portion of an excess distribution (or gain treated as an excess distribution) section 1293 inclusion or section 1296 inclusion that is taxable as unrelated business taxable income. See Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

See the instructions for Form 990-T, Part II, line 4, for reporting the deferred tax amount that may be owed by the organization with respect to an excess distribution (or gain treated as an excess distribution).

## Line 13. Total Unrelated Trade or Business Income

Use the amount from Schedule A, Part I, line 13, column (C) in the computation of unrelated business taxable income in Part II.

## Part II. Deductions Not Taken Elsewhere

If the aggregate sum of the amounts on all Schedules A (Form 990-T), Part I, line 13, column (A) is \$10,000 or less, you don't have to complete Schedule A, Part II, lines 1 through 14. However, you must complete the remainder of Schedule A, Part II and include the larger of each total from Schedule A, Part II, line 18 or zero, in the computation of the amount reported on Part I, line 1 of Form 990-T.

**Note.** Only expenses directly connected with the unrelated trade or business income reported on the Schedule A for that particular unrelated trade or business may be deducted on that Schedule A (see *Directly connected expenses*, in Appendix A). Don't separately include in Schedule A, Part II any expenses that are reported in Schedule A, Parts III through IX, other than excess exempt expenses entered on Schedule A, Part II, line 12 and excess readership costs entered on Schedule A, Part II, line 13. For example, officers' compensation allocable to advertising income is reported on Schedule A, Part IX only, and

shouldn't be included on Schedule A, Part X or Schedule A, Part II, line 1.

## Limitations on Deductions

The following items discuss certain areas in which the deduction may be limited.

### Activities Lacking a Profit Motive

In some instances it is necessary to report income whether or not it comes from a trade or business (including interest, annuities, royalties, and rents from controlled organizations, and income of a section 501(c)(7), (9), or (17) organization other than exempt function income). If income is attributable to an activity lacking a profit motive, then a net loss from the activity can't be claimed on Form 990-T. Therefore, in Part I, column (B) and Part II, the total of deductions for expenses directly connected with income from an activity lacking a profit motive is limited to the amount of that income. Generally, an activity lacking a profit motive is one that isn't conducted for the purpose of producing a profit or one that has consistently produced losses when both direct and indirect expenses are taken into account.

### Deductions Related to Property Leased to Tax-Exempt Entities

For property leased to a governmental or other tax-exempt entity, or in the case of property acquired after March 12, 2004, that is treated as tax-exempt use property other than by reason of a lease, the organization may not claim deductions related to the property when they exceed the organization's income from the lease payments. Amounts disallowed may be carried over to the next year and treated as a deduction concerning the property. See section 470.

### Transactions Between Related Taxpayers

Generally, an accrual basis taxpayer may deduct business expenses and interest owed to a related party only in the year the payment is included in the income of the related party. See sections 163(e)(3) and 267 for limitations on deductions for unpaid interest and expenses.

### Preference Items

Corporations may be required to adjust deductions for depletion of iron ore and coal, intangible drilling and exploration and development costs, and the amortizable basis of pollution control facilities. See section 291 to determine the amount of the adjustment.

### Section 263A Uniform Capitalization Rules

These rules require organizations to capitalize or include as inventory cost certain costs incurred in connection with:

- The production of real property and tangible personal property held in inventory or held for sale in the ordinary course of business.
- Real property or personal property held in inventory (tangible and intangible) acquired for resale.
- The production of real property and tangible personal property produced by the organization for use in its trade or business or in an activity engaged in for profit.

Tangible personal property produced by an organization includes a film, sound recording, videotape, book, or similar property.

**Indirect expenses.** Organizations subject to the section 263A uniform capitalization rules are required to capitalize direct costs

and an allocable part of most indirect costs (including taxes) that benefit the assets produced or acquired for resale or are incurred by reason of the performance of production or resale activities.

For inventory, some of the indirect expenses that must be capitalized are:

- Administration expenses;
- Taxes;
- Depreciation;
- Insurance;
- Compensation paid to officers attributable to services;
- Rework labor; and
- Contributions to pension, stock bonus, and certain profit-sharing, annuity, or deferred compensation plans.

Regulations section 1.263A-1(e)(3) specifies other indirect costs that relate to production or resale activities that must be capitalized and those that may be currently deductible.

**Interest expense.** Interest expense paid or incurred during the production period of designated property must be capitalized and is governed by special rules. See Regulations section 1.263A-8 through 1.263A-15.

**When are section 263A capitalized costs deductible?** The costs required to be capitalized under section 263A aren't deductible until the property (to which the costs relate) is sold, used, or otherwise disposed of by the organization.

**Exceptions.** Section 263A doesn't apply to:

- Personal property acquired for resale if the organization's average annual gross receipts for the 3 prior tax years were \$10 million or less;
- Timber;
- Most property produced under long-term contract;
- Certain property produced in a farming business;
- Research and experimental costs under section 174;
- Geological and geophysical costs amortized under section 167(h);
- Intangible drilling costs for oil, gas, and geothermal property;
- Mining exploration and development costs; and
- Inventory of an organization that accounts for inventories in the same manner as materials and supplies that aren't incidental. See Schedule A, Part III, Cost of Goods Sold, later.

See Regulations sections 1.263A-1 through 1.263A-3.

### Travel, Meals, and Entertainment

Subject to limitations and restrictions discussed below, an organization can deduct ordinary and necessary travel, meals, and non-entertainment expenses paid or incurred in its trade or business. Generally, entertainment expenses, membership dues, and facilities used in connection with these activities cannot be deducted. In addition, no deduction is generally allowed for qualified transportation fringe benefits. Special rules apply to deductions for gifts, luxury water travel, and convention expenses. See section 274 and Pub. 463, Travel, Gift, and Car Expenses.

**Qualified transportation fringes (QTFs).** Generally, no deduction is allowed under section 274(a)(4) for QTF's provided by employers to their employees. QTFs are defined in section 132(f)(1) and include:

- Transportation in a commuter highway vehicle between the employee's residence and place of employment,
- Any transit pass, and
- Qualified parking.

See section 274, Pub 15-B, and Pub. 535 for details.

**Travel.** The organization can't deduct travel expenses of any individual accompanying an organization's officer or employee, including a spouse or dependent of the officer or employee, unless:

- That individual is an employee of the organization, and
- His or her travel is for a bona fide business purpose and would otherwise be deductible by that individual.

**Meals.** Generally, the organization can deduct only 50% of the amount otherwise allowable for non-entertainment related meal expenses paid or incurred in an unrelated trade or business. The Taxpayer Certainty and Disaster Relief Act of 2020 amended section 274(n)(2) to provide an exception from the general rule. For business meal expenses paid or incurred after December 31, 2020 and before January 1, 2023, the organization is allowed a deduction of 100% of business meal expenses for food and beverages provided by a restaurant. Meals not separately stated from entertainment are generally not deductible. In addition (subject to exceptions under section 274(k)(2)):

- Meals mustn't be lavish or extravagant; and
- An employee of the organization must be present at the meal.

**Membership dues.** The organization can deduct amounts paid or incurred for membership dues in civic or public service organizations, professional organizations (such as bar and medical associations), business leagues, trade associations, chambers of commerce, boards of trade, and real estate boards. However, no deduction is allowed if a principal purpose of the organization is to entertain or provide entertainment facilities for members or their guests. In addition, organizations cannot deduct membership dues in any club organized for business, pleasure, recreation, or other social purpose. This includes country clubs, golf and athletic clubs, airline and hotel clubs, and clubs operated to provide meals under conditions favorable to business discussion.

**Entertainment facilities.** The organization can't deduct an expense paid or incurred for use of a facility (such as a yacht or hunting lodge) for an activity usually considered entertainment, amusement, or recreation.

**Amounts treated as compensation.** The organization generally may be able to deduct otherwise nondeductible travel, meals, and entertainment expenses if the amounts are treated as compensation and reported on Form W-2 for an employee or Form 1099-NEC for an independent contractor and if the total amount of such compensation isn't unreasonable.

## Reducing Certain Expenses For Which Credits Are Allowable

If the organization claims certain credits, it may need to reduce the otherwise allowable deductions for expenses used to figure the credit. This applies to credits such as the following.

- Disabled access credit.
- Employer credit for social security and Medicare taxes paid on certain employee tips.
- Credit for employer-provided childcare facilities and services.
- Orphan drug credit.
- Credit for small employer pension plan start-up costs.
- Mine rescue team training credit.
- Employer credit for paid family and medical leave.

If the organization has any of these credits, figure each current year credit before figuring the deduction for expenses on which the credit is based.

## Business Start-up and Organizational Costs

For business start-up and organizational costs paid or incurred after September 8, 2008, an organization can deduct up to \$5,000 of such costs in the year it begins business (unless the organization elects to capitalize the full amount of such costs). The \$5,000 deduction is reduced (but not below zero) by the amount the total costs exceed \$50,000. If the total costs are \$55,000 or more, the deduction is reduced to zero. Any costs not deducted must be amortized as explained below.

**Note.** For start-up and organizational costs paid or incurred after September 8, 2008, the organization isn't required to attach a statement or specifically identify the amount deducted for the election under sections 195(b) and 248(a) to be effective. It is a deemed election. Whether an organization deducts a portion of its start-up and organizational costs under Regulations sections 1.195-1 and 1.248-1 or elects to amortize the full amount of such costs, its election is irrevocable. For start-up and organizational costs paid or incurred after October 22, 2004, and before September 9, 2008, an organization generally must attach the statement required by Regulation sections 1.195-1(b) and 1.248-1(c) to make the election to deduct a portion of such costs (as explained above). This election is irrevocable. However, an organization can apply the provisions of these regulations to costs paid or incurred after October 22, 2004.

**Amortization.** Any costs not deducted under the above rules must be amortized ratably over the 180-month period, beginning with the month the organization begins business. See the Instructions for Form 4562, Depreciation and Amortization, for details. If the association elected to amortize business start-up and organizational costs paid or incurred before October 23, 2004, over a period of 60 months or more, it must continue to amortize those costs over the elected amortization period. Report the deductible amount of these costs and any amortization on Schedule A, Part II, line 14. For amortization that began during the tax year, complete and attach Form 4562.

## Line 3. Repairs and Maintenance

Enter the cost of incidental repairs and maintenance not claimed elsewhere on the return, such as labor and supplies, that don't add to the value or appreciably prolong the life of the property.

## Line 4. Bad Debts

Enter the total receivables from an unrelated trade or business that were previously included in taxable income and that became worthless in whole or in part during the tax year.

## Line 5. Interest

Attach a separate statement listing the interest being claimed on this line.

**Interest allocation.** If the proceeds of a loan were used for more than one purpose (for example, to purchase a portfolio investment and to acquire an interest in a passive activity), an interest allocation must be made. See Temp. Reg. section 1.163-8T for the interest allocation rules.

**Tax-exempt interest.** Don't include interest on indebtedness incurred or continued to purchase or carry obligations on which the interest income is totally exempt from income tax. For exceptions, see section 265(b).

**Prepaid interest.** Generally, a cash basis taxpayer cannot deduct prepaid interest allocable to years following the current tax year. For example, during the tax year a cash basis taxpayer prepaid interest on a loan. The taxpayer can deduct only that part of the prepaid interest that was for the use of the loaned funds during the tax year, not for the use of the loaned funds during the subsequent years.

**Straddle interest.** Generally, the interest and carrying charges on straddles cannot be deducted and must be capitalized. See section 263(g).

**Original issue discount.** See section 163(e)(5) for special rules for the disqualified portion of original issue discount on a high yield discount obligation.

**Interest on certain underpayments of tax.** Don't deduct interest paid or incurred on any portion of an underpayment of tax that is attributable to an understatement arising from an

undisclosed listed transaction or an undisclosed reportable avoidance transaction (other than a listed transaction) entered into in tax years beginning after October 22, 2004.

#### **Interest allocable to the production of designated property.**

Don't deduct interest on debt allocable to the production of designated property. Interest that is allocable to such property produced by an organization for its own use or for sale must be capitalized. An organization must also capitalize any interest on debt allocable to an asset used to produce the earlier property. See section 263A(f) and Regulations sections 1.263A-8 through 1.263A-15.

**Interest on below-market loans.** See section 7872 for special rules regarding the deductibility of foregone interest on certain below-market-rate loans.

**Limitation on deduction of business interest.** Business interest expense is limited to the sum of business interest income, 30% of the adjusted taxable income and floor plan financing interest. Business interest expense includes any interest paid or accrued on indebtedness properly allocable to an unrelated trade or business. A taxpayer, other than a tax shelter, that meets the gross receipts test is not required to limit business interest expense under section 163(j). A taxpayer meets the gross receipts test if the taxpayer has average annual gross receipts that are taken into account in determining its unrelated business taxable income of \$26 million or less for the three prior tax years. Gross receipts include the aggregate gross receipts from all persons treated as a single employer such as a controlled group of corporations, commonly controlled partnerships or proprietorships, and affiliated service groups. If the taxpayer fails to meet the gross receipts test, Form 8990 is generally required.

#### **Line 6. Taxes and Licenses**

Enter taxes and license fees paid or accrued during the year, but don't include the following taxes.

- Federal income taxes.
- Foreign or U.S. possession income taxes if a foreign tax credit is claimed.
- Taxes not imposed on your organization.
- Taxes, including state or local sales taxes, paid or incurred in connection with an acquisition or disposition of property. These taxes must be treated as part of the cost of the acquired property or, in the case of a disposition, as a reduction in the amount realized on the disposition.
- Taxes assessed against local benefits that increase the value of the property assessed (such as for paving, etc.).
- Taxes deducted elsewhere on the return, such as those reflected in cost of goods sold.

See section 164(d) for apportionment of taxes on real property between the buyer and seller.

#### **Line 7. Depreciation**

Besides depreciation, include on line 7 the part of the cost, under section 179, that the organization elected to expense for certain tangible property placed in service during the tax year or carried over from the prior tax year. See Form 4562 and its instructions.

#### **Line 9. Depletion**

See sections 613 and 613A for percentage depletion rates for natural deposits. Attach Form T, Forest Activities Schedules, if a deduction is taken for depletion of timber.

#### **Line 10. Contributions to Deferred Compensation Plans**

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 Code and whether or not a deduction is claimed for the current tax year. Section 6652(e) imposes a penalty for late filing of these forms. In addition, there is a penalty for overstating the pension plan deduction. See section 6662(f).

#### **Line 11. Employee Benefit Programs**

Enter the amount of contributions to employee benefit programs (such as insurance, health, and welfare programs) that aren't an incidental part of a deferred compensation plan included on Schedule A, Part II, line 10.

#### **Line 12. Excess Exempt Expenses**

Enter the amount computed at Part VIII, line 7 (if applicable) on Part II, line 12.

#### **Line 13. Excess Readership Costs**

Enter the amount computed at Part IX, line 8a (if applicable) on Part II, line 13.

#### **Line 14. Other Deductions**

Enter on this line the deduction taken for amortization (see Form 4562) as well as other authorized deductions for which no space is provided on the return. Attach a statement listing the deductions claimed on this line. On each Schedule A, deduct only items directly connected with the unrelated trade or business for which income is reported on that Schedule A.

**Extraterritorial income exclusion.** Complete Form 8873 and include the deduction from line 53 in other deductions reported on Part II, line 14.

Don't deduct fines or penalties paid to a government for violating any law. The exclusion was repealed generally for transactions after 2004, with some exceptions. See Form 8873 and its instructions.

#### **Line 17. Net Operating Loss (NOL) Deduction Arising in Tax Years Beginning On or After January 1, 2018**

The NOL deduction is the net operating loss carryover and carrybacks that can be deducted in the tax year with regard to each separate trade or business. To be deductible, an NOL must have been incurred in an unrelated trade or business activity. See section 172(a).

**Tax Cuts & Jobs Act amendments to section 172.** Section 13302 of the Tax Cuts & Jobs Act amended section 172 for tax years ending after 2017 to eliminate NOL carrybacks except for certain farming losses and NOLs of insurance companies other than life insurance companies. See section 172(b) as amended by the Tax Cuts & Jobs Act. Also see Publication 225, Farmer's Tax Guide, Publication 536, Net Operating Losses for Individuals, Estates, and Trusts, and Publication 542, Corporations, for additional information. The Tax Cuts & Jobs Act also amended section 172(a)(2) to limit the allowable NOL deduction to 80% of taxable income (calculated as described in section 172(a)(2)).

**CARES Act modifications.** The CARES Act temporarily modified or suspended certain amendments to section 172 under the Tax Cuts and Jobs Act.

**Suspension of 80% limitation.** The excess business loss limitation under section 172(a)(2) has been suspended for tax year 2020.

**NOL carryback.** Elimination of most NOL carrybacks was changed to provide that losses arising in tax years beginning after December 31, 2017; and before January 1, 2021 (CARES Act NOLs) must be carried back to the five tax years preceding

the tax year of such loss, which includes tax years prior to the enactment of section 512(a)(6).

The organization may waive the CARES Act NOL carryback by attaching a statement to Form 990-T as described in Rev. Proc. 2020-24.

An organization eligible to carry an NOL back to a prior year must file an amended Form 990-T for that year. Form 1045 or Form 1139 can't be used for this purpose; however, Form 1045 or Form 1139 may be attached to the amended Form 990-T to show the NOL computation. See Pub. 536.

**Instructions for Line 17.** Enter on Schedule A, Part II, line 17, the NOL carryover from other tax years attributable to that trade or business, but don't enter more than the amount shown on Schedule A, Part II, line 16. An organization that claims the deduction with respect to any NOL carried through tax years for which the organization was not required to file Form 990-T must show the amount of the deduction and how it was computed, but the organization need not file a Form 990-T in order to preserve an NOL carryover. The amount of an NOL carryback or carryover is determined under section 172. See Regulations section 1.512(b)-1(e) and, for organizations with more than one unrelated trade or business, section 1.512(a)-6(h). Attach a statement showing the computation of the NOL deduction.

## Line 18. Unrelated Business Taxable Income

Use the greater of the amount computed on line 18 or zero in the computation of unrelated business taxable income on Part I, line 1 of Form 990-T. A net loss calculated on any Schedule A, Part II, line 18 cannot be used to offset gain on any other Schedule A. Accordingly, a net loss on a Schedule A should be treated as a zero to calculate the amount reported on Part I, line 1 of Form 990-T.

## Part III. Cost of Goods Sold

Generally, inventories are required at the beginning and end of each tax year if the production, purchase, or sale of merchandise is an income-producing factor. See Regulations section 1.471-1.

However, if the organization is a qualifying taxpayer or a qualifying small business taxpayer, it may adopt or change its accounting method to account for inventoriable items in the same manner as materials and supplies that aren't incidental (unless its business is a tax shelter (as defined in section 448(d)(3))).

A qualifying taxpayer is a taxpayer that, for each prior tax year ending after December 16, 1998, has average annual gross receipts of \$1 million or less for the 3-tax-year period ending with that prior tax year.

A qualifying small business taxpayer is a taxpayer (a) that has average annual gross receipts of \$26 million or less for the 3-tax-year period ending with that prior tax year, and (b) whose principal business activity isn't an ineligible activity

Under this accounting method, inventory cost for raw materials purchased for use in producing finished goods and merchandise purchased for resale are deductible in the year the finished goods or merchandise are sold (but not before the year the organization paid for the raw materials or merchandise, if it is also using the cash method). For additional guidance on this method of accounting for inventoriable items, see Pub. 538 and the Instructions for Form 3115.

Enter amounts paid for all raw materials and merchandise during the tax year on line 2. The amount the organization can deduct for the tax year is figured on Schedule A, Part III, line 8.

All filers not using the cash method of accounting should see *Section 263A Uniform Capitalization Rules*, earlier in the

instructions for *Limitations on Deductions* before completing Schedule A. The instructions for lines 1, 4, 5, and 7 later apply to Schedule A, Part III.

**Inventory valuation methods.** Inventories can be valued at:

1. Cost as described in Regulations section 1.471-3,
2. Lower of cost or market as described in Regulations section 1.471-4, or
3. Any other method approved by the IRS that conforms to the requirements of the applicable regulations cited below.

However, if the organization is using the cash method of accounting, it is required to use cost.

A small producer is one whose average annual gross receipts are \$1 million or less. Small producers that account for inventories in the same manner as materials and supplies that aren't incidental may currently deduct expenditures for direct labor and all indirect costs that would otherwise be included in inventory costs.

The average cost (rolling average) method of valuing inventories generally doesn't conform to the requirement of the regulations. See Rev. Rul. 71-234, 1971-1 C.B. 148.

Organizations that use erroneous valuation methods must change to a method permitted for federal income tax purposes. File Form 3115 to make this change.

Inventory may be valued below cost when the merchandise is unsalable at normal prices or unusable in the normal way because the goods are subnormal because of damage, imperfections, shop wear, etc., within the meaning of Regulations section 1.471-2(c). The goods may be valued at the bona fide selling price, minus direct cost of disposition (but not less than scrap value). Bona fide selling price means actual offering of goods during a period ending not later than 30 days after inventory date.

If this is the first year the Last-in First-out (LIFO) inventory method was either adopted or extended to inventory goods not previously valued under the LIFO method provided in section 472, attach Form 970, Application To Use LIFO Inventory Method, or a statement with the information required by Form 970.

If the organization changed or extended its inventory method to LIFO and had to write up the opening inventory to cost in the year of election, report the effect of this write-up as other income (Part I, line 12) proportionately over a 3-year period that begins in the tax year the LIFO election was made (section 472(d)).

## Line 1

If the organization is changing its method of accounting to no longer account for inventories, it must refigure last year's closing inventory using the new method of accounting and enter the result on line 1. If there is a difference between last year's closing inventory and the refigured amount, attach an explanation and take it into account when figuring the organization's section 481(a) adjustment (explained earlier).

## Line 4

An entry is required on this line only for organizations that have elected a simplified method of accounting.

For organizations that have elected the simplified production method, additional section 263A costs are generally those costs, other than interest, that are now required to be capitalized under section 263A but that weren't capitalized under the organization's method of accounting immediately prior to the effective date of section 263A. For details, see Regulations section 1.263A-2(b).

For organizations that have elected the simplified resale method, additional section 263A costs are generally those costs incurred with respect to the following categories:

- Off-site storage or warehousing;
- Purchasing;
- Handling, such as processing, assembling, repackaging, and transporting; and
- General and administrative costs (mixed service costs).

For details, see Regulations section 1.263A-3(d).

Enter on Schedule A, Part III, line 4 the balance of section 263A costs paid or incurred during the tax year not included on Schedule A, Part III, lines 2 and 3.

### Line 5

Enter on Schedule A, Part III, line 5 any costs paid or incurred during the tax year not entered on Schedule A, Part III, lines 2 through 4. Attach a statement describing the other costs.

### Line 7

See Regulations sections 1.263A-1 through 1.263A-3 for details on figuring the amount of additional section 263A costs to be included in ending inventory.

If the organization accounts for inventories in the same manner as materials and supplies that aren't incidental, enter on Schedule A, Part III, line 7 the portion of its raw materials and merchandise purchased for resale that are included on Schedule A, Part III, line 6 and weren't sold during the year.

## Part IV. Rent Income

Section 501(c)(7), (9), and (17) organizations, enter gross rents in Schedule A, Part I, line 6, and applicable expenses in Schedule A, Part II, lines 1 through 14. All rents except those that are exempt function income must be included.

All organizations that have applicable rent income, other than section 501(c)(7), (9), and (17) organizations, should complete Schedule A, Part IV. For organizations other than section 501(c)(7), (9), and (17) organizations, only the following rents are taxable in Schedule A, Part I, line 6.

1. Rents from personal property leased with real property, if the rents from the personal property are more than 10% of the total rents received or accrued under the lease, determined at the time the personal property is placed in service.
2. Rents from real and personal property if:
  - a. More than 50% of the total rents received or accrued under the lease are for personal property, or
  - b. The amount of the rent depends on the income or profits derived by any person from the property leased (except an amount based on a fixed percentage of receipts or sales).

A redetermination of the percentage of rent for personal property is required when either:

1. There is an increase of 100% or more by the placing of additional or substitute personal property in service, or
2. There is a modification of the lease that changes the rent charged. Rents from both real and personal property not taxable in Schedule A, Part I, line 6, may be taxable on Schedule A, Part I, line 8 if the income is from a controlled organization or on Schedule A, Part I, line 7 if the property is debt-financed.

Taxability of the rents must be considered in the following order.

- Rents not taxed on Schedule A, Part I, line 6 may be taxed on Schedule A, Part I, line 8.
- Rents not taxed on Schedule A, Part I, line 6 or line 8 may be taxed on Schedule A, Part I, line 7.

Rents from personal property not leased with real property should be reported on Schedule A, Part I, line 12.

See Form 8582 (for trusts) or Form 8810 (for corporations) and section 469 for limitations on losses from rental activities.

## Line 1. Description of Property

Check the box next to the property description if the property is used both to carry on exempt activities and to conduct unrelated trade or business activities.

## Line 4

For each property, attach a statement describing the directly connected deductions and their amounts.

## Part V. Unrelated Debt-Financed Income

Use Schedule A, Part V to compute unrelated debt-financed income described in sections 512(b)(4) and 514 from debt-financed property only to the extent that the income doesn't constitute income from the conduct of an unrelated trade or business and isn't specifically taxable under other provisions of the Code, such as taxable rents from personal property leased with real property reportable on Schedule A, Part IV (and Schedule A, Part I, line 6), or taxable interest, annuities, royalties, and rents from a controlled entity reportable on Schedule A, Part VI (and Schedule A, Part I, line 8). See Regulations section 1.514(b)-1(b)(2). Refer to Regulations section 1.512(a)-6 when reporting income from one or more debt-financed properties and also for rules permitting the aggregation of unrelated debt-financed income with other UBTI in certain circumstances. Gain or loss from the sale or disposition of debt-financed property is reported on Schedule A, Part I, line 4.

Section 501(c)(7), (9), and (17) organizations should report income from debt-financed property on Schedule A, Part VII (and Schedule A, Part I, line 9).

When a debt-financed property is held for exempt purposes and other purposes, the organization must allocate the basis, debt, income, and deductions among the purposes for which the property is held. Don't include in Schedule A, Part V amounts allocated to exempt purposes.



*For section 514 purposes, don't treat an interest in a qualified state tuition program (QSTP) as debt. However, a QSTP's investment income is treated as debt-financed income if the QSTP incurs indebtedness when acquiring or improving income-producing property.*

A property held to produce income is debt-financed property if at any time during the tax year there was acquisition indebtedness outstanding for the property. When a property held for the production of income by an organization is disposed of at a gain during the tax year, and there was acquisition indebtedness outstanding for that property at any time during the 12-month period before the date of disposition, the property is debt-financed property. Securities purchased on margin are considered debt-financed property if the liability incurred in purchasing them remains outstanding.

Acquisition indebtedness is the outstanding amount of principal debt incurred by the organization to acquire or improve the property. Acquisition indebtedness also includes indebtedness incurred:

1. Before the property was acquired or improved, if the indebtedness would not have been incurred but for such acquisition or improvement of the property; or
2. After the property was acquired or improved, if the indebtedness would not have been incurred but for such acquisition or improvement and the incurrence of such indebtedness was reasonably foreseeable at the time of such

acquisition or improvement. See Regulations section 1.514(c)-1(a).

With certain exceptions, acquisition indebtedness doesn't include debt incurred by:

1. A qualified (section 401) trust in acquiring or improving real property. See section 514(c)(9).
2. A tax-exempt school (section 170(b)(1)(A)(iii)) and its affiliated support organizations (section 509(a)(3)) for indebtedness incurred after July 18, 1984.
3. An organization described in section 501(c)(25) in tax years beginning after December 31, 1986.
4. An obligation, to the extent that it is insured by the Federal Housing Administration, to finance the purchase, rehabilitation, or construction of housing for low and moderate income persons, or indebtedness incurred by a small business investment company licensed after October 22, 2004, under the Small Business Investment Act of 1958 if such indebtedness is evidenced by a debenture issued by such company under section 303(a) of that Act, and held or guaranteed by the Small Business Administration (see section 514(c)(6)(B) for limitations).
5. A retirement income account described in section 403(b)(9) in acquiring or improving real property in tax years beginning on or after August 17, 2006.

See Pub. 598 for additional exceptions to the rules for debt-financed property.

**Example 1.** An exempt organization owns a four-story building. Two floors are used for an exempt purpose and two floors are rented (as an unrelated trade or business) for \$10,000. Expenses are \$1,000 for depreciation and \$5,000 for other expenses that relate to the entire building. The average acquisition indebtedness is \$6,000, and the average adjusted basis is \$10,000. Both apply to the entire building.

To complete Schedule A, Part V for this example, describe the property in Schedule A, Part V, line 1. Enter \$10,000 in Schedule A, Part V, line 2 (since the entire amount is for debt-financed property); \$500 and \$2,500 in Schedule A, Part V, line 3(a) and 3(b), respectively (since only one-half of the expenses are for the debt-financed property); \$3,000 and \$5,000 in Schedule A, Part V, lines 4 and 5, respectively (since only one-half of the acquisition indebtedness and the average adjusted basis are for debt-financed property); 60% in Schedule A, Part V, line 6; \$6,000 in Schedule A, Part V, line 7; and \$1,800 in Schedule A, Part V, line 9.

**Example 2.** Assume the same facts as in Example 1, except the entire building is rented out as an unrelated trade or business for \$20,000. To complete Schedule A, Part V for this example, enter \$20,000 in Schedule A, Part V, line 2; \$1,000 and \$5,000 in Schedule A, Part V, lines 3(a) and 3(b), respectively (since the entire amount is for debt-financed property); \$6,000 and \$10,000 in Schedule A, Part V, lines 4 and 5 (since the entire amount is for debt-financed property); 60% in Schedule A, Part V, line 6; \$12,000 in Schedule A, Part V, line 7; and \$3,600 in Schedule A, Part V, line 9.

## Line 1

Enter the address of the debt-financed property. If the debt-financed property is not real property, enter the address where the property is located and describe the property in Part XI, Supplemental Information.

Check the box next to the property description if the property is used both to carry on exempt activities and to conduct unrelated trade or business activities.

## Line 2

Enter the gross income from debt financed property, excluding income otherwise included in unrelated business taxable income. For example, don't include rents from personal property shown in Schedule A, Part IV, or rents and interest from controlled organizations shown in Schedule A, Part VI.

## Line 3

For amounts shown on line 3a, attach a statement showing, for each property,

1. The cost or salvage value,
2. The year acquired,
3. The property's useful life (rounded to a whole number if necessary),
4. The years remaining (rounded to a whole number if necessary),
5. The annual depreciation expense amount, and
6. The allowable depreciation expense amount.

## Line 4

Average acquisition indebtedness for any tax year is the average amount of the outstanding principal debt during the part of the tax year the property is held by the organization. To figure the average amount of acquisition debt, determine the amount of the outstanding principal debt on the first day of each calendar month during that part of the tax year that the organization holds the property. Add these amounts together, and divide the result by the total number of months during the tax year that the organization held the property. See section 514(a) and the related regulations for property acquired for an indeterminate price.

Attach a statement showing, for each property,

1. The average amount of acquisition debt,
2. The percent allocable to debt-financed income, and
3. The product of (1) multiplied by (2).

## Line 5

The average adjusted basis for debt-financed property is the average of the adjusted basis of the property on the first and last days during the tax year that the organization holds the property. Determine the adjusted basis of property under section 1011. Adjust the basis of the property by the depreciation for all earlier tax years, whether or not the organization was exempt from tax for any of these years. Similarly, for tax years during which the organization is subject to tax on unrelated business taxable income, adjust the basis of the property by the entire amount of allowable depreciation, even though only a part of the deduction for depreciation is taken into account in figuring unrelated business taxable income.

Attach a statement showing, for each property,

1. A brief description of the property,
2. The adjusted basis,
3. The percent allocable to debt-financed income, and
4. The product of (3) multiplied by (4).

If no adjustments to the basis of property under section 1011 apply, the basis of the property is cost.

See section 514(d) and the related regulations for the basis of debt-financed property acquired in a complete or partial liquidation of a corporation in exchange for its stock.

## Line 6

Divide each property's average acquisition indebtedness for the tax year by that property's average adjusted basis during the

period it is held in the tax year. This percentage cannot be more than 100%.

### Line 7

The amount of income from debt-financed property included in unrelated trade or business income is figured by multiplying the property's gross income by the percentage computed on line 6.

### Line 8

Enter on line 8 the sum of amounts computed for each property on line 7. Also enter this amount on Part I, line 7, column (A).

### Line 9

For each debt-financed property, multiply the total deductions directly connected to the income (including the dividends-received deductions allowed by sections 243, 244, and 245) by the percentage computed on line 6. However, if the debt-financed property is depreciable property, figure the depreciation deduction by the straight-line method only and enter the amount in Schedule A, Part V, line 3(a).

For each debt-financed property, attach statements showing separately a computation of the depreciation deduction (if any) reported in Schedule A, Part V, line 3(a) (as described earlier) and a breakdown of the expenses included in Schedule A, Part V, line 3(b). Corporations owning stock that is unrelated debt-financed property should see Schedule C (Dividends and Special Deductions) of Form 1120, U.S. Corporation Income Tax Return, to determine the dividends-received deductions to include in Schedule A, Part V, line 3(b).

When a capital loss for the tax year may be carried back or carried over to another tax year, the amount to carry over or back is figured by using the percentage determined above. However, in the year to which the amounts are carried, don't apply the debt-basis percentage to determine the deduction for that year.

### Line 10

On line 10 enter the sum of amounts computed for each property on line 9. Also enter this amount on Part I, line 7, column (B).

### Line 11

Enter the total dividends-received deductions (after reduction, when applicable, by the debt-basis percentage(s)) included in Schedule A, Part V, line 9.

## Part VI. Interest, Annuities, Royalties, and Rents From Controlled Organizations

Under section 512(b)(13), interest, annuities, royalties, and rents received or accrued (directly or indirectly) by a controlling organization from a controlled organization are subject to tax, whether or not the activity conducted by the controlling organization to earn these amounts is a trade or business or is regularly conducted. However, see Regulations section 1.512(b)-1(l)(5) regarding amounts taxable under other provisions of the Code.

**Controlled organization.** An entity is a "controlled organization" if the controlling organization owns:

- By vote or value more than 50% of a corporation's stock (for an organization that is a corporation);
- More than 50% of a partnership's profits or capital interests (for an organization that is a partnership); or
- More than 50% of the beneficial interests in an organization (for an organization other than a corporation or partnership).

To determine the ownership of stock in a corporation, apply the principles of section 318 (constructive ownership of stock). Apply similar principles to determine the ownership of interests in a partnership or any other organization.

**Column 3.** Enter the net unrelated income (or net unrelated loss) of each controlled entity listed that is exempt from tax under section 501(a).

**Column 7.** Enter the taxable income of each nonexempt controlled organization.

**Column 8.** Enter the net unrelated income (or net unrelated loss) of each controlled entity listed that isn't exempt from tax under section 501(a). Net unrelated income is that portion of the controlled entity's taxable income that would be unrelated business taxable income if the entity were exempt under section 501(a) and had the same exempt purposes as the controlling organization. Net unrelated loss is the controlled organization's net operating loss adjusted under rules similar to those used to determine net unrelated income.

**Column 4 or 9.** For each controlled organization, enter the total of specified payments received from each controlled organization. If the organization received both specified payments and qualifying specified payments from a controlled organization, enter specified payments on one line and qualifying specified payments on another so that there are dual entries for that controlled organization.

**Column 5 or 10.** For specified payments, enter the portion of columns 4 or 9 to the extent that the payment reduced the net unrelated income (or increased the net unrelated loss) of the controlled entity.

**Column 6 or 11.** Enter only those deductions directly connected with the income entered in columns 5 or 10.

With respect to qualifying specified payments, enter only that portion of expenses directly connected to the amounts included in columns 5 or 10, that is, the excess of the payment over the fair market value amount as determined in accordance with section 482. Don't enter any expenses relating to the portion of such payment that isn't includible in income under this special rule.



*For valuation misstatements regarding qualifying specified payments, there is a 20% addition to tax. See section 512(b)(13)(E)(ii).*

**Excess qualifying specified payments.** Excess qualifying specified payments received or accrued from a controlled entity (that is, the amount of qualifying specified payments in excess of what would have been paid or accrued if the payments had been determined under section 482) are included in a controlling exempt organization's unrelated business taxable income.

## Part VII. Investment Income of a Section 501(c)(7), (9), or (17) Organization

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income includes all gross income from nonmembers with certain modifications. See section 512(a)(3)(A). Report on Schedule A, Part VII all income from investments in securities and other similar investment income from nonmembers, including 100% of income and directly connected expenses from debt-financed property. Don't report nonmember income from debt-financed property on Schedule A, Part V.

All section 501(c)(7), (9), and (17) organizations figure their investment income using Schedule A, Part VII. Don't include interest on state and local governmental obligations described in section 103(a).

Investment income includes all income from debt-financed property.

If a section 501(c)(7), (9), or (17) organization (or a title holding corporation described earlier) sells property that was used for the exempt function of the section 501(c)(7), (9), or (17) organization and buys other property used for the organization's exempt function within a period beginning 1 year before the date of the sale, and ending 3 years after the date of the sale, the gain from the sale will be recognized only to the extent that the sales price of the old property is more than the cost of the other property. The other property need not be similar in type or use to the old property. The organization must notify the IRS of the sale by a statement attached to the return, or other written notice.

To compute the gain on the sale of depreciable property, see the instructions for Part V, line 5, to determine the adjusted basis of the property.

**Column 3.** Deduct only those expenses that are directly connected to the net investment income. Allocate deductions between exempt activities and other activities where necessary. The organization may not take the dividends-received deductions in figuring net investment income because they aren't treated as directly connected with the production of gross income.

**Column 4.** Section 501(c)(7), (9), and (17) organizations may set aside income that would otherwise be taxable under section 512(a)(3). However, income derived from an unrelated trade or business may not be set aside and thus can't be exempt function income. In addition, any income set aside and later used for other purposes must be included in income.

Section 501(c)(7), (9), and (17) organizations won't be taxed on income set aside for:

1. Religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals (and reasonable administration costs directly connected to such purposes); or
2. The payment of life, sickness, accident, or other benefits (and reasonable administration costs directly connected to such benefits) by a section 501(c)(9) or (17) organization. The amount allowed as a set aside may not exceed a limit determined using section 512(a)(3)(E). See sections 512(a)(3)(E) and 419A for details.

Report income set aside in Schedule A, Part VII, column 4. Attach a statement listing,

1. The amount set aside for charitable purposes,
2. The amount set aside for reasonable administration costs directly connected with such amount,
3. The amount set aside for payment of life, sickness, accident or other benefits, and
4. The amount set aside for reasonable administration costs directly connected with the payment of such benefits.

Amounts set aside aren't deductible under section 170 or any other section of the Code.

The organization may elect to treat income set aside by the date for filing the return, including any extension of time, as income set aside in the tax year for which the return is filed. The income set aside must have been includible in gross income for that earlier tax year.

Although set aside income may be accumulated, any accumulation that is unreasonable will be evidence that the set aside wasn't for the purposes previously mentioned.

Net investment income set aside must be specifically earmarked as such, or placed in a separate account or fund (except for a section 501(c)(9) or (17) organization which, by the terms of its governing instrument, must use its net investment

income for the payment of life, sickness, accident, or other benefits, and reasonable administration costs).

These rules apply to a corporation described in section 501(c)(2) (title holding corporation) whose income is payable to an organization described in section 501(c)(7), (9), or (17) if it files a consolidated return with the section 501(c)(7), (9), or (17) organization.

## Part VIII. Exploited Exempt Activity Income, Other Than Advertising Income

Exempt organizations that have gross income from an unrelated trade or business activity that exploits an exempt activity (other than periodical advertising income reportable in Schedule A, Part IX) should complete Schedule A, Part VIII. See Regulations section 1.513-1(d)(4)(iv) for a definition of exploited exempt activity. Report income from advertising other than in a periodical in Schedule A, Part VIII.

**Line 1.** Briefly describe the exempt activity being exploited in an unrelated trade or business activity.

**Line 3.** An exempt organization may take all deductions directly connected with the gross income from the unrelated trade or business activity.

**Line 4.** Subtract directly connected deductions from the gross unrelated business income. If unrelated business income exceeds the directly connected deduction, the exempt organization may take into account all deductible items attributable to the exploited exempt activity, with the following limitations.

1. Reduce the deductible items of the exempt activity by the income from the activity;
2. Limit the net amount of deductible items arrived at in item 1, above, for the exempt activity to the net unrelated business income from the exploited exempt activity;
3. Exclude income and expenses of the exempt activity in figuring a loss carryover or carryback from the unrelated trade or business activity exploiting the exempt activity; and
4. Exclude deductible items of the exempt activity in figuring unrelated trade or business income from an activity that isn't exploiting the same exempt activity.

As a result, the net includible exploited exempt activity income is the unrelated business taxable income minus the excess of the exempt activity expenses over the exempt activity income. If the income from the exempt activity exceeds the exempt activity expenses, don't add that profit to the net income from the unrelated business activity. Attach a separate statement showing the computation.

## Part IX. Advertising Income

An exempt organization that earned gross income from the sale of advertising in an exempt organization periodical must complete Schedule A, Part IX. The part of the advertising income taken into account is determined as follows.

1. If direct advertising costs (expenses directly connected with advertising income) are more than advertising income (unrelated business income), deduct that excess in figuring unrelated business taxable income from any other unrelated trade or business activity conducted by the organization.
2. If advertising income is more than direct advertising costs, and circulation income (exempt activity income) equals or exceeds readership costs (exempt activity expenses), then unrelated business taxable income is the excess of advertising income over direct advertising costs.

3. If advertising income is more than direct advertising costs, and readership costs are more than circulation income, then unrelated business taxable income is the excess of total income (advertising income and circulation income) over total periodical costs (direct advertising costs and readership costs).

4. If the readership costs are more than the circulation income, and the net readership costs are more than the excess of advertising income over direct advertising costs, no loss is allowable. See Regulations section 1.512(a)-1(f)(2)(ii)(b).

For allocating membership receipts to circulation income, see Rev. Rul. 81-101, 1981-C.B. 352.

**Consolidated periodicals.** If an organization publishes two or more periodicals, it may elect to treat the gross income for all (but not less than all) periodicals, and deductions directly connected with those periodicals (including excess readership costs) as if the periodicals were one to determine its unrelated business taxable income. This rule only applies to periodicals published for the production of income. A periodical is considered published for the production of income if gross advertising income of the periodical is at least 25% of the readership costs, and the periodical is an activity engaged in for profit.

If periodicals are consolidated, check the box next to the periodical name, and attach a statement showing the name of each periodical in the consolidated group. The attached statement should include the amounts that correspond to information for lines 2 through 4. Attach a separate statement for the consolidated group of publications that includes the amounts corresponding to the information for lines 5 through 8.

## Part X. Compensation of Officers, Directors, and Trustees

Complete columns 1 through 4 for those officers, directors, and trustees whose salaries or other compensation are allocable to unrelated business gross income. Don't include in column 4 compensation that is deducted on Schedule A, Part II, lines 2, 14, or any line of Schedule A, Parts III through IX.

## Part XI. Supplemental Information

Use Part XI to explain the organization's operations, provide information for lines that don't have an embedded attachment to capture the information to supplement information provided on an embedded attachment, or to provide any other information in support of amounts reported on Schedule A. An organization that associated unrelated trade or business activity with a different NAICS or Business Activity Code in a prior year than

the NAICS or Business Activity Code shown on the Schedule A for the current tax year can enter the explanation for the change here.

For each entry in Part XI, include the Schedule A, Part and line number, a brief description and the amount (if any). If necessary, you may also attach a PDF document to provide supplemental information.

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**Estimates of Taxpayer Burden.** These include Forms in the 990 series and attachments and 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, 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 do not 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 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. For instance, the estimated average time burden for all taxpayers filing Forms 990, 990-EZ, 990-PF, 990-T, and 990-N and related forms is 32.8 hours, with an average cost of \$921 per return. This average includes all associated forms and schedules, across all preparation methods and taxpayer activities.

Updated estimates.

Fiscal Year **2022** Form 990 Series Tax Compliance Cost Estimates

	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	330,400	260,200	131,800	263,400	754,300
Estimates Average Total Time (Hours)	85	45	47	40	2
Estimated Average Total Out-of-Pocket Costs	\$2,700	\$600	\$2,100	\$1,500	\$10
Estimated Average Total Monetized Burden	\$8,200	\$1,300	\$4,000	\$4,600	\$30
Estimates Total Time (Hours)	28,000,000	16,760,000	6,140,000	10,660,000	1,660,000
Estimated Total Out-of-Pocket Costs	\$903,100,000	\$147,500,000	\$272,000,000	\$397,200,000	\$7,100,000
Estimated Total Monetized Burden	\$2,719,300,000	\$331,990,000	\$529,800,000	\$1,204,800,000	\$26,100,000
<b>Note:</b> Amounts above are for FY2022. Reported time and cost burdens are national averages and don't 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**

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 from [IRS.gov/FormComments](https://www.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 your return to this address. Instead, see *When, Where, and How to File*, earlier.

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**Business Activity Codes**

Industry Classification System (NAICS) commonly used by tax-exempt organizations. If you don't see a code for the activity you need to categorize in the list below, refer

to full list of NAICS codes on the NAICS website @ <https://www.census.gov/naics/>.

The codes listed below that begin with the digits 1 through 8 are a selection from the North American

<p><b>Agriculture, Forestry, Hunting and Fishing</b></p> <p><b>Code</b> 110000 Agriculture, forestry, hunting and fishing 111000 Crop production</p>	<p>511120 Periodical publishers (except Internet) 511130 Book publishers (except Internet) 511140 Directory and mailing list publishers (except Internet) 511190 Other publishers (except Internet)</p>	<p>532289 Rental of personal property 532420 Office machinery and equipment rental and leasing 533110 Lessors of nonfinancial intangible assets (except copyrighted works)</p>	<p><b>Healthcare and Social Assistance</b></p> <p><b>Code</b> 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 Community centers (except rec. only), youth Adoption agencies 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 Child day care services</p>
<p><b>Mining</b></p> <p><b>Code</b> 211110 Oil and gas extraction 211120 Crude petroleum extraction 211130 Natural gas extraction 212000 Mining (except oil and gas)</p>	<p>512000 Motion picture and sound recording industries 515100 Radio and television broadcasting (except Internet) 517000 Telecommunications (including paging, cellular, satellite, cable, other telecommunications, and Internet service providers) 519100 Other information services (including news syndicates and libraries) 519130 Internet Publishing and Broadcast</p>	<p><b>Professional, Scientific, and Technical Services</b></p> <p><b>Code</b> 541100 Legal services 541990 Consumer credit counseling services 541200 Accounting, tax preparation, bookkeeping, and payroll services 541300 Architectural, engineering, and related services 541380 Testing laboratories 541511 Custom computer programming services 541519 Other computer-related services 541610 Management consulting services 541700 Scientific research and development services 541800 Advertising and related services 541860 Direct mail advertising 541900 Other professional, scientific, and technical services</p>	<p><b>Arts, Entertainment, and Recreation</b></p> <p><b>Code</b> 711110 Theater companies and dinner theaters 711120 Dance companies 711130 Musical groups and artists 711190 Other performing art companies 711210 Spectator sports (including sports clubs and racetracks) 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)</p>
<p><b>Utilities</b></p> <p><b>Code</b> 221000 Utilities</p>	<p><b>Data Processing Services</b></p> <p><b>Code</b> 518210 Data Processing, Hosting, and Related Services</p>	<p><b>Management of Companies and Enterprises</b></p> <p><b>Code</b> 551111 Offices of bank holding companies 551112 Offices of other holding companies</p>	<p><b>Accommodation and Food Services</b></p> <p><b>Code</b> 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 722440 Drinking places (alcoholic beverages) 722511 Full-service restaurants 722513 Limited-service restaurants 722514 Cafeterias and buffets 722515 Snack and non-alcoholic beverage bars</p>
<p><b>Construction</b></p> <p><b>Code</b> 230000 Construction 236000 Construction of buildings</p>	<p><b>Finance and Insurance</b></p> <p><b>Code</b> 522100 Depository credit intermediation (including commercial banking, savings institutions, and credit unions) 522200 Nondepository credit intermediation (including credit card issuing and sales financing) 522110 Credit card issuing 522220 Sales Financing 522291 Consumer lending 522292 Real estate credit 522298 Other nondepository credit intermediation 523000 Securities, commodity contracts, and other financial investments and related activities 523920 Portfolio management 523930 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 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)</p>	<p><b>Administrative and Support Services</b></p> <p><b>Code</b> 561000 Administrative and support services 561300 Employment services 561439 Other business service centers 561499 All other business support services 561500 Travel arrangement and reservation services 561520 Tour operators 561700 Services to buildings and dwellings</p>	<p><b>Other Services</b></p> <p><b>Code</b> 811000 Repair and maintenance 812300 Dry cleaning and laundry services 812900 Other personal services 812930 Parking lots and garages</p>
<p><b>Manufacturing</b></p> <p><b>Code</b> 310000 Manufacturing 323100 Printing and related support activities 339110 Medical equipment and supplies manufacturing</p>	<p><b>Real Estate and Rental Leasing</b></p> <p><b>Code</b> 531110 Lessors of residential buildings and dwellings (including equity REITs) 531120 Lessors of nonresidential buildings (except Miniwarehouses)(including equity REITs) 531190 Lessors of other real estate property (including equity REITs) 531310 Real estate property managers 531390 Other activities related to real estate 532000 Rental and leasing services</p>	<p><b>Waste Management and Remediation Services</b></p> <p><b>Code</b> 562000 Waste management and remediation services (sanitary services)</p>	<p><b>Educational Services</b></p> <p><b>Code</b> 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</p>
<p><b>Wholesale Trade</b></p> <p><b>Code</b> 423000 Merchant wholesalers, durable goods 424000 Merchant wholesalers, nondurable goods</p>	<p><b>Information</b></p> <p><b>Code</b> 511110 Newspaper publishers (except Internet)</p>	<p><b>Waste Management and Remediation Services</b></p> <p><b>Code</b> 562000 Waste management and remediation services (sanitary services)</p>	<p><b>Educational Services</b></p> <p><b>Code</b> 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</p>

## Removed definition of applicable reinsurance entity.

with "9" are not part of the NAICS and are not listed on the NAICS website. The non-NAICS business activity codes are for use on Form 990-T to identify various types of investments, including certain partnership and S corporation interests, reported as separate trades or businesses under section 512(a)(6) without regard to the specific trade or business engaged in by the partnership or S corporation. See Regulations section 1.512(a)-6.

## Non-NAICS Business Activity Codes

In the Codes below that include "####" replace "#" with numbers to identify each interest (nonqualified S corporation or passive income activity). For example, if four Schedules A are being filed to report unrelated trade or business income from four separate nonqualifying S corporation interests, the business activity code entered in Item C at the top of the four Schedules A would be 904001, 904002, 904003, and 904004, respectively.

**901101.** Investment activities, including:

- Debt-financed income (512(b)(4));
- Qualifying partnership interests;
- Qualifying S corporation interests; and
- Certain gross income of organizations subject to section 512(a)(3), (501(c)(7), (9), or (17)).

**901301.** Insurance income derived from controlled foreign corporations (section 512(b)(17)).

**903###.** Passive income activities with controlled organizations.

**904###.** Nonqualifying S corporation interests.

You must report each separate unrelated trade or business using the first two digits of the NAICS code that most accurately describes the unrelated trade or business based on the more specific NAICS code, such as at the 6-digit level. Investment activities reported as separate trades or businesses that are identified with a non-NAICS business activity code should use the 6-digit code from the list above. See Regulation section 1.512(a)-6(b)(1).

Item C at the top of Schedule A requires a 6-digit entry. Enter a 2-digit NAICS Code by entering the first digits followed by four zeros.

## Appendix A. Definitions

**Section 501(c)(3) organization.**

Section 501(c)(3) describes certain organizations which are exempt from taxation under section 501(a). A 501(c)(3) organization is an organization

organized and operated exclusively for charitable purposes. See Regulations section 1.501(c)(3)-1(a).

**Annual return.** An annual return (for purposes of the public inspection rules discussed below) is an exact copy of the Form 990-T that was filed with the IRS, including all schedules and attachments. It also includes any amendments to the original return (amended return).

By annual return (for purposes of the public inspection rules discussed below), we mean any annual return (defined above) that isn't more than 3 years old from the later of:

- The date the return is required to be filed (including extensions), or
- The date that the return is actually filed.

**Directly connected expenses.** To be deductible in computing unrelated business taxable income, expenses, depreciation, and similar items must

Reference to 'transition-rule partnership' deleted, as this transition rule is not applicable to tax years beginning in 2021.

activity, expenses, depreciation, and similar items must bear a proximate and primary relationship to the conduct of the activity. For example, where facilities and/or personnel are used both to conduct exempt activities and to conduct an unrelated trade or business, expenses and similar items attributable to such facilities and/or personnel must be allocated between the two uses on a reasonable basis. The portion of any such item allocated to the unrelated trade or business must bear a proximate and primary relationship to that unrelated trade or business.

**Not substantially related to.** "Not substantially related to" means the activity that produces the income doesn't contribute importantly to the exempt purposes of the organization, other than the need for funds. Whether an activity contributes importantly depends in each case on the facts involved.

For details, see Pub. 598, Tax on Unrelated Business Income of Exempt Organizations.

**Trade or business.** A trade or business is any activity conducted for the production of income from selling goods or performing services. An activity must be conducted with intent to profit to constitute a trade or business. An activity doesn't 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 purpose of the organization. If, however, an activity conducted for profit

is an unrelated trade or business, no part of it can be excluded from this classification merely because it doesn't result in profit.

**Separate trade or business.** An organization with more than one unrelated trade or business should refer to Regulations section 1.512(a)-6 to determine if two or more trades or businesses are separate trades or businesses for purposes of calculating UBTI.

**Unrelated trade or business income.** Unrelated trade or business income is the gross income derived from any trade or business (defined above) regularly carried on and not substantially related to (defined above) the organization's exempt purpose or function (aside from the organization's need for income or funds or the use it makes of the profits).

Generally, for section 501(c)(7), (9), or (17) organizations, unrelated trade or business income is derived from members with certain modifications (see section 512(a)).

For a section 511(a)(2)(B) state college or university, or a corporation wholly owned by such a college or university, unrelated trade or business income is derived from activities not substantially related to exercising or performing any purpose or function described in section 501(c)(3).

An unrelated trade or business doesn't include a trade or business:

1. In which substantially all the work is performed for the organization without compensation; or
2. That is conducted by a section 501(c)(3) or 511(a)(2)(B) organization mainly for the convenience of its members, students, patients, officers, or employees; or
3. That sells items of work-related equipment and clothes, and items normally sold through vending machines, food dispensing facilities or by snack bars, by a local association of employees described in section 501(c)(4), organized before May 27, 1969, if the sales are for the convenience of its members at their usual place of employment; or
4. That sells merchandise substantially all of which was received by the organization as gifts or contributions; or
5. That consists of qualified public entertainment activities regularly conducted by a section 501(c)(3), (4), or (5) organization as one of its substantial exempt purposes (see section 513(d)(2) for the meaning of qualified public entertainment activities); or
6. That consists of qualified convention or trade show activities

regularly conducted by a section 501(c)(3), (4), (5), or (6) organization as one of its substantial exempt purposes (see section 513(d)(3) for the meaning of qualified convention and trade show activities); or

7. That furnishes one or more services described in section 501(e)(1)(A) by a hospital to one or more hospitals subject to conditions in section 513(e); or

8. That consists of qualified pole rentals, as defined in section 501(c)(12)(D), by a mutual or cooperative telephone or electric company; or

9. That includes activities relating to the distribution of low-cost articles, each costing \$11.30 (per Rev. Proc. 2020-45 section 3.34(1)) or less, by an organization described in section 501 and contributions to which are deductible under section 170(c)(2) or (3) if the distribution is incidental to the solicitation of charitable contributions; or

10. That includes the exchange or rental of donor or membership lists between organizations described in section 501 and contributions to which are deductible under section 170(c)(2) or (3); or

11. That consists of bingo games as defined in section 513(f). Generally, a bingo game isn't included in any unrelated trade or business if:

- a. Wagers are placed, winners are determined, and prizes are distributed in the presence of all persons wagering in that game, and
- b. The game doesn't compete with bingo games conducted by for-profit businesses in the same jurisdiction, and
- c. The game doesn't violate state or local law; or

12. That consists of conducting any game of chance by a nonprofit organization in the state of North Dakota and the conducting of the game doesn't violate any state or local law; or

13. That consists of soliciting and receiving qualified sponsorship payments that are solicited or received after December 31, 1997. Generally, qualified sponsorship payment means any payment to a tax-exempt organization by a person engaged in a trade or business in which there is no arrangement or expectation of any substantial return benefit by that person other than the use or acknowledgment of that person's name, logo, or product lines in connection with the activities of the tax-exempt organization. See section 513(i).

## Appendix B. Charitable Contribution Deduction

**Charitable contributions.** Filers should use the following information regarding the charitable contribution deduction to complete Form 990-T, Part I, line 4.

**Corporations.** The total amount claimed normally can't be more than 10% of unrelated business taxable income figured without regard to the following.

- Any deduction for contributions.
- Any capital loss carryback to the tax year under section 1212(a)(1).

Corporations on the accrual basis can elect to deduct contributions paid by the 15th day of the 4th month after the end of the tax year if the contributions are authorized by the board of directors during the tax year. Attach a declaration statement to the return stating that the resolution authorizing the contributions was adopted by the board of directors during the tax year. The declaration statement must also include the date the resolution was adopted. See Regulations section 1.170A-11.

Charitable contributions over the 10% limitation can't be deducted for the tax year, but may be carried over to the next 5 tax years.

In figuring the charitable contributions deduction, if the corporation has an NOL carryover to the tax year, the 10% limit is applied using the taxable income after taking into account any deduction for the NOL.

To figure the amount of any remaining NOL carryover to later years, taxable income must be modified. See section 172(b). To the extent charitable contributions are used to reduce taxable income for this purpose and increase a net operating loss carryover, a contributions carryover isn't allowed. See section 170(d)(2)(B).

**Trusts.** In general.

1. For contributions to organizations described in section 170(b)(1)(A), the amount claimed may not be more than 50% of the unrelated business taxable income figured without this deduction; and

2. For contributions to other organizations, the amount claimed may not be more than the smaller of:

- a. 30% of unrelated business taxable income figured without this deduction; or
- b. The amount by which 50% of the unrelated business taxable income is more than the contributions allowed in 1 above.

An increased limitation may be available for cash contributions under section 170(b)(1)(G).

Trusts that make qualified cash contributions in calendar years 2020 or 2021 may be eligible to deduct these contributions without regard to the normal taxable income limits for trusts. For more information, see section 2205 of the CARES Act and section 213 of the Taxpayer Certainty and Disaster Relief Act of 2020.



*Contributions not allowable in whole or in part because of the limitations may not be deducted as a business expense but may be carried over to the next 5 tax years.*

### Substantiation requirements.

Generally, no deduction is allowed for any contribution of \$250 or more, unless the organization gets a written acknowledgment from the donee organization that shows the amount of cash contributed, describes any property contributed, and either gives a description and a good faith estimate of the value of any goods or services provided in return for the contribution or states that no goods or services were provided in return for the contribution. The acknowledgment must be obtained by the due date (including extension) of the organization's return, or, if earlier, the date the return is filed. However, see section 170(f)(8) and the related regulations for exceptions to this rule. Don't attach the acknowledgment to the return but keep it with the organization's records.

**Note.** For contributions of cash, check, or other monetary gifts (regardless of the amount), the organization must maintain a bank record, or a receipt, letter, or other written communication from the donee organization indicating the name of the organization, the date of the contribution, and the amount of the contribution.

### Contributions of property other than cash.

If an organization contributes property other than cash and claims over a \$500 deduction for the property, it must attach a statement to the return describing the kind of property contributed and the method used to determine its fair market value (FMV). All organizations generally must complete and attach Form 8283, Noncash Charitable Contributions, to their returns for contributions of property (other than money) if the total claimed deduction for all property contributed was more than \$5,000. Special rules apply to the contribution of certain property. See the Instructions for Form 8283. A donee organization must use Form 8282, Donee Information Return, to report information

to the IRS and donors about dispositions of certain charitable deduction property made within 3 years after the donor contributed the property. See the Instructions for Form 8282.

**Special rules for contributions of certain easements in registered historic districts.** The following rules apply to certain contributions of real property interests located in a registered historic district.

- A deduction is allowed for the qualified real property interest, if the exterior of the building (including the front, side, rear, and space above the building) is preserved and no portion of the exterior is changed in a manner that is inconsistent with its historical character. See section 170(h)(4)(B).

- A deduction is allowed on the building only (no deduction is allowed for a structure or land) if located in a registered historic district. However, if listed in the National Register, a deduction is also allowed for structures or land areas. See section 170(h)(4)(C).

- The organization must also include the following information with the tax return.

1. A qualified appraisal (as defined in section 170(f)(11)(E)) of the qualified property interest.

2. Photographs of the entire exterior of the building.

3. A description of all restrictions on the development of the building. See section 170(h)(4)(B)(iii).

- The organization's deduction may be reduced if rehabilitation credits were claimed on the building. See section 170(f)(14).

- A \$500 filing fee may apply to certain deductions over \$10,000. See section 170(f)(13).

**Reduced deductions for contributions for certain property.** The organization must reduce its deduction for contributions of certain capital gain property and qualified appreciated stock. See sections 170(e)(1) and 170(e)(5).

**Special rules for corporation.** A larger deduction is allowed for certain contributions of:

- Inventory and other property to certain organizations for use in the care of the ill, needy, or infants (including contributions of apparently wholesome food (see section 170(e)(3)(C))); and
- Scientific equipment used for research to institutions of higher learning or to certain scientific research organizations (see section 170(e)(4)).

See section 170, the related regulations, and Pub. 526, Charitable Contributions.

## Appendix C. Public Inspection of Form 990-T Returns Filed by Section 501(c)(3) Organizations

### Public inspection requirements of section 501(c)(3) organizations.

Under section 6104(d), a section 501(c)(3) organization that files Form 990-T must make its entire annual exempt organization business income tax return (including amended returns) available for public inspection.

The Form 990-T and related schedules must be made available for public inspection for a period of 3 years from the date the Form 990-T is required to be filed, including any extension.

**What schedules and attachments to Form 990-T must be made available for public inspection?** Only schedules, attachments (statements), and supporting documents that relate to the imposition of tax on unrelated business income must be made available for public inspection when attached to a section 501(c)(3) organization's Form 990-T filed after August 17, 2006.

The following documents, when attached to a section 501(c)(3) organization's Form 990-T filed after August 17, 2006, aren't required to be made available for public inspections.

- Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation;
- Form 5471, Information Return of U.S. Persons With Respect to Certain Foreign Corporations;
- Form 8271, Investor Reporting of Tax Shelter Registration Number;
- Form 8594, Asset Acquisition Statement Under Section 1060;
- Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund;
- Form 8832, Entity Classification Election;
- Form 8858, Information Return of U.S. Persons With Respect to Foreign Disregarded Entities;
- Form 8865, Return of U.S. Person with Respect to Certain Foreign Partnerships;
- Form 8886, Reportable Transaction Disclosure Statement;
- Form 8913, Credit for Federal Telephone Excise Tax Paid;
- Form 8925, Report of Employer-Owned Life Insurance Contracts;
- Form 8941, Credit for Small Employer Health Insurance Premiums; and
- Form 8975, Country-by-Country Report.

**How does a 501(c)(3) organization make its annual returns available for public inspection?** A 501(c)(3) organization must make its annual returns available in two ways.

- By office visitation, and
- By providing copies or making them widely available.

### Public inspection by office visitation.

A 501(c)(3) organization must make its annual returns available for public inspection without charge at its principal, regional, and district offices during regular business hours.

**Conditions that may be set for public inspection at the office.** A 501(c)(3) organization:

- May have an employee present,
- Must allow the individual conducting the inspection to take notes freely during the inspection, and
- Must allow an individual to make photocopies of documents at no charge but only if the individual brings photocopying equipment to the place of inspection.

### Determining if a site is a regional or district office.

A regional or district office is any office of a 501(c)(3) organization, other than its principal office, that has paid employees whose total number of paid hours a week are normally 120 hours or more. Include the hours worked by part-time (as well as full-time) employees in making that determination.

**What sites aren't considered a regional or district office.** A site isn't considered a regional or district office if:

1. The only services provided at the site further the organization's exempt purposes (for example, day care, health care, or scientific or medical research), and

2. The site doesn't serve as an office for management staff, other than managers who are involved only in managing the exempt function activities at the site.

### What if the 501(c)(3) organization doesn't maintain a permanent office?

If the 501(c)(3) organization doesn't maintain a permanent office, it will comply with the public inspection by office visitation requirement by making the annual returns available at a reasonable location of its choice. It 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.

**Optional method of complying.** If a 501(c)(3) organization that doesn't have a permanent office wishes not to allow an inspection by office visitation, it may mail

a copy of the requested documents instead of allowing an inspection. However, it must mail the documents within 2 weeks of receiving the request and may charge for copying and postage only if the requester consents to the charge.

**501(c)(3) organizations with a permanent office but limited or no hours.** Even if a 501(c)(3) organization has a permanent office but no office hours or very limited hours during certain times of the year, it must still meet the office visitation requirement. To meet this requirement during those periods when office hours are limited or not available, follow the rules above under *What if the 501(c)(3) organization doesn't maintain a permanent office?*

## Public Inspection—Providing Copies

A 501(c)(3) organization must provide copies of its annual returns to any individual who makes a request for a copy in person or in writing unless it makes these documents widely available.

**In-person requests for document copies.** A 501(c)(3) organization must provide copies to any individual who makes a request in person at the 501(c)(3) organization's principal, regional, or district offices during regular business hours on the same day that the individual makes the request.

**Accepted delay in fulfilling an in-person request.** If unusual circumstances exist and fulfilling a request on the same day places an unreasonable burden on the 501(c)(3) organization, it must provide copies by the earlier of:

- The next business day following the day that the unusual circumstances end, or
- The fifth business day after the date of the request.

Examples of unusual circumstances include:

- Receipt of a volume of requests (for document copies) that exceeds the 501(c)(3) 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 501(c)(3) organization's managerial staff capable of fulfilling the request is conducting official duties (for example, student registration or attending an off-site meeting or convention) instead of its regular administrative duties.

**Use of local agents for providing copies.** A 501(c)(3) organization may use a local agent to handle in-person

requests for document copies. If a 501(c)(3) organization uses a local agent, it must immediately provide the local agent's name, address, and telephone number to the requester.

The local agent must:

- Be located within reasonable proximity to the principal, regional, or district office where the individual makes the request, and
- Provide document copies within the same time frames as the 501(c)(3) organization.

**Written requests for document copies.** If a 501(c)(3) organization receives a written request for a copy of its annual returns (or parts of these documents), it must give a copy to the requester. However, this rule only applies if the request;

- Is addressed to a 501(c)(3) organization's principal, regional, or district office;
- Is delivered to that address by mail, electronic mail (email), facsimile (fax), or a private delivery service approved by the IRS (see *Private Delivery Service*, earlier, for a list), and
- Gives the address to which the document copies should be sent.

**How and when a written request is fulfilled.**

- Requested document copies must be mailed within 30 days from the date the 501(c)(3) organization receives the request.
- Unless other evidence exists, a request or payment that is mailed is considered to be received by the 501(c)(3) organization 7 days after the postmark date.
- If an advance payment is required, copies must be provided within 30 days from the date payment is received.
- If the 501(c)(3) organization requires payment in advance and it receives a request without payment or with insufficient payment, it must notify the requester of the prepayment policy and the amount due within 7 days from the date it receives the request.
- A request that is transmitted to the 501(c)(3) organization by email or fax is considered received the day the request is transmitted successfully.
- Requested documents can be e-mailed instead of the traditional method of mailing if the requester consents to this method.

A document copy is considered as provided on the,

- Postmark date,
- Private delivery date,
- Registration date for certified or registered mail,
- Postmark date on the sender's receipt for certified or registered mail, or

- Day the email is successfully transmitted (if the requester agreed to this method).

**Requests for parts of a document copy.** A person can request all or any specific part or schedule of the annual returns and the 501(c)(3) organization must fulfill their request for a copy.

**Can an agent be used to provide copies?** A 501(c)(3) organization can use an agent to provide document copies for the written requests it receives. However, the agent must provide the document copies under the same conditions that are imposed on the 501(c)(3) organization itself. Also, if an agent fails to provide the documents as required, the 501(c)(3) organization will continue to be subject to penalties.

**Example.** The ABC Organization retained an agent to provide copies for all written requests for documents. However, ABC Organization received a request for document copies before the agent did.

The deadline for providing a response is referenced by the date that the ABC Organization received the request and not when the agent received it. If the agent received the request first, then a response would be referenced to the date that the agent received it.

**Can a fee be charged for providing copies?** A 501(c)(3) organization may charge a reasonable fee for providing copies. Also, it can require the fee to be paid before providing a copy of the requested document.

**What is a reasonable fee?** A fee is reasonable only if it is no more than the per-page copying fee charged by the IRS for providing copies, plus no more than the actual postage costs incurred to provide the copies.

**What forms of payment must the 501(c)(3) organization accept?** The form of payment depends on whether the request for copies is made in person or in writing.

Cash and money order must be accepted for in-person requests for document copies. The 501(c)(3) organization, if it wishes, may accept additional forms of payment.

Certified check, money order, and either personal check or credit card must be accepted for written requests for document copies. The 501(c)(3) organization, if it wishes, may accept additional forms of payment.

**Other fee information.** If a 501(c)(3) organization provides a requester with notice of a fee and the requester doesn't pay the fee within 30 days, the 501(c)(3) organization may ignore the request.

If a requester's check doesn't clear on deposit, the 501(c)(3) organization may ignore the request.

If a 501(c)(3) organization doesn't require prepayment and the requester doesn't prepay, the 501(c)(3) organization must receive consent from the requester if the copying and postage charge exceeds \$20.

**501(c)(3) organizations subject to a harassment campaign.** If the IRS determines that a 501(c)(3) organization is being harassed, it isn't required to comply with any request for copies that it reasonably believes is part of the harassment campaign.

A group of requests for a 501(c)(3) organization's annual return is indicative of a harassment campaign if the requests are part of a single coordinated effort to disrupt the operations of the 501(c)(3) organization rather than to collect information about it.

**Requests that may be disregarded without IRS approval.** A 501(c)(3) organization may 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.

## Making the Annual Returns Widely Available

A 501(c)(3) organization doesn't have to provide copies of its annual returns if it makes these documents widely available. However, it must still allow public inspection by office visitation.

**How does a 501(c)(3) organization make its annual returns widely available?** A 501(c)(3) organization's annual returns are widely available if it meets all four of the following requirements.

1. The Internet posting requirement is met if:

- The document is posted on an Internet page that the 501(c)(3) organization establishes and maintains, or
- The document is posted as part of a database of like documents of other tax-exempt organizations on an Internet page established and maintained by another entity.

2. An additional posting information requirement is met if:

- The Internet page through which the document is available clearly informs readers that the document is available and provides instructions for downloading the document;
- After it is downloaded and viewed, the web document exactly reproduces the image of the annual 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 (except software that is readily available to members of the public without payment of any fee) and without payment of a fee to the 501(c)(3) organization or to another entity maintaining the web page.

3. The reliability and accuracy requirements are met if the entity maintaining the Internet page:

- Has procedures for ensuring the reliability and accuracy of the document that it posts on the page;
- Takes reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page; and
- Corrects or replaces the document if a posted document is altered, destroyed, or lost.

4. The notice requirement is met if a 501(c)(3) organization notifies any individual requesting a copy of its annual return where the documents are available (including the Internet address). If the request is made in person, the 501(c)(3) organization must notify the individual immediately. If the request is in writing, it must notify the individual within 7 days of receiving the request.

## Penalties

A penalty may be imposed on any person who doesn't make the annual returns (including all required attachments) available for public inspection according to the section 6104(d) rules discussed earlier. If more than one person fails to comply, each person is jointly and severally liable for the full amount of the penalty. The penalty amount is \$20 for each day during which a failure occurs. The maximum penalty that may be imposed on all persons for any one annual return is \$10,000.

Any person who willfully fails to comply with the section 6104(d) public inspection requirements is subject to an additional penalty of \$5,000.

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# Form 990-PF

Return of Private Foundation

Form **990-PF**

**Return of Private Foundation**  
or Section 4947(a)(1) Trust Treated as Private Foundation

OMB No. 1545-0047

Department of the Treasury  
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.  
▶ Go to [www.irs.gov/Form990PF](http://www.irs.gov/Form990PF) for instructions and the latest information.

**2021**

Open to Public Inspection

For calendar year **2021** or tax year beginning , **2021**, and ending , **20**

Name of foundation		<b>A</b> Employer identification number
Number and street (or P.O. box number if mail is not delivered to street address)	Room/suite	<b>B</b> Telephone number (see instructions)
City or town, state or province, country, and ZIP or foreign postal code		<b>C</b> If exemption application is pending, check here <input type="checkbox"/>
<b>G</b> Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Initial return of a former public charity <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change		<b>D</b> 1. Foreign organizations, check here . . . ▶ <input type="checkbox"/> 2. Foreign organizations meeting the 85% test, check here and attach computation . . . ▶ <input type="checkbox"/>
<b>H</b> Check type of organization: <input type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation		<b>E</b> If private foundation status was terminated under section 507(b)(1)(A), check here . . . ▶ <input type="checkbox"/>
<b>I</b> Fair market value of all assets at end of year (from Part II, col. (c), line 16) ▶ \$	<b>J</b> Accounting method: <input type="checkbox"/> Cash <input type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____ (Part I, column (d), must be on cash basis.)	<b>F</b> If the foundation is in a 60-month termination under section 507(b)(1)(B), check here . . . ▶ <input type="checkbox"/>

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<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a) (see instructions).)		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)
<b>Revenue</b>	<b>1</b> Contributions, gifts, grants, etc., received (attach schedule)				
	<b>2</b> Check <input type="checkbox"/> if the foundation is not required to attach Sch. B				
	<b>3</b> Interest on savings and temporary cash investments				
	<b>4</b> Dividends and interest from securities . . . . .				
	<b>5a</b> Gross rents . . . . .				
	<b>b</b> Net rental income or (loss)				
	<b>6a</b> Net gain or (loss) from sale of assets not on line 10				
	<b>b</b> Gross sales price for all assets on line 6a				
	<b>7</b> Capital gain net income (from Part IV, line 2) . . . . .				
	<b>8</b> Net short-term capital gain . . . . .				
	<b>9</b> Income modifications . . . . .				
	<b>10a</b> Gross sales less returns and allowances				
<b>b</b> Less: Cost of goods sold . . . . .					
<b>c</b> Gross profit or (loss) (attach schedule) . . . . .					
<b>11</b> Other income (attach schedule) . . . . .					
<b>12 Total.</b> Add lines 1 through 11 . . . . .					
<b>Operating and Administrative Expenses</b>	<b>13</b> Compensation of officers, directors, trustees, etc.				
	<b>14</b> Other employee salaries and wages . . . . .				
	<b>15</b> Pension plans, employee benefits . . . . .				
	<b>16a</b> Legal fees (attach schedule) . . . . .				
	<b>b</b> Accounting fees (attach schedule) . . . . .				
	<b>c</b> Other professional fees (attach schedule) . . . . .				
	<b>17</b> Interest . . . . .				
	<b>18</b> Taxes (attach schedule) (see instructions) . . . . .				
	<b>19</b> Depreciation (attach schedule) and depletion . . . . .				
	<b>20</b> Occupancy . . . . .				
	<b>21</b> Travel, conferences, and meetings . . . . .				
	<b>22</b> Printing and publications . . . . .				
	<b>23</b> Other expenses (attach schedule) . . . . .				
	<b>24 Total operating and administrative expenses.</b> Add lines 13 through 23 . . . . .				
	<b>25</b> Contributions, gifts, grants paid . . . . .				
<b>26 Total expenses and disbursements.</b> Add lines 24 and 25					
<b>27</b> Subtract line 26 from line 12:					
<b>a Excess of revenue over expenses and disbursements</b>					
<b>b Net investment income</b> (if negative, enter -0-)					
<b>c Adjusted net income</b> (if negative, enter -0-)					

<b>Part II Balance Sheets</b> Attached schedules and amounts in the description column should be for end-of-year amounts only. (See instructions.)		Beginning of year	End of year	
		(a) Book Value	(b) Book Value	(c) Fair Market Value
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .			
	<b>2</b> Savings and temporary cash investments . . . . .			
	<b>3</b> Accounts receivable ▶ Less: allowance for doubtful accounts ▶			
	<b>4</b> Pledges receivable ▶ Less: allowance for doubtful accounts ▶			
	<b>5</b> Grants receivable . . . . .			
	<b>6</b> Receivables due from officers, directors, trustees, and other disqualified persons (attach schedule) (see instructions) . . . . .			
	<b>7</b> Other notes and loans receivable (attach schedule) ▶ Less: allowance for doubtful accounts ▶			
	<b>8</b> Inventories for sale or use . . . . .			
	<b>9</b> Prepaid expenses and deferred charges . . . . .			
	<b>10a</b> Investments—U.S. and state government obligations (attach schedule)			
	<b>b</b> Investments—corporate stock (attach schedule) . . . . .			
	<b>c</b> Investments—corporate bonds (attach schedule) . . . . .			
	<b>11</b> Investments—land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
	<b>12</b> Investments—mortgage loans . . . . .			
	<b>13</b> Investments—other (attach schedule) . . . . .			
	<b>14</b> Land, buildings, and equipment: basis ▶ Less: accumulated depreciation (attach schedule) ▶			
<b>15</b> Other assets (describe ▶ _____)				
<b>16 Total assets</b> (to be completed by all filers—see the instructions. Also, see page 1, item I) . . . . .				
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .			
	<b>18</b> Grants payable . . . . .			
	<b>19</b> Deferred revenue . . . . .			
	<b>20</b> Loans from officers, directors, trustees, and other disqualified persons			
	<b>21</b> Mortgages and other notes payable (attach schedule) . . . . .			
	<b>22</b> Other liabilities (describe ▶ _____)			
	<b>23 Total liabilities</b> (add lines 17 through 22) . . . . .			
<b>Net Assets or Fund Balances</b>	<b>Foundations that follow FASB ASC 958, check here</b> ▶ <input type="checkbox"/> <b>and complete lines 24, 25, 29, and 30.</b>			
	<b>24</b> Net assets without donor restrictions . . . . .			
	<b>25</b> Net assets with donor restrictions . . . . .			
	<b>Foundations that do not follow FASB ASC 958, check here</b> ▶ <input type="checkbox"/> <b>and complete lines 26 through 30.</b>			
	<b>26</b> Capital stock, trust principal, or current funds . . . . .			
	<b>27</b> Paid-in or capital surplus, or land, bldg., and equipment fund			
	<b>28</b> Retained earnings, accumulated income, endowment, or other funds			
<b>29 Total net assets or fund balances</b> (see instructions) . . . . .				
<b>30 Total liabilities and net assets/fund balances</b> (see instructions) . . . . .				

<b>Part III Analysis of Changes in Net Assets or Fund Balances</b>			
<b>1</b> Total net assets or fund balances at beginning of year—Part II, column (a), line 29 (must agree with end-of-year figure reported on prior year's return) . . . . .		<b>1</b>	
<b>2</b> Enter amount from Part I, line 27a . . . . .		<b>2</b>	
<b>3</b> Other increases not included in line 2 (itemize) ▶		<b>3</b>	
<b>4</b> Add lines 1, 2, and 3 . . . . .		<b>4</b>	
<b>5</b> Decreases not included in line 2 (itemize) ▶		<b>5</b>	
<b>6</b> Total net assets or fund balances at end of year (line 4 minus line 5)—Part II, column (b), line 29 . . . . .		<b>6</b>	

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**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (for example, real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P—Purchase D—Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b				
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) ((e) plus (f) minus (g))	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69.				(i) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))
(j) FMV as of 12/31/69	(k) Adjusted basis as of 12/31/69	(l) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2	Capital gain net income or (net capital loss) { If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }		2	
3	Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). See instructions. If (loss), enter -0- in Part I, line 8		3	

**Part V Excise Tax Based on Investment Income (Section 4940(a), 4940(b), or 4948—see instructions)**

1a	Exempt operating foundations described in section 4940(d)(2), check here <input type="checkbox"/> and enter "N/A" on line 1. Date of ruling or determination letter: _____ (attach copy of letter if necessary—see instructions)		1	
b	All other domestic foundations enter 1.39% (0.0139) of line 27b. Exempt foreign organizations, enter 4% (0.04) of Part I, line 12, col. (b)			
2	Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)		2	
3	Add lines 1 and 2		3	
4	Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only; others, enter -0-)		4	
5	<b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0-		5	
6	Credits/Payments:			
a	2021 estimated tax payments and 2020 overpayment credited to 2021	6a		
b	Exempt foreign organizations—tax withheld at source	6b		
c	Tax paid with application for extension of time to file (Form 8868)	6c		
d	Backup withholding erroneously withheld	6d		
7	Total credits and payments. Add lines 6a through 6d		7	
8	Enter any penalty for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached		8	
9	<b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter amount owed		9	
10	<b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the amount overpaid		10	
11	Enter the amount of line 10 to be: <b>Credited to 2022 estimated tax</b> Refunded		11	

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Removes former Part V, "Qualification under Section 4940(e) for Reduced Tax on Net Investment Income" because Section 4940(e) was repealed December 20, 2019. Remaining Parts re-numbered.

**Part VI-A Statements Regarding Activities**

	Yes	No
<b>1a</b> During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign? . . . . .		
<b>b</b> Did it spend more than \$100 during the year (either directly or indirectly) for political purposes? See the instructions for the definition . . . . . If the answer is "Yes" to <b>1a</b> or <b>1b</b> , attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities.		
<b>c</b> Did the foundation file <b>Form 1120-POL</b> for this year? . . . . .		
<b>d</b> Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: <b>(1)</b> On the foundation. ▶ \$ _____ <b>(2)</b> On foundation managers. ▶ \$ _____		
<b>e</b> Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ▶ \$ _____		
<b>2</b> Has the foundation engaged in any activities that have not previously been reported to the IRS? . . . . . If "Yes," attach a detailed description of the activities.		
<b>3</b> Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes . . . . .		
<b>4a</b> Did the foundation have unrelated business gross income of \$1,000 or more during the year? . . . . .		
<b>b</b> If "Yes," has it filed a tax return on <b>Form 990-T</b> for this year? . . . . .		
<b>5</b> Was there a liquidation, termination, dissolution, or substantial contraction during the year? . . . . . If "Yes," attach the statement required by <i>General Instruction T</i> .		
<b>6</b> Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? . . . . .		
<b>7</b> Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part <b>XIV</b>		
<b>8a</b> Enter the states to which the foundation reports or with which it is registered. See instructions. ▶		
<b>b</b> If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by <i>General Instruction G</i> ? If "No," attach explanation . . . . .		
<b>9</b> Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year <b>2021</b> or the tax year beginning in <b>2021</b> ? See the instructions for Part <b>XIII</b> . If "Yes," complete Part <b>XIII</b> . . . . .		
<b>10</b> Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses . . . . .		
<b>11</b> At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. See instructions . . . . .		
<b>12</b> Did the foundation make a distribution to a donor advised fund over which the foundation or a disqualified person had advisory privileges? If "Yes," attach statement. See instructions . . . . .		
<b>13</b> Did the foundation comply with the public inspection requirements for its annual returns and exemption application? Website address ▶ _____		
<b>14</b> The books are in care of ▶ _____ Telephone no. ▶ _____ Located at ▶ _____ ZIP+4 ▶ _____		
<b>15</b> Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of <b>Form 1041</b> —check here . . . . . ▶ <input type="checkbox"/> and enter the amount of tax-exempt interest received or accrued during the year . . . . . ▶ <b>15</b>		
<b>16</b> At any time during calendar year <b>2021</b> , did the foundation have an interest in or a signature or other authority over a bank, securities, or other financial account in a foreign country? . . . . . See the instructions for exceptions and filing requirements for FinCEN Form 114. If "Yes," enter the name of the foreign country ▶		

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**Part VI-B Statements Regarding Activities for Which Form 4720 May Be Required**

**File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.**

	Yes	No
<b>1a</b> During the year, did the foundation (either directly or indirectly):		
<b>(1)</b> Engage in the sale or exchange, or leasing of property with a disqualified person? . . . . .	<b>1a(1)</b>	
<b>(2)</b> Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person? . . . . .	<b>1a(2)</b>	
<b>(3)</b> Furnish goods, services, or facilities to (or accept them from) a disqualified person? . . . . .	<b>1a(3)</b>	
<b>(4)</b> Pay compensation to, or pay or reimburse the expenses of, a disqualified person? . . . . .	<b>1a(4)</b>	
<b>(5)</b> Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)? . . . . .	<b>1a(5)</b>	
<b>(6)</b> Agree to pay money or property to a government official? ( <b>Exception.</b> Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.) . . . . .	<b>1a(6)</b>	
<b>b</b> If any answer is "Yes" to 1a(1)–(6), did <b>any</b> of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance? See instructions . . . . .	<b>1b</b>	
<b>c</b> Organizations relying on a current notice regarding disaster assistance, check here . . . . . <input type="checkbox"/>		
<b>d</b> Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in <b>2021</b> ? . . . . .	<b>1d</b>	
<b>2</b> Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
<b>a</b> At the end of tax year <b>2021</b> , did the foundation have any undistributed income (Part <b>XII</b> , lines 6d and 6e) for tax year(s) beginning before <b>2021</b> ? . . . . .	<b>2a</b>	
If "Yes," list the years ► 20____, 20____, 20____, 20____		
<b>b</b> Are there any years listed in 2a for which the foundation is <b>not</b> applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to <b>all</b> years listed, answer "No" and attach statement—see instructions.) . . . . .	<b>2b</b>	
<b>c</b> If the provisions of section 4942(a)(2) are being applied to <b>any</b> of the years listed in 2a, list the years here. ► 20____, 20____, 20____, 20____		
<b>3a</b> Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year? . . . . .	<b>3a</b>	
<b>b</b> If "Yes," did it have excess business holdings in <b>2021</b> as a result of <b>(1)</b> any purchase by the foundation or disqualified persons after May 26, 1969; <b>(2)</b> the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or <b>(3)</b> the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Form 4720, Schedule C, to determine if the foundation had excess business holdings in <b>2021</b> .) . . . . .	<b>3b</b>	
<b>4a</b> Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	<b>4a</b>	
<b>b</b> Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in <b>2021</b> ?	<b>4b</b>	

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**Part VI-B Statements Regarding Activities for Which Form 4720 May Be Required** *(continued)*

	Yes	No
<b>5a</b> During the year, did the foundation pay or incur any amount to:		
<b>(1)</b> Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?	<b>5a(1)</b>	
<b>(2)</b> Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?	<b>5a(2)</b>	
<b>(3)</b> Provide a grant to an individual for travel, study, or other similar purposes?	<b>5a(3)</b>	
<b>(4)</b> Provide a grant to an organization other than a charitable, etc., organization described in section 4945(d)(4)(A)? See instructions	<b>5a(4)</b>	
<b>(5)</b> Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?	<b>5a(5)</b>	
<b>b</b> If any answer is "Yes" to 5a(1)–(5), did <b>any</b> of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance? See instructions	<b>5b</b>	
<b>c</b> Organizations relying on a current notice regarding disaster assistance, check here <input type="checkbox"/>		
<b>d</b> If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant? If "Yes," attach the statement required by Regulations section 53.4945-5(d).	<b>5d</b>	
<b>6a</b> Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>6a</b>	
<b>b</b> Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If "Yes" to 6b, file Form 8870.	<b>6b</b>	
<b>7a</b> At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?	<b>7a</b>	
<b>b</b> If "Yes," did the foundation receive any proceeds or have any net income attributable to the transaction?	<b>7b</b>	
<b>8</b> Is the foundation 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?	<b>8</b>	

**Part VII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors**

**1 List all officers, directors, trustees, and foundation managers and their compensation. See instructions.**

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
.....				
.....				
.....				
.....				
.....				

**2 Compensation of five highest-paid employees (other than those included on line 1—see instructions). If none, enter "NONE."**

(a) Name and address of each employee paid more than \$50,000	(b) Title, and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
.....				
.....				
.....				
.....				
.....				

**Total** number of other employees paid over \$50,000

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**Part VII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** (continued)

**3 Five highest-paid independent contractors for professional services. See instructions. If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
.....		
.....		
.....		
.....		
.....		
.....		
.....		

**Total** number of others receiving over \$50,000 for professional services . . . . . ▶

**Part VIII-A Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.

	Expenses
<b>1</b> .....	
<b>2</b> .....	
<b>3</b> .....	
<b>4</b> .....	

**Part VIII-B Summary of Program-Related Investments** (see instructions)

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
<b>1</b> .....	
<b>2</b> .....	
<b>3</b> All other program-related investments. See instructions. ....	

**Total.** Add lines 1 through 3 . . . . . ▶

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**Part IX Minimum Investment Return** (All domestic foundations must complete this part. Foreign foundations, see instructions.)

<b>1</b>	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
<b>a</b>	Average monthly fair market value of securities . . . . .	<b>1a</b>	
<b>b</b>	Average of monthly cash balances . . . . .	<b>1b</b>	
<b>c</b>	Fair market value of all other assets (see instructions) . . . . .	<b>1c</b>	
<b>d</b>	<b>Total</b> (add lines 1a, b, and c) . . . . .	<b>1d</b>	
<b>e</b>	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation) . . . . .	<b>1e</b>	
<b>2</b>	Acquisition indebtedness applicable to line 1 assets . . . . .	<b>2</b>	
<b>3</b>	Subtract line 2 from line 1d . . . . .	<b>3</b>	
<b>4</b>	Cash deemed held for charitable activities. Enter <b>1.5% (0.015)</b> of line 3 (for greater amount, see instructions) . . . . .	<b>4</b>	
<b>5</b>	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3 . . . . .	<b>5</b>	
<b>6</b>	<b>Minimum investment return.</b> Enter 5% ( <b>0.05</b> ) of line 5 . . . . .	<b>6</b>	

Formerly '1 1/2%.'

**Part X Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations, check here  and do not complete this part.)

<b>1</b>	Minimum investment return from Part IX, line 6 . . . . .	<b>1</b>	
<b>2a</b>	Tax on investment income for <b>2021</b> from Part V, line 5 . . . . .	<b>2a</b>	
<b>b</b>	Income tax for <b>2021</b> . (This does not include the tax from Part V.) . . . . .	<b>2b</b>	
<b>c</b>	Add lines 2a and 2b . . . . .	<b>2c</b>	
<b>3</b>	Distributable amount before adjustments. Subtract line 2c from line 1 . . . . .	<b>3</b>	
<b>4</b>	Recoveries of amounts treated as qualifying distributions . . . . .	<b>4</b>	
<b>5</b>	Add lines 3 and 4 . . . . .	<b>5</b>	
<b>6</b>	Deduction from distributable amount (see instructions) . . . . .	<b>6</b>	
<b>7</b>	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XII, line 1 . . . . .	<b>7</b>	

**Part XI Qualifying Distributions** (see instructions)

<b>1</b>	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:		
<b>a</b>	Expenses, contributions, gifts, etc.—total from Part I, column (d), line 26 . . . . .	<b>1a</b>	
<b>b</b>	Program-related investments—total from Part VIII-B . . . . .	<b>1b</b>	
<b>2</b>	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes . . . . .	<b>2</b>	
<b>3</b>	Amounts set aside for specific charitable projects that satisfy the:		
<b>a</b>	Suitability test (prior IRS approval required) . . . . .	<b>3a</b>	
<b>b</b>	Cash distribution test (attach the required schedule) . . . . .	<b>3b</b>	
<b>4</b>	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part XII, line 4 . . . . .	<b>4</b>	

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Removes lines 5 and 6 for computing adjustment for foundations qualifying for reduced tax rate on net investment income (related to repealed section 4940(e)).

**Part XII Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2020	(c) 2020	(d) 2021
<b>1</b> Distributable amount for 2021 from Part X, line 7				
<b>2</b> Undistributed income, if any, as of the end of 2021:				
<b>a</b> Enter amount for 2020 only . . . . .				
<b>b</b> Total for prior years: 20 ____, 20 ____, 20 ____				
<b>3</b> Excess distributions carryover, if any, to 2021:				
<b>a</b> From 2016 . . . . .				
<b>b</b> From 2017 . . . . .				
<b>c</b> From 2018 . . . . .				
<b>d</b> From 2019 . . . . .				
<b>e</b> From 2020 . . . . .				
<b>f</b> <b>Total</b> of lines 3a through e . . . . .				
<b>4</b> Qualifying distributions for 2021 from Part XI, line 4: ▶ \$ _____				
<b>a</b> Applied to 2020, but not more than line 2a . . . . .				
<b>b</b> Applied to undistributed income of prior years (Election required—see instructions) . . . . .				
<b>c</b> Treated as distributions out of corpus (Election required—see instructions) . . . . .				
<b>d</b> Applied to 2021 distributable amount . . . . .				
<b>e</b> Remaining amount distributed out of corpus . . . . .				
<b>5</b> Excess distributions carryover applied to 2021 (If an amount appears in column (d), the same amount must be shown in column (a).) . . . . .				
<b>6</b> <b>Enter the net total of each column as indicated below:</b>				
<b>a</b> Corpus. Add lines 3f, 4c, and 4e. Subtract line 5 . . . . .				
<b>b</b> Prior years' undistributed income. Subtract line 4b from line 2b . . . . .				
<b>c</b> Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed . . . . .				
<b>d</b> Subtract line 6c from line 6b. Taxable amount—see instructions . . . . .				
<b>e</b> Undistributed income for 2020. Subtract line 4a from line 2a. Taxable amount—see instructions . . . . .				
<b>f</b> Undistributed income for 2021. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2022 . . . . .				
<b>7</b> Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(F) or 4942(g)(3) (Election may be required—see instructions) . . . . .				
<b>8</b> Excess distributions carryover from 2016 not applied on line 5 or line 7 (see instructions) . . . . .				
<b>9</b> <b>Excess distributions carryover to 2022.</b> Subtract lines 7 and 8 from line 6a . . . . .				
<b>10</b> Analysis of line 9:				
<b>a</b> Excess from 2017 . . . . .				
<b>b</b> Excess from 2018 . . . . .				
<b>c</b> Excess from 2019 . . . . .				
<b>d</b> Excess from 2020 . . . . .				
<b>e</b> Excess from 2021 . . . . .				

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**Part XIII Private Operating Foundations** (see instructions and Part **VI-A**, question 9)

**1a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for **2021**, enter the date of the ruling . . . . . ▶

**b** Check box to indicate whether the foundation is a private operating foundation described in section  4942(j)(3) or  4942(j)(5)

	Tax year				(e) Total
	(a) <b>2021</b>	(b) <b>2020</b>	(c) <b>2019</b>	(d) <b>2018</b>	
<b>2a</b> Enter the lesser of the adjusted net income from Part I or the minimum investment return from Part <b>IX</b> for each year listed . . . . .					
<b>b</b> 85% (0.85) of line 2a . . . . .					
<b>c</b> Qualifying distributions from Part <b>XI</b> , line 4, for each year listed . . . . .					
<b>d</b> Amounts included in line 2c not used directly for active conduct of exempt activities . . . . .					
<b>e</b> Qualifying distributions made directly for active conduct of exempt activities. Subtract line 2d from line 2c . . . . .					
<b>3</b> Complete 3a, b, or c for the alternative test relied upon:					
<b>a</b> "Assets" alternative test—enter:					
<b>(1)</b> Value of all assets . . . . .					
<b>(2)</b> Value of assets qualifying under section 4942(j)(3)(B)(i) . . . . .					
<b>b</b> "Endowment" alternative test—enter <sup>2</sup> / <sub>3</sub> of minimum investment return shown in Part <b>IX</b> , line 6, for each year listed . . . . .					
<b>c</b> "Support" alternative test—enter:					
<b>(1)</b> Total support other than gross investment income (interest, dividends, rents, payments on securities loans (section 512(a)(5)), or royalties) . . . . .					
<b>(2)</b> Support from general public and 5 or more exempt organizations as provided in section 4942(j)(3)(B)(iii) . . . . .					
<b>(3)</b> Largest amount of support from an exempt organization . . . . .					
<b>(4)</b> Gross investment income . . . . .					

**Part XIV Supplementary Information (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see instructions.)**

**1 Information Regarding Foundation Managers:**

**a** List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

**b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here  if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc., to individuals or organizations under other conditions, complete items 2a, b, c, and d. See instructions.

**a** The name, address, and telephone number or email address of the person to whom applications should be addressed:

**b** The form in which applications should be submitted and information and materials they should include:

**c** Any submission deadlines:

**d** Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:

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**Part XIV** Supplementary Information *(continued)*

**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<b>a</b> <i>Paid during the year</i>				
<b>Total</b> . . . . .				<b>▶ 3a</b>
<b>b</b> <i>Approved for future payment</i>				
<b>Total</b> . . . . .				<b>▶ 3b</b>

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# Form 990-PF

Instructions

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# Instructions for Form 990-PF

## Return of Private Foundation or Section 4947(a)(1) Nonexempt Trust Treated as a Private Foundation

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### Future Developments

For the latest information about developments related to Form 990-PF and its instructions, such as legislation

Removed Part on qualification under section 4940(e) for reduced tax on net investment income and re-numbered other Parts

**Reduced tax on net investment income repealed.** The Taxpayer Certainty and Disaster Tax Relief Act reduced the 2% section 4940(a) excise tax on net investment income of private foundations to 1.39%. The legislation also repealed section 4940(e), Reduced Tax on Net Investment Income.

**Required electronic filing by exempt organizations.** For tax years beginning on or after July 2, 2019, the Taxpayer First Act, section 3101 of P. L. 116-25, requires that returns by exempt organizations be filed electronically. Accordingly, you must file the return electronically for tax years beginning in 2021. See [Electronic Filing](#), later, for more information.

**Reporting standard for net assets updated.** Part II of Form 990-PF was updated to reflect the Financial Accounting Standard Board's (FASB's) reclassification of net assets into two classes, net assets without donor restrictions and net assets with donor restrictions. For more information, see [Part II. Balance Sheets, Lines 24 Through 30. Net Assets or Fund Balances](#), later.

**Pub. 15-T.** Pub. 15-T, Federal Income Tax Withholding Methods, contains the federal income tax withholding tables that were previously provided in Pubs. 15 and 15-A and explains how to use the tables.

**Exception from the excise tax on excess business holdings.** Section 4943(g) provides an exception from the excise tax on excess business holdings for certain independently operated enterprises whose voting stock is wholly owned by a private foundation. For more details, see [Part VI-B, Line 3a](#), later.

**Tax on excess executive compensation.** Section 4960 imposes an excise tax on a foundation that pays to any covered employee more than \$1 million in remuneration or pays an excess parachute payment. See section 4960 and Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code, for more information.

**Initial Form 990-PF by former public charity.** If you are filing Form 990-PF

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because you no longer meet a public support test under section 509(a)(1) and you haven't previously filed Form 990-PF, check *Initial return of a former public charity* in Item G of the Heading section on page 1 of your return. Before filing Form 990-PF for the first time, you may want to go to [IRS.gov/EO](https://www.irs.gov/EO) for the latest information and filing tips to confirm you are no longer a publicly supported organization.

**Automatic revocation.** Most tax-exempt organizations are required 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 the exception requirement, visit [IRS.gov/Annual-Exempt-Organizations-Who-Must-File](https://www.irs.gov/Annual-Exempt-Organizations-Who-Must-File). If a tax-exempt private foundation fails to file an annual return as required for 3 consecutive years, it will automatically lose its tax-exempt status and will become a taxable private foundation. See [M. Penalty for Failure To File Timely, Completely, or Correctly](https://www.irs.gov/penalty-for-failure-to-file-timely-completely-or-correctly), later.

**Don't include social security numbers on publicly disclosed forms.** Because the IRS is required to publicly disclose the organization's annual information returns, social security numbers shouldn't be included on this form. Documents subject to disclosure include schedules and attachments filed with the form.

## Photographs of Missing Children

The IRS is a proud partner with the [National Center for Missing & Exploited Children® \(NCMEC\)](https://www.nccmec.org/). 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 this form, please call 877-829-5500. This toll-free telephone service is available Monday through Friday.

## IRS e-Services Makes Taxes Easier

Now more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make taxes easier.

- You can *e-file* your Form 990-PF, Form 940 and 941 employment tax returns, and Forms 1099 and other information returns.

Visit [IRS.gov/Charities-Non-Profits/Annual-Reporting-and-Filing](https://www.irs.gov/Charities-Non-Profits/Annual-Reporting-and-Filing) for details.

- You can pay taxes online or by phone using the free Electronic Federal Tax Payment System (EFTPS). Visit [EFTPS.gov](https://www.irs.gov/EFTPS) or call 800-555-4477 for details. Electronic Funds Withdrawal (EFW) from a checking or savings account is also available to those who file electronically.

## General Instructions

**Purpose of form.** Form 990-PF is used:

- To figure the tax based on investment income, and
- To report charitable distributions and activities.

Also, Form 990-PF serves as a substitute for the section 4947(a)(1) nonexempt charitable trust's income tax return, Form 1041, U.S. Income Tax Return for Estates and Trusts, when the trust has no taxable income.

### A. Who Must File

Form 990-PF is an annual information return that must be filed by the following.

- Exempt private foundations (section 6033(a), (b), and (c)).
- Taxable private foundations (section 6033(d)).
- Organizations that agree to private foundation status and whose applications for exempt status are pending on the due date for filing Form 990-PF.
- Organizations that claim private foundation status, haven't yet applied for exempt status, and whose application isn't yet untimely under section 508(a) for retroactive recognition of exemption.
- Organizations that made an election under section 41(e)(6)(D)(iv).
- Private foundations that are making a section 507(b) termination.
- Section 4947(a)(1) nonexempt charitable trusts treated as private foundations (section 6033(d)).

**TIP** *Include on the foundation's return the financial and other information of any disregarded entity owned by the foundation. See Regulations sections 301.7701-1 through 3 for information on the classification of certain business organizations, including an eligible entity that is disregarded as an entity separate from its owner (disregarded entity).*

**Other section 4947(a)(1) nonexempt charitable trusts.** Section 4947(a)(1) nonexempt charitable trusts not treated as private foundations don't file Form 990-PF. However, they may need to file Form 990, Return of Organization Exempt From Income Tax, or Form 990-EZ, Short Form Return of Organization Exempt From Income Tax. With either of these forms, the trust must also file Schedule A (Form

990 or 990-EZ), Public Charity Status and Public Support, and other required schedules. See the Form 990 and Form 990-EZ instructions.

## B. Which Parts To Complete

See the chart showing which parts of the form must be completed, later.

**How to avoid filing an incomplete return.**

- Complete all applicable line items.
- Answer "Yes," "No," or "N/A" (not applicable) to each question on the return.
- Make an entry (including a zero when appropriate) on all total lines.
- Enter "None" or "N/A" if an entire part doesn't apply.

### Sequencing Chart To Complete the Form

You may find the following chart helpful. It limits jumping from one part of the form to another to figure an amount needed to complete an earlier part. If you complete the parts in the listed order below, any information you may need from another part will already be entered.

Step	Part	Step	Part
1	IV	8	XI, lines 1–4
2	I & II	9	V
3	Heading	10	XI, lines 5–6
4	III	11	X
5	VI-A	12	XII
6	VII	13	VI-B
7	VIII-A – X	14	XIII – XVI

## C. Definitions

1. A private foundation is a domestic or foreign organization exempt from income tax under section 501(a), described in section 501(c)(3), and is other than an organization described in sections 509(a)(1) through (4).

Churches, hospitals, schools, broadly publicly supported organizations, supporting organizations, and organizations that test for public safety are excluded from private foundation status by sections 509(a)(1) through (4). These organizations may be required to file Form 990, Form 990-EZ, or Form 990-N ("e-Postcard") instead of Form 990-PF.

2. A nonexempt charitable trust treated as a private foundation is a trust that isn't exempt from tax under section 501(a) and all of the unexpired interests of which are devoted to religious, charitable, or other purposes described in section 170(c)(2)(B), and for which a charitable deduction was allowed under a section of the Code listed in section 4947(a)(1).

3. A taxable private foundation is an organization that previously was recognized as being exempt under section

## B. Which Parts To Complete

Some parts of the form listed below don't apply to some filers. See *How to avoid filing an incomplete return, earlier*, for information on what to do if a part or an item doesn't apply.

Part of Form 990-PF	Foundations Which Must Complete This Part
Heading	All
Part I (analysis of revenues and expenses), columns (a) (revenue and expenses per books) and (d) (disbursements for charitable purposes)	All
Part I (analysis of revenues and expenses), column (b) (net investment income)	All except (1) foreign taxable foundations, and (2) foreign nonexempt charitable trusts; foreign 501(c)(3) foundations need not complete line 7 (capital gain net income) or expense lines
Part I (analysis of revenues and expenses), column (c) (adjusted net income)	Only foundations claiming operating foundation status, foundations (not described in section 4948(b)) that derive income from a charitable activity and claim a qualifying distribution for net losses from the activity, and domestic 501(c)(3) foundations that maintain a common fund as described in section 170(b)(1)(F)(iii)
Part II (balance sheets), columns (a) and (b) (beginning and end-of-year book value)	All
Part II (balance sheets), column (c) (end-of-year fair market value)	All foundations with at least \$5,000 in assets per books at some time during tax year; other foundations complete only line 16
Part III (analysis of changes in net assets or fund balances)	All
Part IV (capital gains and losses for tax on investment income)	All except foreign foundations; line 3 must be completed only by foundations that must complete Part I, column (c)
Part V (excise tax based on investment income)	All except (1) organizations electing private foundation status under section 41(e)(6)(D), (2) foreign taxable foundations, and (3) foreign nonexempt charitable trusts
Part VI-A (statements regarding activities)	All; foreign foundations described in section 4948(b) need not complete lines 6 and 8, and in line 10 foreign foundations don't list persons who aren't U.S. citizens
Part VI-B (statements regarding activities for which Form 4720 may be required)	All; foreign foundations described in section 4948(b) need not complete line 2
Part VII (information about officers, directors, trustees, foundation managers, highly paid employees, and contractors)	All
Part VIII-A (summary of direct charitable activities)	All
Part VIII-B (summary of program-related investments)	All
Part IX (minimum investment return)	All except foreign foundations described in section 4948(b) that aren't claiming operating foundation status
Part X (distributable amount)	All except (1) foreign foundations described in section 4948(b), and (2) foundations claiming operating foundation status
Part XI (qualifying distributions)	All except foreign foundations described in section 4948(b) that aren't claiming operating foundation status
Part XII (undistributed income)	All except foreign foundations described in section 4948(b); if the foundation claims operating foundation status for any of the years shown in Part XII, it doesn't complete those portions of Part XII that apply to those years
Part XIII (private operating foundations)	Only foundations claiming operating foundation status
Part XIV (supplementary information)	All except (1) foundations with less than \$5,000 of assets per books at all times during tax year, and (2) foreign foundations described in section 4948(b)
Part XV-A (analysis of income-producing activities)	All
Part XV-B (relationship of activities to the accomplishment of exempt purposes)	All
Part XVI (information regarding transfers to and transactions and relationships with noncharitable exempt organizations)	All
Signature block	All

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501(a) as an organization described in section 501(c)(3), but has lost that recognition. Though it may operate as a taxable entity, it will continue to be treated as a private foundation until that status is terminated under section 507.

4. A private operating foundation is an organization that is described under section 4942(j)(3) or (5). It means any private foundation that spends at least 85% of the smaller of its adjusted net income (figured in Part I) or its minimum investment return (figured in Part IX) directly for the active conduct of the exempt purpose or functions for which it is organized and operated and that also meets the assets test, the endowment test, or the support test (discussed in Part XIII). Also, certain elderly care facilities created before 1970 are treated as private operating foundations.

5. A nonoperating private foundation is a private foundation that isn't a private operating foundation. These often are referred to as "grant-making foundations."

6. A foundation manager is an officer, director, or trustee of a foundation, or an individual who has powers similar to those of officers, directors, or trustees. In the case of any act or failure to act, the term "foundation manager" may also include employees of the foundation who have the authority to act.

7. A disqualified person is any of the following.

- a. A substantial contributor (see the instructions for Part VI-A, line 10, later).
- b. A foundation manager.
- c. A person who owns more than 20% of a corporation, partnership, trust, or unincorporated enterprise that is itself a substantial contributor.
- d. A family member of an individual described in (a), (b), or (c) above.
- e. A corporation, partnership, trust, or estate in which persons described in (a), (b), (c), or (d) above own a total beneficial interest of more than 35%.
- f. For purposes of section 4941 (self-dealing), a disqualified person also includes certain government officials. (See section 4946(c) and the related regulations.)
- g. For purposes of section 4943 (excess business holdings), a disqualified person also includes:
  - i. A private foundation effectively controlled (directly or indirectly) by the same persons who control the private foundation in question; or
  - ii. A private foundation to which substantially all contributions were made (directly or indirectly) by one or more of the persons described in (a), (b), and (c) above, or members of their families, within the meaning of section 4946(d).

8. An organization is controlled by a foundation or by one or more disqualified persons with respect to the foundation if any of these persons may, by combining their votes or positions of authority, require the organization to make an expenditure or prevent the organization from making an expenditure, regardless of the method of control. "Control" is determined regardless of how the foundation requires the contribution to be used.

## D. Other Forms You May Need To File

- Form W-2, Wage and Tax Statement.
- Form W-3, Transmittal of Wage and Tax Statements.
- Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return (section 4947(a)(1) trusts and taxable private foundations may need to file).
- Form 941, Employer's QUARTERLY Federal Tax Return.

These forms are used to report social security, Medicare, and income taxes withheld by an employer and social security and Medicare taxes paid by an employer.

If income, social security, and Medicare taxes that must be withheld aren't withheld or aren't paid to the IRS, a trust fund recovery penalty may apply. The penalty is 100% of such unpaid taxes.

This penalty may be imposed on all persons (including volunteers (see below)) whom the IRS determines to be responsible for collecting, accounting for, and paying over these taxes, and who willfully didn't do so.

This penalty doesn't apply to any volunteer, unpaid member of any board of trustees or directors of a tax-exempt organization if this member:

- Is solely serving in an honorary capacity;
- Doesn't participate in the day-to-day or financial activities of the organization; and
- Doesn't have actual knowledge of the failure to collect, account for, and pay over these taxes.

However, this exception doesn't apply if it results in no person being liable for the penalty.

**Form 720, Quarterly Federal Excise Tax Return.** In addition to various federal excise taxes that are paid with the filing of this form, the Patient-Centered Outcomes Research Institute fee that is imposed on health insurers and employers who maintain 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 each calendar year.

**Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation.**

U.S. persons (including domestic corporations and trusts) must file Form 926 to report certain transfers of tangible or intangible property to a foreign corporation, as required by section 6038B.

**Form 990-T, Exempt Organization Business Income Tax Return.** Every organization exempt from income tax under section 501(a) with total gross income of \$1,000 or more from all trades or businesses unrelated to the organization's exempt purpose must file Form 990-T. The form is also used by tax-exempt organizations to report other additional taxes, including the additional tax figured in Part IV of Form 8621, Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.

**Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations.** Use of this form is optional. It is provided only to aid you in determining your tax liability. You must use electronic funds transfer to make all depository tax deposits. See [P. Tax Payment Methods for Domestic Private Foundations](#), later, for information about electronic deposits.

**Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.** This form for recognition of exemption from federal income tax under section 501(c)(3) must be used by private foundations that don't qualify to use Form 1023-EZ or that are also requesting advance approval of individual grant procedures or recognition as an operating foundation. Form 8940 may also be used for requesting advance approval of individual grant procedures or recognition as an operating foundation.

**Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code.** Certain small private foundations may apply for recognition of exemption under section 501(c)(3) using this form instead of Form 1023.

**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-PF. However, if the trust doesn't have any taxable income under the income tax provisions (subtitle A of the Code), it may use the filing of Form 990-PF to satisfy its Form 1041 filing requirement under section 6012. If this condition is met, check the box on line 15, Part VI-A, of Form 990-PF and don't file Form 1041.

**Form 1041-ES, Estimated Income Tax for Estates and Trusts.** Used to make estimated tax payments.

**Form 1096, Annual Summary and Transmittal of U.S. Information Returns.** Used to transmit Forms 1097, 1098, 1099, 3921, 3922, 5498, and W-2G to the IRS. Don't use it to transmit electronically.

**Form 1098 series.** Information returns to report mortgage interest, student loan interest, qualified tuition and related expenses, 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, U.S. Corporation Income Tax Return.** Filed by nonexempt taxable private foundations that have taxable income under the income tax provisions (subtitle A of the Code). Form 990-PF is also filed by these taxable foundations.

**Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations.** Section 501(c) organizations must file Form 1120-POL if they are treated as having political organization taxable income under section 527(f)(1).

**Form 1128, Application To Adopt, Change, or Retain a Tax Year.** Form 1128 is used to request approval from the IRS to change a tax year or to adopt or retain a certain tax year.

**Form 2220, Underpayment of Estimated Tax by Corporations.** Form 2220 is used by corporations and trusts filing Form 990-PF to see if the foundation owes a penalty and to figure the amount of the penalty. Generally, the foundation isn't required to file this form because the IRS can figure the amount of any penalty and bill the foundation for it. However, complete and attach Form 2220 even if the foundation doesn't owe the penalty if:

- The annualized income or the adjusted seasonal installment method is used; or
- The foundation is a "large organization," (see [O. Figuring and Paying Estimated](#)

[Tax](#), later) figuring its first required installment based on the prior year's tax. If Form 2220 is attached, check the box on Form 990-PF, Part V, line 8, and enter the amount of any penalty on this line.

**Form 2848, Power of Attorney and Declaration of Representative.** Used to authorize an individual to represent you in matters before the IRS, such as the filing of Form 1023.

**Form 3115, Application for Change in Accounting Method.** Used to request a change in either an overall method of accounting or the accounting treatment of any item, in situations not covered by Rev. Proc. 85-58, 1985-18 I.R.B. 5.

**Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts.** Used by U.S. persons to report certain transactions with foreign trusts, ownership of foreign trusts under the grantor trust rules of sections 671–679, and receipt of certain large gifts or bequests from certain foreign persons.

**Form 4506, Request for Copy of Tax Return.** Used by the organization or designated third party to get a complete copy of the organization's return.

**Form 4506-A, Request for Public Inspection or Copy of Exempt or Political Organization IRS Form.** Used to inspect or request a copy of an exempt or political organization's return, report, notice, or exemption application by the public or the organization.

**Form 4720, Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code.** Is primarily used to determine the excise taxes imposed on:

- Acts of self-dealing between private foundations and disqualified persons,
- Failure to distribute income,
- Excess business holdings,
- Investments that jeopardize a foundation's charitable purposes,
- Making political or other noncharitable expenditures,
- Prohibited tax shelter transactions, and
- Excess executive compensation.

**Form 5471, Information Return of U.S. Persons for Certain Foreign Corporations.** Used by certain U.S. persons that are shareholders in certain foreign corporations, in compliance with sections 6038 and 6046.

**Form 5500, Annual Return/Report of Employee Benefit Plan.** Used to report information concerning employee benefit plans and Direct Filing Entities.

**Form 7004, Application for Automatic Extension of Time To File Certain Business Income Tax, Information, and Other Returns.** Used by nonexempt

charitable trusts and taxable foundations to request extension of time to file income tax returns.

**Form 8282, Donee Information Return.** Required of the donee of "charitable deduction property" that sells, exchanges, or otherwise disposes of the property within 3 years after the date it received the property. Also required of any successor donee that disposes of charitable deduction property within 3 years after the date 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.** Donors must file Form 8283 to report information about certain noncash charitable contributions in order to substantiate a charitable deduction under section 170. The donor may need to obtain an acknowledgement by the donee foundation in Part IV of Form 8283.

**Form 8275, Disclosure Statement.** Taxpayers and tax return preparers should attach this form to Form 990-PF to disclose items or positions (except those contrary to a regulation—see *Form 8275-R* below) that aren't otherwise adequately disclosed on the tax return. The disclosure is made to avoid parts of the accuracy-related penalty imposed for substantial understatement of tax or disregard of rules or regulations language in 1.6662-3(b)(2) and 1.6662-3(c)(2). See also IRM 20.1.5.8.2.1. Form 8275 is also used for disclosures relating to preparer penalties for understatements due to unrealistic positions or for willful or reckless conduct.

**Form 8275-R, Regulation Disclosure Statement.** Use this form to disclose any item on a tax return for which a position has been taken that is contrary to Treasury regulations.

**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 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).

**Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund.** A U.S. person that is a direct or indirect shareholder of a passive foreign investment company (PFIC) may need to file. But see Regulations section 1.1291–1(e) with respect to tax-exempt foundations.

**Form 8821, Tax Information Authorization.** Used to authorize an individual or organization to inspect and/or receive your

confidential tax information on designated matters.

**Form 8822-B, Change of Address or Responsible Party—Business.** Used by taxpayers to notify the IRS of changes in business mailing address, business location, or responsible party.

**Form 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships.** Used by U.S. persons to report information required under section 6038 (controlled foreign partnerships), section 6038B (transfers to foreign partnerships), or section 6046A (acquisitions, dispositions, and changes in foreign partnership interests).

**Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return.** Used by an exempt organization to request an automatic extension of time to file its return.

**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 and beneficiaries of those contracts.

**Form 8886, Reportable Transaction Disclosure Statement.** Used to disclose information for each reportable transaction in which the organization participated, including but not limited to a prohibited tax shelter transaction. Exempt organizations may also be required to file Form 8886-T in such case.

**Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction.** Used by an exempt organization to disclose that it was a party to a prohibited tax shelter transaction.

**Form 8899, Notice of Income From Donated Intellectual Property.** Used to report income from qualified intellectual property.

**Form 8940, Request for Miscellaneous Determination.** Used by private foundations and nonexempt charitable trusts to obtain certain determinations including advance approval of individual grant procedures (section 4945(g)), advance approval of certain set-asides (section 4942(g)(2)), advance approval of voter registration activities (section 4945(f)), and termination of private foundation status (section 507(b)(1)(B)).

**FinCEN Form 114, Report of Foreign Bank and Financial Accounts.** Used by organizations formed or organized in or under the laws of the United States to report a financial interest in or signature authority over a foreign financial account if

the aggregate value exceeds \$10,000 at any time during the calendar year.

## E. Useful Publications

The following publications may be helpful in preparing Form 990-PF or for other tax compliance purposes.

- Pub. 15 (Circular E), Employer's Tax Guide.
- Pub. 15-A, Employer's Supplemental Tax Guide (Fringe Benefits).
- Pub. 15-T, Federal Income Tax Withholding Methods.
- 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. 583, Starting a Business and Keeping Records.
- 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. 966, Electronic Federal Tax Payment System: A Guide to Getting Started.
- Pub. 1771, Charitable Contributions—Substantiation and Disclosure Requirements.
- 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-PF, Compliance Guide for 501(c)(3) Private Foundations.
- Pub. 4302, A Charity's Guide to Vehicle Donations.
- Pub. 4303, A Donor's Guide to Vehicle Donations.
- Pub. 4386, Compliance Checks—Examination, Audit, or Compliance Check?
- Pub. 4630, Exempt Organizations Products and Services Catalog.

Publications and forms are available at no charge on the IRS website at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs).

## F. Use of Form 990-PF To Satisfy State Reporting Requirements

Some states and local government units will accept a copy of Form 990-PF and required attachments instead of all or part of their own financial report forms.

If the organization plans to use Form 990-PF to satisfy state or local filing requirements, such as those from state

charitable solicitation acts, note the following.

### Determine state filing requirements.

Consult the appropriate officials of all states and other jurisdictions in which the organization does business to determine their specific filing requirements. "Doing business" in a jurisdiction may include any of the following.

- 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 may differ.** Some or all of the dollar limitations that apply to Form 990-PF when filed with the IRS may not apply when using Form 990-PF instead of state or local report forms. IRS dollar limitations that may not meet some state requirements are the \$5,000 total assets minimum that requires completion of Part II, column (c), and Part XIV; and the \$50,000 minimum for listing the highest paid employees and for listing professional fees in Part VII.

**Additional information may be required.** State and local filing requirements may require attaching to Form 990-PF 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 material doesn't have to be submitted with the Form 990-PF filed with the IRS.

If required information isn't provided to a state, the organization may be asked by the state to provide it or to submit an amended return even if the Form 990-PF is accepted by the IRS as complete.

**Amended returns.** If the organization submits supplemental information or files an amended Form 990-PF with the IRS, it must also submit a copy of the information or amended return to any state with which it filed a copy of Form 990-PF.

**Method of accounting.** Many states require that all amounts be reported based on the accrual method of accounting.

**Time for filing may differ.** The time for filing Form 990-PF with the IRS may differ from the time for filing state reports.



income or deduction in determining taxable income does not have to request consent to change its method of reporting that item on Form 990-PF. 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.

**Exception.** Complete Part I, column (d), on the cash receipts and disbursements method of accounting.

## J. When and How To File

This return must be filed by the 15th day of the 5th month following the close of the foundation's tax year. If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day. If the return is filed late, see [M. Penalty for Failure To File Timely, Completely, or Correctly](#), later.

In case of a complete liquidation, dissolution, or termination, file the return by the 15th day of the 5th month following complete liquidation, dissolution, or termination.

## Electronic Filing

**Required electronic filing.** If you are filing a 2021 Form 990-PF, you are required to file electronically.

For additional information on the electronic filing requirement, visit [IRS.gov/E-file](https://www.irs.gov/E-file).

## K. Extension of Time To File

A foundation generally uses Form 8868 to request an automatic extension of time to file its return.

An automatic extension will be granted if you properly complete this form, file it, and pay any balance due by the due date for Form 990-PF.

## L. Amended Return

To change the organization's return for any year, file an amended return, including attachments, with the correct information. The amended return must provide all the information required by the form and instructions, not just the new or corrected information. Check "Amended return" in Item G at the top of page 1 of the form. See [Line 9. Tax due](#), later.

If the organization files an amended return to claim a refund of tax paid under section 4940 or 4948, it must file the amended return within 3 years after the date the original return was filed, or within 2 years from the date the tax was paid, whichever date is later.

**State reporting requirements.** See [Amended returns](#), earlier.

### Need a copy of an old return or form?

Use Form 4506 to obtain a copy of a previously filed return. You can download items from the IRS website at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs).

## M. Penalty for Failure To File Timely, Completely, or Correctly

To avoid filing an incomplete return or having to respond to requests for missing information, see [B. Which Parts To Complete](#), earlier.

**Against the organization.** If an organization doesn't file timely and completely, or doesn't furnish the correct information, it must pay \$20 for each day (or \$105 a day if it is a large organization), unless it can show that the failure was due to reasonable cause. The maximum penalty for each return won't exceed the smaller of \$10,500 (\$54,500 for a large organization) or 5% of the gross receipts for the year.

**Large organization.** A large organization is one that has gross receipts exceeding \$1,094,500 for the tax year.

**Gross receipts.** Gross receipts means the gross amount received during the foundation's annual accounting period from all sources without reduction for any costs or expenses.

To figure the foundation's gross receipts, complete the following.

1. Part I, line 12, column (a).
2. Add lines 6b and 10b.
3. Subtract line 6a.

**Against the responsible person.** The IRS will make written demand that the delinquent return be filed or the information furnished within a reasonable time after the mailing of the notice of the demand. The person failing to comply with the demand on or before the date specified will have to pay \$10 for each day the failure continues, unless there is reasonable cause. The maximum penalty imposed on all persons for any one return is \$5,000. If more than one person is liable for any failures, all such persons are jointly and severally liable for such failures. See section 6652(c) for further information.

**Other penalties.** Because this return also satisfies the filing requirements of a tax return under section 6011 for the tax on investment income imposed by section 4940 (or 4948 if an exempt foreign organization), the penalties imposed by section 6651 for not filing a return (without reasonable cause) also apply.

There are also criminal penalties for willful failure to file and for filing fraudulent returns and statements. See sections 7203, 7206, and 7207.

Most tax-exempt organizations, other than churches, are required to file an annual Form 990, 990-EZ, 990-PF, or 990-N e-Postcard with the IRS. If an organization fails to file an annual return or notice for 3 consecutive years, it will automatically lose its tax-exempt status. A private foundation that loses its exemption must file income tax returns and pay income taxes and must file Form 990-PF as a taxable private foundation. For details, go to [IRS.gov/EO](https://www.irs.gov/EO).

## N. Penalties for Not Paying Tax on Time

There is a penalty for not paying tax when due (section 6651). The penalty is generally 1/2 of 1% of the unpaid tax for each month or part of a month the tax remains unpaid, not to exceed 25% of the unpaid tax. If there was reasonable cause for not paying the tax on time, the penalty can be waived. However, interest is charged on any tax not paid on time, at the rate provided by section 6621.

**Estimated tax penalty.** The section 6655 penalty for failure to pay estimated tax applies to the tax on net investment income of domestic private foundations and section 4947(a)(1) nonexempt charitable trusts. The penalty also applies to any tax on unrelated business income of a private foundation. Generally, if a private foundation's tax liability is \$500 or more and it didn't make the required payments on time, then it is subject to the penalty.

For more details, see the discussion of Form 2220, Underpayment of Estimated Tax by Corporations, in [D. Other Forms You May Need To File](#), earlier.

A private foundation is also subject to the section 6656 penalty for failure to deposit employment taxes when due. See sections 11 and 12 of Pub. 15 (Circular E), Employer's Tax Guide, for details.

## O. Figuring and Paying Estimated Tax

A domestic exempt private foundation, a domestic taxable private foundation, or a nonexempt charitable trust treated as a private foundation must make estimated tax payments for the excise tax based on investment income if it can expect its estimated tax (section 4940 tax minus allowable credits) to be \$500 or more. The number of installment payments it must make under the depository method is determined at the time during the year that it first meets this requirement. For calendar-year taxpayers, the first deposit

of estimated taxes for a year should generally be made by May 15 of the year.

Although Form 990-W is used primarily to figure the installment payments of unrelated business income tax, it is also used to determine the timing and amounts of installment payments of the section 4940 tax based on investment income. Figure separately any required deposits of excise tax based on investment income and unrelated business income tax.

To figure the estimated tax for the excise tax based on investment income, see Part V. Enter the tax you figured on line 10a of Form 990-W.

The Form 990-W line items and instructions for large organizations also apply to private foundations. For purposes of paying the estimated tax on net investment income, a "large organization" is one that had net investment income of \$1 million or more for any of the 3 tax years immediately preceding the tax year involved.

**Penalty.** A foundation that doesn't pay the proper estimated tax when due may be subject to the estimated tax penalty for the period of the underpayment. See sections 6655(b) and (d) and the Form 2220 instructions for further information.

With regard to figuring and paying employment taxes, see Pub. 15 (Circular E).

## Special Rules

**Section 4947(a)(1) nonexempt charitable trusts.** Form 1041-ES should be used to pay any estimated tax on income subject to tax under section 1. Form 1041-ES also contains the estimated tax rules for paying the tax on that income.

**Taxable private foundations.** Form 1120-W, Estimated Tax for Corporations, should be used to figure any estimated tax on income subject to tax under section 11. Form 1120-W contains the estimated tax rules for paying the tax on that income.

## P. Tax Payment Methods for Domestic Private Foundations

The foundation must deposit all depository taxes (such as employment tax, excise tax, and unrelated business income tax) electronically using electronic funds transfer. Generally, such transfers are made using the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at [EFTPS.gov](https://www.eftps.gov), or call 800-555-4477. You can also get Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started. See below for an exception to this rule for small foundations.

### Instructions for Form 990-PF (2021)

**Depositing on time.** For deposits made by EFTPS to be on time, the foundation must generally submit the transaction at least 1 business day before the date the deposit is due. See Pub. 15 (Circular E) for information on a same-day payment option under some circumstances.

## Q. Public Inspection Requirements

A private foundation must make its annual returns and exemption application available for public inspection.

### Definitions

**Annual returns.** Annual returns include an exact copy of the following documents as filed with the IRS.

- Form 990-PF, including all schedules, attachments, and supporting documents, and any amended return that is 3 or fewer years old from:

1. The date the original return was filed or required to be filed, or
  2. The date the return was required to be filed.
- Form 990-T, if it was used to report any tax on unrelated business income.

**Exemption application.** An application for tax exemption includes (except as described later):

- Any prescribed application form (such as Form 1023 or Form 1024),
- Any letter application where a form isn't required,
- All documents and statements the IRS requires an applicant to file with the form or letter application,
- 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.

An application for tax exemption doesn't include:

- Any application for tax exemption filed before July 15, 1987, unless the private foundation filing the application had a copy of the application on July 15, 1987; or
- Any material that isn't available for public inspection under section 6104.

## Who Must Make the Annual Returns and Exemption Application Available for Public Inspection?

The foundation's Form 990-PF, Form 990-T, and exemption application must be made available to the public by the foundation and the IRS.

## How Does a Private Foundation Make Its Annual Returns and Exemption Application Available for Public Inspection?

A private foundation must make its annual returns and exemption application available in three ways.

- By office visitation.
- By providing copies.
- By Internet posting.

### Public Inspection by Office Visitation

A private foundation must make its annual returns and exemption application available for public inspection without charge at its principal, regional, and district offices during regular business hours.

**Conditions that may be set for public inspection at the office.** A private foundation:

- May have an employee present,
- Must allow the individual conducting the inspection to take notes freely during the inspection, and
- Must allow an individual to make photocopies of documents at no charge but only if the individual brings photocopying equipment to the place of inspection.

**Determining if a site is a regional or district office.** A regional or district office is any office of a private foundation, other than its principal office, that has paid employees whose total number of paid hours a week are normally 120 hours or more. Include the hours worked by part-time (as well as full-time) employees in making that determination.

**What sites aren't considered a regional or district office?** A site isn't considered a regional or district office if:

1. The only services provided at the site further the foundation's exempt purposes (for example, day care, health care, or scientific or medical research); and
2. The site doesn't serve as an office for management staff, other than managers who are involved only in managing the exempt function activities at the site.

**What if the private foundation doesn't maintain a permanent office?** If the private foundation doesn't maintain a permanent office, it will comply with the public inspection by office visitation requirement by making the annual returns and exemption application available at a reasonable location of its choice. It 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.

**Optional method of complying.** If a private foundation that doesn't have a permanent office wishes not to allow an inspection by office visitation, it may mail a copy of the requested documents instead of allowing an inspection. However, it must mail the documents within 2 weeks of receiving the request and may charge for copying and postage only if the requester consents to the charge.

**Private foundations with a permanent office but limited or no hours.** Even if a private foundation has a permanent office but no office hours or very limited hours during certain times of the year, it must still meet the office visitation requirement. To meet this requirement during those periods when office hours are limited or not available, follow the rules above under [What if the private foundation doesn't maintain a permanent office](#), earlier.

## Public Inspection—Providing Copies

A private foundation must provide copies of its annual returns or exemption application to any individual who makes a request for a copy in person or in writing unless it makes these documents widely available.

**In-person requests for document copies.** A private foundation must provide copies to any individual who makes a request in person at the private foundation's principal, regional, or district offices during regular business hours on the same day that the individual makes the request.

**Accepted delay in fulfilling an in-person request.** If unusual circumstances exist and fulfilling a request on the same day places an unreasonable burden on the private foundation, it must provide copies by the earlier of:

- The next business day following the day that the unusual circumstances end, or
- The fifth business day after the date of the request.

Examples of unusual circumstances include:

- Receipt of a volume of requests (for document copies) that exceeds the private foundation'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 official

duties (for instance, student registration or attending an off-site meeting or convention) instead of its regular administrative duties.

**Use of local agents for providing copies.** A private foundation may use a local agent to handle in-person requests for document copies. If a private foundation uses a local agent, it must immediately provide the local agent's name, address, and telephone number to the requester.

The local agent must:

- Be located within reasonable proximity to the principal, regional, or district office where the individual makes the request; and
- Provide document copies within the same time frames as the private foundation.

### Written requests for document copies.

If a private foundation receives a written request for a copy of its annual returns or exemption application (or parts of these documents), it must give a copy to the requester. However, this rule only applies if the request:

- Is addressed to a private foundation's principal, regional, or district office;
- Is delivered to that address by mail, electronic mail (email), facsimile (fax), or a private delivery service approved by the IRS (go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of approved services); and
- Gives the address to which the document copies should be sent.

**How and when a written request is fulfilled.** Requested document copies must be mailed within 30 days from the date the private foundation receives the request.

Unless other evidence exists, a mailed request or payment is considered to be received by the private foundation 7 days after the postmark date.

If an advance payment is required, copies must be provided within 30 days from the date payment is received.

If the private foundation requires payment in advance and it receives a request without payment or with insufficient payment, it must notify the requester of the prepayment policy and the amount due within 7 days from the date it receives the request.

A request that is transmitted to the private foundation by email or fax is considered received the day the request is transmitted successfully.

Requested documents can be emailed instead of the traditional method of mailing if the requester consents to this method.

A document copy is considered as provided on the:

- Postmark date,
- Private delivery date,

- Registration date for certified or registered mail,
- Postmark date on the sender's receipt for certified or registered mail, or
- Day the email is successfully transmitted (if the requester agreed to this method).

**Requests for parts of a document copy.** A person can request all or any specific part or schedule of the annual returns or exemption application, and the private foundation must fulfill the person's request for a copy.

**Can an agent be used to provide copies?** A private foundation can use an agent to provide document copies for the written requests it receives. However, the agent must provide the document copies under the same conditions imposed on the private foundation itself. Also, if an agent fails to provide the documents as required, the private foundation will continue to be subject to penalties.

**Example.** The ABC Foundation retained an agent to provide copies for all written requests for documents. However, ABC Foundation received a request for document copies before the agent did.

The deadline for providing a response is referenced by the date the ABC Foundation received the request and not when the agent received it. If the agent received the request first, then a response would be referenced to the date the agent received it.

**Can a fee be charged for providing copies?** A private foundation may charge a reasonable fee for providing copies. Also, it can require the fee to be paid before providing a copy of the requested document.

**What is a reasonable fee?** A fee is reasonable only if it is no more than the per-page copying fee charged by the IRS for providing copies, plus no more than the actual postage costs incurred to provide the copies.

**What forms of payment must the private foundation accept?** The form of payment depends on whether the request for copies is made in person or in writing.

Cash and money orders must be accepted for in-person requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

A certified check, money order, and either a personal check or credit card must be accepted for written requests for document copies. The private foundation, if it wishes, may accept additional forms of payment.

**Other fee information.** If a private foundation provides a requester with notice of a fee and the requester doesn't

pay the fee within 30 days, the private foundation may ignore the request.

If a requester's check doesn't clear on deposit, the private foundation may ignore the request.

If a private foundation doesn't require prepayment and the requester doesn't prepay, the private foundation must receive consent from the requester if the copying and postage charge exceeds \$20.

**Private foundations subject to a harassment campaign.** If the IRS determines that a private foundation is being harassed, it isn't required to comply with any request for copies that it reasonably believes is part of the harassment campaign.

A group of requests for a private foundation's annual returns or exemption application is indicative of a harassment campaign if the requests are part of a single coordinated effort to disrupt the operations of the private foundation rather than to collect information about it.

See Regulations section 301.6104(d)-3 for more information.

**Requests that may be disregarded without IRS approval.** A private foundation may 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.

## Making the Annual Returns and Exemption Application Widely Available

A private foundation doesn't have to provide copies of its annual returns and/or its exemption application if it makes these documents widely available. However, it must still allow public inspection by office visitation.

**How does a private foundation make its annual returns and exemption application widely available?** A private foundation's annual returns and/or exemption application is widely available if it meets all four of the following requirements.

1. Internet posting requirement—This is met if:

- The document is posted on the foundation's website, or
- The document is posted as part of a database of like documents of other tax-exempt organizations on a website established and maintained by another entity.

2. Additional posting information requirement—This is met if:

- The website through which the document is available clearly informs readers that the document is available and

provides instructions for downloading the document;

- After it is downloaded and viewed, the web document exactly reproduces the image of the annual returns or exemption application 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 (except software that is readily available to members of the public without payment of any fee) and without payment of a fee to the private foundation or to another entity maintaining the web page.

3. Reliability and accuracy requirements—To meet this, the entity maintaining the website must:

- Have procedures for ensuring the reliability and accuracy of the document that it posts on the page;
- Take reasonable precautions to prevent alteration, destruction, or accidental loss of the document when posted on its page; and
- Correct or replace the document if a posted document is altered, destroyed, or lost.

4. Notice requirement—To meet this, a private foundation must notify any individual requesting copies of its annual returns and/or exemption application where the documents are available (including the Internet address). If the request is made in person, the private foundation must notify the individual immediately. If the request is in writing, it must notify the individual within 7 days of receiving the request.

## Penalties

A penalty may be imposed on any person who doesn't make the annual returns (including all required attachments to each return) or the exemption application available for public inspection according to the section 6104(d) rules discussed above. If more than one person fails to

Previously  
\$10,000.

person is jointly and liable for the full amount of the penalty amount is \$20 for each day during which a failure occurs. The maximum penalty that may be imposed on all persons for any one annual return is \$10,500. There is no maximum penalty amount for failure to make the exemption application available for public inspection.

Any person who willfully fails to comply with the section 6104(d) public inspection requirements is subject to an additional penalty of \$5,000.

## Requirements Placed on the IRS

A private foundation's Form 990-PF, Form 990-T, and approved exemption application may be inspected by the public at an IRS office for your area or at the IRS National Office in Washington, DC.

To request a copy or to inspect a Form 990-PF, Form 990-T, or an approved exemption application, complete Form 4506-A, Request for Public Inspection or Copy of Exempt or Political Organization IRS Form. Generally, there is a charge for photocopying.

The IRS can provide copies of exempt organization returns on DVD. 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. If you are ordering a partial set on DVD, indicate the format (Alchemy or raw), state(s), and month(s) you are ordering. Sample DVD requests aren't available for individual states. DVDs and sample DVDs aren't available for individual exempt organizations. Complete information, including the cost, is available on the IRS website. Search "Copies of Scanned EO Returns Available" at [IRS.gov/Charities-&Non-Profits/Copies-of-Scanned-EO>Returns-Available](https://www.irs.gov/Charities-&Non-Profits/Copies-of-Scanned-EO>Returns-Available).

You may also call 877-829-5500 or write to the address below for details.

Internal Revenue Service  
RAIVS Unit MS:6716  
Ogden, UT 84201

## R. Disclosures Regarding Certain Information and Services Furnished

A section 501(c) organization that offers to sell or solicits money for specific information or a routine service to any individual that could be obtained by the individual from a federal government agency free or for a nominal charge must disclose that fact conspicuously when making such offer or solicitation.

Any organization that intentionally disregards this requirement will be subject to a penalty for each day the offers or solicitations are made. The penalty is the greater of \$1,000 or 50% of the total cost of the offers and solicitations made on that day.

## S. Organizations Organized or Created in a Foreign Country

If the organization applies any provision of any U.S. tax treaty to figure the foundation's taxable income, tax liability, or tax credits in a manner different from these instructions, attach an explanation.

Section 4948(a) imposes a 4% tax on the gross investment income (but not capital gain net income) of an exempt foreign private foundation from U.S. sources, such as dividends, interest, rents, payments received on securities loans as defined in section 512(a)(5), and royalties. Amounts taken into income on Form 990-T are excepted. The section 4948(a) tax replaces the section 4940 tax on the net investment income of a domestic private foundation. A foreign foundation doesn't complete Form 990-PF Part IV.

Under section 4948(b), sections 507 and 508 and chapter 42 (other than section 4948) don't apply to a foreign organization that from the date of its creation has received at least 85% of its support (as defined in section 509(d), excluding gross investment income) from sources outside the United States. The foreign foundation's section 501(c)(3) status can be revoked, however, if it commits a violation of chapter 42 (other than section 4942) after receiving a warning of a violation from the IRS, or if it commits a willful and flagrant violation. A foreign foundation described in section 4948(b) doesn't complete Form 990-PF Parts IX (unless claiming status as an operating foundation), X, XII, and XIV, isn't required to send a copy of its annual return to a state official, and isn't required to comply with the public inspection requirements for annual returns (see [G. Furnishing Copies of Form 990-PF to State Officials](#) and [Q. Public Inspection Requirements](#), earlier). The foundation must attach a computation of the 85% test to the return.

Taxable foreign private foundations and foreign section 4947(a)(1) nonexempt charitable trusts aren't subject to excise tax under section 4948(a) or 4940, but are subject to income tax under subtitle A of the Code.

For these purposes, U.S. territories are considered part of the United States, and thus territories' organizations aren't considered foreign organizations.

## T. Liquidation, Dissolution, Termination, or Substantial Contraction

If there is a liquidation, dissolution, termination, or substantial contraction (defined below) of the organization, attach the following to the return.

- A statement to the return that describes the transaction.
- A certified copy of the liquidation plan, resolution, etc. (if any) and all amendments or supplements that weren't previously filed.
- A schedule that lists the names and addresses of all recipients of assets.

- An explanation of the nature and fair market value of the assets distributed to each recipient.

**Additional requirements.** For a complete corporate liquidation or trust termination, attach a statement as to whether a final distribution of assets was made and the date it was made (if applicable).

Also, an organization must indicate:

- That it has ceased to exist and check *Final return* in Item G of the Heading section on page 1 of the return; or
- That it is terminating its private foundation status under section 507(b)(1)(B), according to [U. Section 507\(b\)\(1\)\(B\) Termination Notice and Filing Requirements](#) and [V. Payment of Section 4940 Tax During Section 507\(b\)\(1\)\(B\) Termination](#), later; or
- That it is voluntarily terminating its private foundation status under section 507(a)(1) and owes a termination tax and must send the notice (and tax payment, if applicable) required by Rev. Rul. 2003-13, 2003-4 I.R.B. 305, and Rev. Rul. 2002-28, 2002-20 I.R.B. 941, to the Manager, Exempt Organizations Determinations, at the address given in [U. Section 507\(b\)\(1\)\(B\) Termination Notice and Filing Requirements](#), later.

**Relief from public inspection requirements.** If the organization has terminated its private foundation status under section 507(b)(1)(A), it doesn't have to comply with the notice and public inspection requirements of the return for the termination year.

**Filing date.** See [J. When and How To File](#), earlier, for the filing date.

**Definitions.** The term "substantial contraction" includes any partial liquidation or any other significant disposition of assets. However, this doesn't include transfers for full and adequate consideration or distributions of current income.

A significant disposition of assets doesn't include any disposition for a tax year if:

1. The total of the dispositions for the tax year is less than 25% of the fair market value of the net assets of the organization at the beginning of the tax year, and
2. The total of the related dispositions made during prior tax years (if a disposition is part of a series of related dispositions made during these prior tax years) is less than 25% of the fair market value of the net assets of the organization at the beginning of the tax year in which any of the series of related dispositions was made.

The facts and circumstances of the particular case will determine whether a significant disposition has occurred

through a series of related dispositions. Ordinarily, a distribution described in section 170(b)(1)(F)(ii) (relating to private foundations making qualifying distributions out of corpus equal to 100% of contributions received during the foundation's tax year) won't be taken into account as a significant disposition of assets. See Regulations section 1.170A-9(h)(2).

## U. Section 507(b)(1)(B) Termination—Notice and Filing Requirements

A private foundation or nonexempt charitable trust (other than a foundation or trust described in section 4948(b)) may terminate its private foundation status under section 507(b)(1)(B) by meeting the requirements of public charity status under section 509(a)(1), (2), or (3) over a continuous 60-month period that begins with the beginning of a tax year of the organization. The organization must give proper notice to the IRS prior to the start of the 60-month period, and establish to the satisfaction of the IRS within 90 days after the end of the 60-month period that it so qualified.

If the organization fails to qualify as a public charity over the entire 60-month period, then it will be treated as a private foundation after the end of the 60-month period, and for any tax year within the 60-month period in which it didn't qualify as a public charity.

An organization may give the IRS notice of termination under section 507(b)(1)(B) by providing the information set forth in Regulations section 1.507-2(b)(3) to the following address.

Internal Revenue Service  
TE/GE—EO Determinations  
P.O. Box 2508  
Cincinnati, OH 45201

Alternatively, an organization may also give the notice with a request for an advance ruling that the organization can be expected to meet the requirements of public charity status during the 60-month period. Form 8940, Request for Miscellaneous Determination, is used for this purpose. The advantage of an advance ruling is that the organization's grantors and contributors can generally rely on it during the 60-month period, and the ruling constitutes reasonable cause for abatement of penalties for failure to pay section 4940 tax during the period. The organization itself can't rely on the ruling to avoid private foundation status during or after the 60-month period.

Although an organization terminating its private foundation status under section 507(b)(1)(B) may be regarded as a public

charity for certain purposes, it is considered a private foundation for filing requirement purposes and must file an annual return on Form 990-PF. The return must be filed for each year in the 60-month termination period, if that period hasn't expired before the due date of the return.

Within 90 days after the end of the termination period, the organization must supply information to the IRS establishing that it has terminated its private foundation status and, as a result, qualifies as a public charity. This information is provided on Form 8940.

If information is furnished establishing a successful termination, then, for the final year of the termination period, the organization should comply with the filing requirements for the type of public charity it has become. See the Instructions for Form 990 and the Instructions for Schedule A (Form 990 or 990-EZ) for details on filing requirements. This applies even if the IRS hasn't confirmed that the organization has terminated its private foundation status by the time the return for the final year of the termination is due (or would be due if a return were required).

The organization will be allowed a reasonable period of time to file any private foundation returns required (for the last year of the termination period) but not previously filed if it is later determined that the organization didn't terminate its private foundation status. Interest on any tax due will be charged from the original due date of Form 990-PF, but penalties under sections 6651 and 6652 won't be assessed if Form 990-PF is filed within the period allowed by the IRS.

## V. Payment of Section 4940 Tax During Section 507(b)(1)(B) Termination

An organization terminating its private foundation status under section 507(b)(1)(B) may file Form 990-PF without paying the section 4940 tax based on investment income if it filed a consent under section 6501(c)(4) with its notice of termination prior to the start of the 60-month period. The consent provides that the period of limitation on the assessment of tax under chapter 42, based on investment income for any tax year in the 60-month period, won't expire until at least 1 year after the period for assessing a deficiency for the last tax year in which the 60-month period would normally expire. Any foundation not paying the tax when it files Form 990-PF must attach a copy of the signed consent.

If the foundation didn't file the consent, the tax must be paid in the normal manner as explained in [O. Figuring and Paying Estimated Tax](#) and [P. Tax Payment Methods for Domestic Private](#)

[Foundations](#), earlier. The organization may file a claim for refund after completing termination or during the termination period. The claim for refund must be filed on time and the organization must supply information establishing that it qualified as a public charity for the period for which it paid the tax.

## W. Rounding, Currency, and Attachments

**Rounding off to whole dollars.** You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you 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, \$1.39 becomes \$1 and \$2.50 becomes \$3.

If you have 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.

**Currency and language requirements.** Report all amounts in U.S. dollars. State the conversion rate used. Report all items in total, including amounts from both U.S. and non-U.S. sources. All information must be in English.

**Attachments.** Use the schedules on Form 990-PF. If you need more space, use attachments that are the same size as the printed forms.

On each attachment, write:

- "Form 990-PF,"
- The tax year,
- The corresponding schedule number or letter,
- The organization's name and EIN, and
- The information requested using the format and line sequence of the printed form.

Also, show totals on the printed forms.

## Specific Instructions

### Heading

#### Name and Address

If the organization operates under a name different from its legal name, give the legal name of the organization but identify its alternate name, after the legal name, by writing "aka" (also known as) and the alternate name of the organization. The address used must be that of the principal office of the foundation.

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, show the box number instead of the street address.

## Item A. Employer Identification Number

The organization should have only one EIN. If it has more than one EIN, notify the Internal Revenue Service Center at the address shown under [J. When and How To File](#), earlier. Explain what numbers 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 then advise which number to use.

## Item B. Telephone Number

Enter a foundation telephone number (including the area code) that the public and government regulators may use to obtain information about the foundation's finances and activities. This information should be available at this telephone number during normal business hours. If the foundation doesn't have a telephone, enter a telephone number of a foundation official who can provide this information during normal business hours.

## Item D2. Foreign Organizations

If the foreign organization meets the 85% test of Regulations section 53.4948-1(b), then:

- Check the box in D2 in the Heading section on page 1 of Form 990-PF,
- Check the box at the top of Part X,
- Don't fill in Parts X and XII,
- Don't fill in Part IX unless it is claiming status as a private operating foundation, and
- Attach the computation of the 85% test to Form 990-PF.

**Note.** In addition to these requirements, foreign organizations checking the box in D1 of the Heading on Form 990-PF don't complete Part IV or Part I, line 7. See [B. Which Parts To Complete](#), earlier, for more details.

## Item E. Section 507(b)(1)(A) Terminations

A private foundation that has terminated its private foundation status under section 507(b)(1)(A) during the tax year being reported, by distributing all its net assets to one or more public charities without keeping any right, title, or interest in those assets, should check this box. See [Q. Public Inspection Requirements](#) and [T. Liquidation, Dissolution, Termination, or Substantial Contraction](#), earlier.

## Item F. 60-Month Termination Under Section 507(b)(1)(B)

Check this box if the organization is terminating its private foundation status under the 60-month provisions of section 507(b)(1)(B) during the period covered by this return. To begin such a termination, a private foundation must have given advance notice to TE/GE at the Cincinnati

address given earlier and provided the information outlined in Regulations section 1.507-2(b)(3). See [U. Section 507\(b\)\(1\)\(B\) Termination Notice and Filing Requirements](#), earlier, for information regarding filing requirements during a section 507(b)(1)(B) termination.

See [V. Payment of Section 4940 Tax During Section 507\(b\)\(1\)\(B\) Termination](#), earlier, for information regarding payment of the tax based on investment income (figured in Part **V**) during a section 507(b)(1)(B) termination.

## Item G. Initial Return of Certain Former Public Charities

If this is the initial Form 990-PF return of a former public charity under section 170(b)(1)(A)(vi) or 509(a)(2) or 509(a)(3), then the organization is treated as a private foundation for the tax year being reported only for purposes of section 6033 (filing Form 990-PF), section 4940 (paying excise tax on investment income), and section 507 (terminating private foundation status).

## Item H. Type of Organization

Check the box for “Section 501(c)(3) exempt private foundation” if the foundation has a ruling or determination letter from the IRS in effect that recognizes its exemption from federal income tax as an organization described in section 501(c)(3) or if the organization’s exemption application is pending with the IRS.

Check the “Section 4947(a)(1) nonexempt charitable trust” box if the trust is a nonexempt charitable trust treated as a private foundation. All others, check the “Other taxable private foundation” box.

## Item I. Fair Market Value of All Assets

In Item I in the Heading on page 1 of Form 990-PF, enter the fair market value of all assets the foundation held at the end of the tax year.



*This amount should be the same as the figure reported in Part II, line 16, column (c).*

# Part I. Analysis of Revenue and Expenses

## Column Instructions

The total of amounts in columns (b), (c), and (d) (or any combination of them, such as columns (b) and (d)) may differ from the amount in column (a).

The amounts entered in column (a) and on line 5b must be analyzed in Part **XV-A**.

## Column (a). Revenue and Expenses per Books

Enter in column (a) all items of revenue and expense shown in the books and records that increased or decreased the net assets of the organization. However, don't include the value of services donated to the foundation or items such as free use of equipment or facilities in contributions received. Also, don't include any expenses used to figure capital gains and losses on lines 6, 7, and 8 or expenses included in cost of goods sold on line 10b. For foundations that don't use the cash method of accounting for book purposes, charitable expenditures reported in column (a) won't necessarily match amounts reported in column (d).

## Column (b). Net Investment Income

All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts) are required to pay an excise tax each tax year on net investment income.

Exempt foreign foundations are subject to an excise tax on gross investment income from U.S. sources. These foreign organizations should complete lines 3, 4, 5a, 5b, 11, 12, and 27b of column (b) and report only income derived from U.S. sources. No other income should be included. No expenses are allowed as deductions.

**Definitions.** See below.

**Gross investment income.** Gross investment income is the total amount of investment income that was received by a private foundation from all sources. However, it doesn't include any income subject to the unrelated business income tax. It includes interest, dividends, rents, payments with respect to securities loans (as defined in section 512(a)(5)), royalties received from assets devoted to charitable activities, income from notional principal contracts (as defined in Regulations section 1.863-7), annuities, substantially similar income from ordinary and routine investments, and income from similar sources. Therefore, interest received on a student loan is includible in the gross investment income of a private foundation making the loan.

**Net investment income.** Net investment income is the amount by which the sum of gross investment income and the capital gain net income exceeds the allowable deductions discussed later. Tax-exempt interest on governmental obligations and related expenses are excluded.

**Investment income.** Include in column (b) all or part of any amount from column (a) that applies to investment income.

However, don't include in column (b) any income and related expenses reported on Form 990-T.

For example, investment income from debt-financed property unrelated to the organization's charitable purpose and certain rents (and related expenses) treated as unrelated trade or business income should be reported on Form 990-T. Income from debt-financed property that isn't taxed under section 511 is taxed under section 4940. Thus, if the debt/basis percentage of a debt-financed property is 80%, only 80% of the gross income (and expenses) for that property is used to figure the section 511 tax on Form 990-T. The remaining 20% of the gross income (and expenses) of that property is used to figure the section 4940 tax on net investment income on Form 990-PF. (See Form 990-T and its instructions for more information.)

**Investment expenses.** Include in column (b) all ordinary and necessary expenses paid or incurred to produce or collect investment income from interest, dividends, rents, amounts received from payments on securities loans (as defined in section 512(a)(5)), royalties, income from notional principal contracts, annuities, substantially similar income from ordinary and routine investments, and income from similar sources; or for the management, conservation, or maintenance of property held for the production of income that is taxable under section 4940.

If any of the expenses listed in column (a) are paid or incurred for both investment and charitable purposes, they must be allocated on a reasonable basis between the investment activities and the charitable activities so that only expenses from investment activities appear in column (b). Examples of allocation methods are given in the instructions for Part **VIII-A**.

**Limitation.** The deduction for expenses paid or incurred in any tax year for producing gross investment income earned incident to a charitable function can't be more than income earned from the function includible as gross investment income for the year.

For example, if rental income is incidentally realized in 2021 from historic buildings held open to the public, deductions for amounts paid or incurred in 2021 for the production of this income may not be more than the amount of rental income includible as gross investment income in column (b) for 2021.

**Expenses related to tax-exempt interest.** Don't include on lines 13–23 of column (b) any expenses paid or incurred that are allocable to tax-exempt interest that is excluded from lines 3 and 4.

**TIP** If the foundation is a partner in a partnership, then pertinent items of income, gain, loss, deduction, or credit from the entity's Schedule K-1 (Form 1065) should generally be reported in columns (b) and (c) for the tax year of the entity ending with or within the foundation's tax year. See Regulations sections 53.4940-1(c)(1) and 53.4942(a)-2(d)(1).

By contrast, if the foundation is a beneficiary of a trust, distributions from the trust aren't included in income in column (c) if the trust was created and funded by a person other than the foundation, and aren't included in column (b). See Regulations section 53.4942(a)-2(d)(2) (vii) and Notice 2004-35, 2004-19 I.R.B. 889, available at [IRS.gov/irb/2004-19\\_IRB/index.html](https://www.irs.gov/irb/2004-19_IRB/index.html).

## Column (c). Adjusted Net Income

**TIP** Nonoperating private foundations should see Nonoperating private foundations, later, to find out if they need to complete column (c).

**Private operating foundations.** All organizations that claim status as private operating foundations under section 4942(j)(3) or (5) must complete all lines of column (c) that apply, according to the general rules for income and expenses that apply to this column, the specific line instructions for lines 3–27c, the [Special rule](#), later, and [Examples 1 and 2](#), later.

**General rules.** In general, adjusted net income is the amount of a private foundation's gross income that is more than the expenses of earning the income. The modifications and exclusions explained below are applied to gross income and expenses in figuring adjusted net income.

For income and expenses, include on each line of column (c) only that portion of the amount from column (a) allocable to the adjusted net income computation.

**Income.** For column (c), include income from charitable functions, investments, related and unrelated business, and amounts set aside; short-term capital gains and losses; recoveries of amounts that were treated as qualifying distributions in prior tax years; and amounts set aside that are determined not to be needed for the purposes for which they were set aside. Don't include gifts, grants or contributions, or long-term capital gains or losses.

**Expenses.** Deductible expenses include the part of a private foundation's operating expenses paid or incurred to produce or collect gross income reported on lines 3–11 of column (c). If only part of the property produces income includible in

column (c), deductions such as interest, taxes, and rent must be divided between the charitable and noncharitable uses of the property. **Reference to Form 1120-S deleted.** If the expenses for property are more than the income from the property, the excess won't be allowed as a deduction but may be treated as a qualifying distribution in Part I, column (d). See [Examples 1 and 2](#), below.

**Special rule.** The expenses attributable to each specific charitable activity, limited by the amount of income from the activity, must be reported in column (c) on lines 13–26. If the expenses of any charitable activity exceed the income generated by that activity, only the excess of these expenses over the income should be reported in column (d).

### Examples.

1. A charitable activity generated \$5,000 of income and \$4,000 of expenses. Report all income and expenses in column (c) and none in column (d).
2. A charitable activity generated \$5,000 of income and \$6,000 of expenses. Report \$5,000 of income and \$5,000 of expenses in column (c) and the excess expenses of \$1,000 in column (d).

**Nonoperating private foundations.** A foundation that doesn't claim status as a private operating foundation isn't required to complete column (c) unless either of the following applies.

1. The foundation received income from a charitable activity and wishes to claim a qualifying distribution for expenses incurred in the activity in excess of the income. The foundation must report such income only on lines 10 and/or 11 in column (c), and any expenses relating to this income following the general rules and the special rule above. See [Examples 1 and 2](#), above. The foundation need not report other kinds of income and expenses (such as investment income and expenses) in column (c).
2. The foundation claims status under section 170(e)(2)(B) (charitable contribution fund). The following lines of column (c) apply:

**Column (d).** **Charitable Purposes** Expenses entered in column (d) relate to activities that constitute the charitable purpose(s) of the foundation.

### Column (d). Charitable Purposes

Expenses entered in column (d) relate to activities that constitute the charitable purpose(s) of the foundation.

- For amounts entered in column (d):
- Use the cash receipts and disbursements method of accounting no matter what accounting method is used in keeping the books of the foundation;

- Don't include any amount or part of an amount included in column (b) or (c);
- Include on lines 13–25 all expenses, including necessary and reasonable administrative expenses, paid by the foundation for religious, charitable, scientific, literary, educational, or other public purposes, or for the prevention of cruelty to children or animals;
- Include a distribution of property at the fair market value on the date the distribution was made; and
- Include only the part entered in column (a) that is allocable to the charitable purposes of the foundation.

**Example.** An educational seminar produced \$1,000 in income that was reportable in columns (a) and (c). Expenses attributable to this charitable activity were \$1,900. Only \$1,000 of expense should be reported in column (c) and the remaining \$900 in expense should be reported in column (d).

**Qualifying distributions.** Generally, amounts paid to accomplish the foundation's exempt purposes are qualifying distributions. Special rules apply in certain situations—see the line 25, column (d), instructions.

**TIP** The total of the expenses and disbursements on line 26 is also entered on line 1a in Part XI to figure qualifying distributions.

### Alternative to completing lines 13–25.

If you want to provide an analysis of disbursements that is more detailed than column (d), you may attach a schedule instead of completing lines 13–25. The schedule must include all the specific items of lines 13–25, and the total from the schedule must be entered on line 26, column (d).

## Line Instructions

**Line 1. Contributions, gifts, grants, etc., received.** Enter the total of gross contributions, gifts, grants, and similar amounts received.

**TIP** The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established the Paycheck Protection Program (PPP) to provide loans to small businesses as a direct incentive to keep their workers on the payroll. The loans are forgiven if all employee retention criteria are met and the funds are used for eligible expenses. Amounts of PPP loans that are forgiven may be reported on line 1 as contributions from a governmental unit in the taxable year that the amounts are forgiven or at such other time as provided in Rev. Proc. 2021-48, 2021-49 I.R.B. 835.

**Schedule B (Form 990).** If money, securities, or other property valued at \$5,000 or more was received directly or

indirectly from any one person during the year, complete Schedule B and attach it to the return. If the foundation isn't required to complete Schedule B (no person contributed \$5,000 or more), be sure to check the box on line 2.

To determine whether a person has contributed \$5,000 or more, total only gifts of \$1,000 or more from each person. Separate and independent gifts need not be totaled if less than \$1,000. If a contribution is in the form of property, describe the property and include its fair market value.

The term "person" includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations.

**Split-interest trusts.** Distributions from split-interest trusts should be entered on line 1, column (a). They are a part of the amount on line 1.

**Substantiation requirements.** An organization must keep records, as required by the regulations under section 170.

Generally, a donor making a charitable contribution of \$250 or more won't be allowed a federal income tax deduction unless the donor obtains a written acknowledgment from the donee organization by the earlier of the date on which the donor files a tax return for the tax year in which the contribution was made or the due date, including extensions, for filing that return. However, see section 170(f)(8)(D) and Regulations section 1.170A-13(f) for exceptions to this rule.

The written acknowledgment the foundation provides to the donor must show:

1. The amount of cash contributed;
2. A description of any property contributed;
3. Whether the foundation provided any goods or services to the donor; and
4. A description and a good-faith estimate of the value of any goods or services the foundation gave in return for the contribution, unless:
  - a. The goods and services have insubstantial value, or
  - b. A statement is included that these goods and services consist solely of intangible religious benefits.

Generally, if a charitable organization solicits or receives a contribution of more than \$75 for which it gives the donor something in return (a quid pro quo contribution), the organization must inform the donor, by written statement, that the amount of the contribution deductible for federal income tax purposes is limited to the amount by which the contribution

exceeds the value of the goods or services received by the donor. The written statement must also provide the donor with a good-faith estimate of the value of goods or services given in return for the contribution.

**Penalties.** An organization that doesn't make the required disclosure for each quid pro quo contribution will incur a penalty of \$10 for each failure, not to exceed \$5,000 for a particular fundraising event or mailing, unless it can show reasonable cause for not providing the disclosure.

**For more information.** See Regulations section 1.170A-13 for more information on charitable recordkeeping and substantiation requirements.

**Line 2.** Check this box if the foundation isn't required to attach Schedule B.

**Line 3. Interest on savings and temporary cash investments.** Enter in the columns below.

**In column (a).** Enter the total amount of interest income from investments reportable in Part II, line 2. These include savings or other interest-bearing accounts and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other government obligations that mature in less than 1 year.

**In column (b).** Enter the amount of interest income shown in column (a). Don't include interest on tax-exempt government obligations.

**In column (c).** Enter the amount of interest income shown in column (a). Include interest on tax-exempt government obligations.

**Line 4. Dividends and interest from securities.** Enter in the columns below.

**In column (a).** Enter the amount of dividend and interest income from securities (stocks and bonds) reportable in Part II, line 10. Include amounts received from payments on securities loans as defined in section 512(a)(5). Don't include any capital gain dividends reportable on line 6a. Report income from program-related investments on line 11. For debt instruments with an original issue discount, report the original issue discount ratably over the life of the bond on line 4. See section 1272 for more information.

**In column (b).** Enter the amount of dividend and interest income and payments on securities loans from column (a). Don't include interest on tax-exempt government obligations.

**In column (c).** Enter the amount of dividend and interest income and payments on securities loans from column

(a). Include interest on tax-exempt government obligations.

**Line 5a. Gross rents.** Enter in the columns below.

**In column (a).** Enter the gross rental income for the year from investment property reportable in Part II, line 11.

**In columns (b) and (c).** Enter the gross rental income from column (a).

**Line 5b. Net rental income or (loss).** Figure the net rental income or (loss) for the year and enter that amount on the entry line to the left of column (a).

Report rents from other sources on line 11. Enter any expenses attributable to the rental income reported on line 5, such as interest and depreciation, on lines 13–23.

**Line 6a. Net gain or (loss) from sale of assets.** Enter the net gain or (loss) per books from all asset sales not included on line 10.

For assets sold and not included in Part IV, attach a schedule showing:

- Date acquired;
- Manner of acquisition;
- Gross sales price;
- Cost, other basis, or value at time of acquisition (if donated) and which of these methods was used;
- Date sold;
- To whom sold;
- Expense of sale and cost of improvements made subsequent to acquisition; and
- Depreciation since acquisition (if depreciable property).

**Line 6b. Gross sales price for all assets on line 6a.** Enter the gross sales price from all asset sales whose net gain or loss was reported on line 6a.

**Line 7. Capital gain net income.** Enter the capital gain net income from Part IV, line 2. See the Part IV instructions.

**Line 8. Net short-term capital gain.** Include only net short-term capital gain for the year (assets sold or exchanged that were held not more than 1 year). Don't include net long-term capital gain or net loss in column (c).

Don't include on line 8 a net gain from the sale or exchange of depreciable property, or land used in a trade or business (section 1231) and held for more than 1 year. However, include net loss from such property on line 23 as an Other expense.

In general, foundations may carry to line 8 the net short-term capital gain reported in Part IV, line 3. However, if the foundation had any short-term capital gain from sales of debt-financed property, add it to the amount reported in Part IV, line 3, to figure the amount to include on line 8.

For information dealing with "debt-financed property," see the Instructions for Form 990-T.

**TIP** Only private operating foundations report their short-term capital gains on line 8.

**Line 9. Income modifications.** Include on this line:

1. Amounts received or accrued as

Removed instructions regarding section 965 inclusions. Also deleted instruction to "include the foundation's GILTI under section 951A."

project (see explanation in the instructions for Part XI) that wasn't necessary for the purposes for which it was set aside;

4. Income received from an estate, but only if the estate was considered terminated for income tax purposes due to a prolonged administration period; and

5. Amounts treated in an earlier tax year as qualifying distributions to:

- A nonoperating private foundation if the amounts weren't redistributed by the grantee organization by the close of its tax year following the year in which it received the funds, or
- An organization controlled by the distributing foundation or a disqualified person if the amounts weren't redistributed by the grantee organization by the close of its tax year following the year in which it received the funds.

**Lines 10a, b, c. Gross profit from sales of inventory.** Enter the gross sales (less returns and allowances), cost of goods sold, and gross profit or (loss) from the sale of all inventory items, including those sold in the course of special events and activities. These inventory items are the ones the organization either makes to sell to others or buys for resale.

Don't report any sales or exchanges of investments on line 10.

Don't include any profit or (loss) from the sale of capital items such as securities, land, buildings, or equipment on line 10. Enter these amounts on line 6a.

Don't include any business expenses such as salaries, taxes, rent, etc., on line 10. Include them on lines 13–23.

Attach a schedule showing the following items: gross sales, cost of goods sold, and gross profit or (loss). These items should be classified according to type of inventory sold (such as books, tapes, other educational or religious material, etc.). The totals from the

schedule should agree with the entries on lines 10a–10c.

In column (c), enter the gross profit or (loss) from sales of inventory shown on line 10c, column (a).

**Line 11. Other income.** Enter the total of all the foundation's other income for the year. Attach a schedule that gives a description and the amount of the income. Include all income not reported on lines 1 through 10c. Also, see [Part XV-A, Line 11](#), later.

Include imputed interest on certain deferred payments figured under section 483 and any investment income not reportable on lines 3 through 5, including income from program-related investments (defined in the instructions for [Part VIII-B](#)).

Don't include unrealized gains and losses on investments carried at market value. Report those as fund balance or net asset adjustments in Part III.

**In column (b).** Enter the amount of investment income included in line 11, column (a). Include dividends, interest, rents, and royalties derived from assets devoted to charitable activities, such as interest on student loans.

**In column (c).** Include all other items includible in adjusted net income not covered elsewhere in column (c).

**Line 12. Total.** Enter the total of lines 1–11 in columns (a)–(c).

**In column (b).** Domestic organizations should enter the total of lines 3–11. Tax-exempt foreign foundations should exclude the line 7 amount from the total.

**Line 13. Compensation of officers, directors, trustees, etc.** Enter in the columns below.

**In column (a).** Enter the total compensation for the year of all officers, directors, and trustees. If none was paid, enter zero. Complete line 1 of [Part VII](#) to show the compensation of officers, directors, trustees, and foundation managers.

**In columns (b), (c), and (d).** Enter the portion of the compensation included in column (a) that is applicable to the column. For example, in column (c), enter the portion of the compensation included in column (a) paid or incurred to produce or collect income included in column (c).

**Line 14. Other employee salaries and wages.** Enter the salaries and wages of all employees other than those included on line 13.

**Employee leasing companies and professional employer organizations.** In some cases, 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 or a professional employer organization (whether or not certified under the [Certified Professional Employer Organization Program](#)) as the organization's own employees and should report the compensation and other items in Part IV as if the organization had paid the officers, directors, trustees, and key employees directly.

**Line 15. Contributions to employee pension plans and other benefits.** Enter the employer's share of contributions the organization paid to qualified and nonqualified pension 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. Complete the return/report of the Form 5500 series appropriate for the organization's plan. See the Instructions for Form 5500 for information about employee welfare benefit plans required to file that form.

Also include the amount of federal, state, and local payroll taxes for the year, but only include those that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, FUTA tax, state unemployment compensation tax, and other state and local payroll taxes. Don't include taxes withheld from employees' salaries and paid over to the various governmental units (such as federal and state income taxes and the employee's share of social security and Medicare taxes).

**Lines 16a, b, and c. Legal, accounting, and other professional fees.** On the appropriate line(s), enter the legal, accounting, auditing, and other professional fees (such as fees for fundraising or investment services) charged by outside firms and individuals who aren't employees of the foundation.

Attach a schedule for lines 16a, b, and c. Show the type of service and expense for each. If the same person provided more than one of these services, include an allocation of those expenses.

Report any fines, penalties, or judgments imposed against the foundation as a result of legal proceedings on line 23.

**Line 18. Taxes.** Attach a schedule listing the type and amount of each tax reported

on line 18. Don't enter any taxes included on line 15.

**In column (a).** Enter the taxes paid (or accrued) during the year. Include all types of taxes recorded on the books, including real estate tax not reported on line 20, the tax on investment income, and any income tax.

**In column (b).** Enter only those taxes included in column (a) related to investment income taxable under section 4940. Don't include the section 4940 tax paid or incurred on net investment income or the section 511 tax on unrelated business income. Sales taxes may not be deducted separately but must be treated as a part of the cost of acquired property or as a reduction of the amount realized on disposition of the property.

**In column (c).** Enter only those taxes included in column (a) that relate to income included in column (c). Don't include any excise tax paid or incurred on the net investment income (as shown in Part V) or any tax reported on Form 990-T.

**In column (d).** Don't include any excise tax paid on investment income (as reported in Part V of this return or the equivalent part of a return for prior years) unless the organization is claiming status as a private operating foundation and completes Part XIII.

#### Line 19. Depreciation and depletion.

**In column (a).** Enter the expense recorded in the books for the year.

For depreciation, attach a schedule showing:

- A description of the property,
- The date acquired,
- The cost or other basis (exclude any land),
- The depreciation allowed or allowable in prior years,
- The method of computation,
- The rate (%) or life (years), and
- The depreciation this year.

On a separate line on the schedule, show the amount of depreciation included in cost of goods sold and not included on line 19.

**In columns (b) and (c).** A deduction for depreciation is allowed only for property used in the production of income reported in the column, and only using the straight line method of figuring depreciation. A deduction for depletion is allowed but must be figured only using the cost depletion method.

The basis used in figuring depreciation and depletion is the basis determined under normal basis rules, without regard to the special rules for using the fair market value on December 31, 1969, that relate only to gain or loss on dispositions

for purposes of the tax on net investment income.

**Line 20. Occupancy.** Enter the amount paid or incurred for the use of office space or other facilities. If the space is rented or leased, enter the amount of rent. If the space is owned, enter the amount of mortgage interest, real estate taxes, and similar expenses, but not depreciation reportable on line 19. In either case, include the amount for utilities and related expenses (for example, heat, lights, water, power, telephone, sewer, trash removal, outside janitorial services, and similar services). Don't include any salaries of the organization's own employees reportable on line 14.

**Line 21. Travel.** Enter the amount for travel expenses (including for automobile and related expenses) incurred on a per diem allowance or actual basis of a per diem allowance or actual expenses incurred. Don't include any compensation paid to those who participate.

**In column (b).** Only 50% of the expense for business meals paid or incurred in connection with travel, meetings, etc., relating to the production of investment income may be deducted in figuring net investment income (section 274(n)).

**In column (c).** Subject to the [Special rule](#), earlier, limiting amounts reported in column (c) by the income generated by a charitable activity, enter the total amount of expenses paid or incurred by officers, employees, or others for travel, conferences, meetings, etc., related to income included in column (c).

#### Line 22. Printing and publications.

Enter the expenses for printing or publishing and distributing any newsletters, magazines, etc. Also include the cost of subscriptions to, or purchases of, magazines, newspapers, etc.

**Line 23. Other expenses.** Enter all other expenses for the year. Include all expenses not reported on lines 13–22. Attach a schedule showing the type and amount of each expense.

If a deduction is claimed for amortization, attach a schedule showing:

- Description of the amortized expenses;
- Date acquired, completed, or expended;
- Amount amortized;
- Deduction for prior years;
- Amortization period (number of months);
- Current-year amortization; and
- Total amount of amortization.

**In column (c).** In addition to the applicable portion of expenses from column (a), include any net loss from the sale or exchange of land or depreciable property that was held for more than 1 year and used in a trade or business.

A deduction for amortization is allowed but only for assets used for the production of income reported in column (c).

#### Line 25. Contributions, gifts, grants paid.

Don't report on line 25 direct program expenditures that aren't contributions, gifts, or grants. These amounts should be reported on lines 13–24.

**In column (a).** Enter the total of all contributions, gifts, grants, and similar amounts paid (or accrued) for the year. List each contribution, gift, grant, etc., in Part XIV, or attach a schedule of the items included on line 25 and list:

1. Name and address of donee;
2. Relationship of donee if related by:
  - a. Blood,
  - b. Marriage,
  - c. Adoption, or
  - d. Employment (including children of employees) to any disqualified person (see [C. Definitions](#), earlier, for definitions); and
3. The organizational status of donee (for instance, public charity—an organization described in section 509(a)(1), (2), or (3)).

You don't have to give the name of any indigent person who received one or more gifts or grants from the foundation unless that individual is a disqualified person or one who received a total of more than \$1,000 from the foundation during the year.

Activities should be described according to purpose and in greater detail than merely charitable, educational, religious, or scientific activities. For example, use identification such as payments for nursing service, for fellowships, or for assistance to indigent families.

Foundations may include, as a single entry on the schedule, the total of amounts paid as grants for which the foundation exercised expenditure responsibility. Attach a separate report for each grant.

When the fair market value of the property at the time of disbursement is the measure of a contribution, the schedule must also show:

- A description of the contributed property,
- The book value of the contributed property,
- The method used to determine the book value,

Removes instruction to include "each class of activity" and "a separate total for each activity" in column (a).

- The method used to determine the fair market value, and
- The date of the gift.

**TIP** *The difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in Part III.*

**In column (d).** Enter on line 25 all contributions, gifts, and grants the foundation paid during the year with the following exceptions.

- Don't include contributions to organizations controlled by the foundation or by one or more disqualified persons, or contributions to nonoperating private foundations, unless the donee organization is exempt from tax under section 501(c)(3) and redistributes the contributions, and the foundation maintains sufficient evidence of redistribution, in accordance with section 4942(g)(3) and Regulations section 53.4942(a)-3(c).
- Don't include contributions paid from a nonoperating private foundation to a Type III supporting organization as defined under section 4943(f)(5) that isn't a functionally integrated Type III supporting organization as defined under section 4943(f)(5)(B). See Regulations section 1.509(a)-4(i) and Notice 2014-4, 2014-2 I.R.B. 274, available at [IRS.gov/irb/2014-2\\_IRB/ar14.html](https://www.irs.gov/irb/2014-2_IRB/ar14.html).
- Don't include contributions paid from a nonoperating private foundation to any supporting organization if a disqualified person of the private foundation controls the supporting organization or any of its supported organizations. See Regulations section 53.4942(a)-3(a)(3).
- Don't reduce the amount of grants paid in the current year by the amount of grants paid in a prior year returned or recovered in the current year. Report those repayments on Part I, line 9, column (c), and in Part X, line 4.
- Don't include any payments of set-asides (see the instructions for Part XI, line 3) taken into account as qualifying distributions in the current year or any prior year. All set-asides are included in qualifying distributions (Part XI, line 3) in the year of the set-aside, regardless of when paid.
- Don't include current-year write-offs of prior years' program-related investments. All program-related investments are included in qualifying distributions (Part XI, line 1b) in the year the investment is made.
- Don't include any payments that aren't qualifying distributions as defined in section 4942(g)(1).

## Net Amounts

**Line 27a. Excess of revenue over expenses and disbursements.** Subtract line 26, column (a), from line 12, column (a), and enter the result. Generally, the amount shown in column (a) on this line is also the amount by which net assets (or fund balances) have increased or decreased for the year. See [Part III. Analysis of Changes in Net Assets or Fund Balances](#), later.

**Line 27b. Net investment income.** Domestic organizations should subtract line 26, column (b), from line 12, column (b), and enter the result. Exempt foreign organizations should enter the amount shown on line 12, column (b). However, if the organization is a domestic organization and line 26, column (b), is more than line 12, column (b) (such as when expenses exceed income), enter zero (not a negative amount).

**Line 27c. Adjusted net income.** Subtract line 26, column (c), from line 12, column (c), and enter the result.

## Part II. Balance Sheets

For column (b), show the book value at the end of the year. For column (c), show the fair market value at the end of the year. Attached schedules must show the end-of-year value for each asset listed in columns (b) and (c).

Foundations whose books of account included total assets of \$5,000 or more at any time during the year must complete all of columns (a), (b), and (c).

Foundations with less than \$5,000 of total assets per books at all times during the year must complete all of columns (a) and (b) and only line 16 of column (c).

**Line 1. Cash—Non-interest-bearing.** Enter the amount of cash on deposit in checking accounts, deposits in transit, change funds, petty cash funds, and any other non-interest-bearing account. Don't include advances to employees or officers or refundable deposits paid to suppliers or others.

**Line 2. Savings and temporary cash investments.** Enter the total of cash in savings or other interest-bearing accounts 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.

**Line 3. Accounts receivable.** On the dashed lines to the left of column (a), enter the year-end figures for total accounts receivable and allowance for doubtful accounts from the sale of goods and/or the performance of services. In columns (a), (b), and (c), enter net amounts (total accounts receivable reduced by the

corresponding allowance for doubtful accounts). Claims against vendors or refundable deposits with suppliers or others may be reported here if not significant in amount. (Otherwise, report them on line 15.) Any receivables due from officers, directors, trustees, foundation managers, or other disqualified persons must be reported on line 6. Report receivables (including loans and advances) due from other employees on line 15.

**Line 4. Pledges receivable.** On the dashed lines to the left of column (a), enter the year-end figures for total pledges receivable and allowance for doubtful accounts (pledges estimated to be uncollectible). In columns (a), (b), and (c), enter net amounts (total pledges receivable reduced by the corresponding allowance for doubtful accounts).

**Line 5. Grants receivable.** Enter the total grants receivable from governmental agencies, foundations, and other organizations as of the beginning and end of the year.

**Line 6. Receivables due from officers, directors, trustees, and other disqualified persons.** Enter here (and on an attached schedule described below) all receivables due from officers, directors, trustees, foundation managers, and other disqualified persons and all secured and unsecured loans (including advances) to such persons. Don't adjust the amounts reported by any amount(s) estimated to be uncollectible. "Disqualified person" is defined in [C. Definitions](#), earlier.

**Attached schedules. 1.** On the required schedule, report each loan separately, even if more than one loan was made to the same person or the same terms apply to all loans made. Salary advances and other advances for the personal use and benefit of the recipient and receivables subject to special terms or arising from transactions not functionally related to the foundation's charitable purposes must be reported as separate loans for each officer, director, etc.

**2.** Receivables that are subject to the same terms and conditions (including credit limits and rate of interest) as receivables due from the general public from an activity functionally related to the foundation's charitable purposes may be reported as a single total for all the officers, directors, etc. Travel advances made for official business of the organization may also be reported as a single total.

For each outstanding loan or other receivable that must be reported separately, the attached schedule should show the following information (preferably using columns).

1. Borrower's name and title.
2. Original amount.
3. Balance due.
4. Date of note.
5. Maturity date.
6. Repayment terms.
7. Interest rate.
8. Security provided by the borrower.
9. Purpose of the loan.
10. Description and fair market value of the consideration furnished by the lender (for example, cash—\$1,000; or 100 shares of XYZ, Inc., common stock—\$9,000).

The above detail isn't required for receivables or travel advances that may be reported as a single total (see the discussion of receivables in **(2)** above); however, report and identify those totals separately on the attachment.

**Line 7. Other notes and loans receivable.** On the dashed lines to the left of column (a), enter the combined total year-end figures for other notes receivable and loans receivable and the allowance for doubtful accounts.

**Notes receivable.** In columns (a), (b), and (c), enter the amount of all notes receivable not listed on line 6 and not acquired as investments. Attach a schedule similar to the one for line 6. The schedule should also identify the relationship of the borrower to any officer, director, trustee, foundation manager, or other disqualified person.

For a note receivable from any section 501(c)(3) organization, list only the name of the borrower and the balance due on the required schedule.

**Loans receivable.** In columns (a), (b), and (c), enter the gross amount of loans receivable, minus the allowance for doubtful accounts, from the normal activities of the filing organization (such as scholarship loans). An itemized list of these loans isn't required, but attach a schedule showing the total amount of each type of outstanding loan. Report loans to officers, directors, trustees, foundation managers, or other disqualified persons on line 6 and loans to other employees on line 15.

**Line 8. Inventories for sale or use.** Enter the amount of materials, goods, and supplies purchased or manufactured by the organization and held for sale or use in some future period.

**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, and

pension costs, and expenses incurred in connection with a solicitation campaign to be conducted in a future accounting period.

**Lines 10a, b, and c. Investments—government obligations, corporate stock and bonds.** Enter the book value (which may be market value) of these investments.

Attach a schedule that lists each security held at the end of the year and shows whether the security is listed at cost (including the value recorded at the time of receipt in the case of donated securities) or end-of-year market value. Don't include amounts shown on line 2. Governmental obligations reported on line 10a are those that mature in 1 year or more. Debt securities of the U.S. Government may be reported as a single total rather than itemized. Obligations of state and municipal governments may also be reported as a lump-sum total. Don't combine U.S. Government obligations with state and municipal obligations on this schedule.

**Line 11. Investments—land, buildings, and equipment.** On the first dashed line to the left of column (a), enter the year-end book value (excluding accumulated depreciation), and on the second dashed line, enter the accumulated depreciation of all land, buildings, and equipment held for investment purposes, such as rental properties. In columns (a) and (b), enter the book value of all land, buildings, and equipment held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Attach a schedule listing these investment fixed assets held at the end of the year and showing, for each item or category listed, the original cost or other basis, accumulated depreciation, and ending book value.

**Line 12. Investments—mortgage loans.** Enter the amount of mortgage loans receivable held as investments but don't include program-related investments (see the instructions for line 15).

**Line 13. Investments—other.** Enter the amount of all other investment holdings not reported on lines 10 through 12. Attach a schedule listing and describing each of these investments held at the end of the year. Show the book value for each and indicate whether the investment is listed at cost or end-of-year market value. Don't include program-related investments (see the instructions for line 15).

**Line 14. Land, buildings, and equipment.** On the first dashed line to the left of column (a), enter the year-end book value (excluding accumulated depreciation), and on the second dashed line, enter the accumulated depreciation of all land, buildings, and equipment owned

by the organization and not held for investment. In columns (a) and (b), enter the book value of all land, buildings, and equipment not held for investment less accumulated depreciation. In column (c), enter the fair market value of these assets. Include any property, plant, and equipment owned and used by the organization to conduct its charitable activities. Attach a schedule listing these fixed assets held at the end of the year and showing the original cost or other basis, accumulated depreciation, and ending book value of each item or category listed.

**Line 15. Other assets.** List and show the book value of each category of assets not reportable on lines 1 through 14. Attach a separate schedule if more space is needed.

One type of asset reportable on line 15 is program-related investments. These are investments made primarily to accomplish a charitable purpose of the filing organization with no significant purpose to produce income.

**Line 16. Total assets.** All filers must complete line 16 of columns (a), (b), and (c). These entries represent the totals of lines 1 through 15 of each column. However, foundations that have assets of less than \$5,000 per books at all times during the year need not complete lines 1 through 15 of column (c).

 *The column (c) amount is also entered on the entry space for Item 1 in the Heading section on page 1.*

**Line 17. Accounts payable and accrued expenses.** Enter the total of accounts payable to suppliers and others and accrued expenses, such as salaries payable, accrued payroll taxes, and interest payable.

**Line 18. Grants payable.** Enter the unpaid portion of grants and awards the organization has made a commitment to pay other organizations or individuals, whether or not the commitments have been communicated to the grantees.

**Line 19. Deferred revenue.** Include revenue that the organization has received but not yet earned as of the balance sheet date under its method of accounting.

**Line 20. Loans from officers, directors, trustees, and other disqualified persons.** Enter the unpaid balance of loans received from officers, directors, trustees, and other disqualified persons. For loans outstanding at the end of the year, attach a schedule that shows (for each loan) the name and title of the lender and the information listed in items 2 through 10 of the instructions for line 6, earlier.

**Line 21. Mortgages and other notes payable.** Enter the amount of mortgages and other notes payable at the beginning and end of the year. Attach a schedule showing, as of the end of the year, the total amount of all mortgages payable and, for each nonmortgage note payable, the name of the lender and the other information specified in items 2 through 10 of the instructions for line 6, earlier. The schedule should also identify the relationship of the lender to any officer, director, trustee, foundation manager, or other disqualified person.

**Line 22. Other liabilities.** List and show the amount of each liability not reportable on lines 17 through 21. Attach a separate schedule if more space is needed.

### Lines 24 Through 30. Net Assets or Fund Balances

**FASB Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958).** ASC 958 provides standards for external financial statements certified by an independent accountant for certain types of nonprofit organizations.

While some states may require reporting according to ASC 958, the IRS does not. However, a Form 990-PF return prepared according to ASC 958 will be acceptable to the IRS.

#### Foundations that follow ASC 958.

Check the box above line 24, and complete lines 24 and 25 and lines 29 and 30. Classify and report net assets in two groups in Part II (net assets without donor restrictions and net assets with donor restrictions) 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 29. On line 30, add the amounts on lines 23 and 29 to show total liabilities and net assets. The amount on line 16 must equal line 30.



*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, many states have enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). If the organization is subject to the UPMIFA or ASC 958, it may affect the amounts reported on lines 24 and 25.*

**Line 24. Net assets without donor restrictions.** Enter the balances per books of the net assets without donor restrictions class of net assets. For years ending after December 15, 2017, ASC 958 refers to “unrestricted net assets” as “net assets without donor restrictions.” Net assets

without donor restrictions are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. All funds without donor-imposed restrictions must be classified as net assets without donor restrictions, regardless of the existence of any board designations or appropriations.

**Line 25. Net assets with donor restrictions.** This line can be used to show the balance per books of net assets with donor-imposed restrictions that may require resources to be used after a specified date (time restrictions), or used for a specified purpose (purpose restrictions), or both.

**Foundations that don't follow ASC 958.** Check the box above line 26 and report account balances on lines 26 through 30. Report capital stock, trust principal, or current funds on line 26. Report paid-in capital surplus or land, building, or equipment funds on line 27. Report retained earnings, endowment, accumulated income, or other funds on line 28.

**Line 26. Capital stock, trust principal, or current funds.** For corporations, enter the balance per books for capital stock accounts. Show par or stated value (or for stock with no par or stated value, total amount received upon issuance) of all classes of stock issued and, as yet, uncanceled. For trusts, enter the amount in the trust principal or corpus account. For foundations continuing to use the fund method of accounting, enter the fund balances for the foundation's current restricted and unrestricted funds.

**Line 27. Paid-in or capital surplus, or land, building, and equipment fund.** Enter the balance per books for all paid-in capital in excess of par or stated value for all stock issued and uncanceled. If stockholders or others gave donations that the organization records as paid-in capital, include them here. Report any current-year donations you included on line 27 in Part I, line 1. The fund balance for the land, building, and equipment fund would be entered here.

**Line 28. Retained earnings, accumulated income, endowment, or other funds.** For corporations, enter the balance in the retained earnings, or similar account, minus the cost of any corporate treasury stock. For trusts, enter the balance per books in the accumulated income or similar account. For foundations using fund accounting, enter the total of the fund balances for the permanent and term endowment funds as well as balances of any other funds not reported on lines 26 and 27.

**Line 29. Total net assets or fund balances.** For foundations that follow FASB ASC 958, enter the total of lines 24 and

25. For all other foundations, enter the total of lines 26 through 28. Enter the beginning-of-year figure in Part III, line 1. The end-of-year figure in column (b) must agree with the figure in Part III, line 6.

**Line 30. Total liabilities and net assets/fund balances.** Enter the total of lines 23 and 29. This amount must equal the amount for total assets reported on line 16 for both the beginning and end of the year.

## Part III. Analysis of Changes in Net Assets or Fund Balances

Generally, the excess of revenue over expenses, or vice versa, accounts for the difference between the net assets at the beginning and end of the year.

On Part III, line 2, re-enter the figure from Part I, line 27(a), column (a).

On lines 3 and 5, list any changes in net assets that weren't caused by the receipts or expenses shown in Part I, column (a). For example, if a foundation follows FASB ASC 958 (formerly “SFAS 115”) (ASC 320-10-35) and shows an asset in the ending balance sheet at a higher value than in the beginning balance sheet because of an increased market value (after a larger decrease in a prior year), include the increase in Part III, line 3.

If the organization uses a stepped-up basis to determine gains on sales of assets included in Part I, column (a), then include the amount of step-up in basis in Part III. If you entered a contribution, gift, or grant of property valued at fair market value in Part I, line 25, column (a), the difference between fair market value and book value should be shown in the books of account and as a net asset adjustment in Part III.

## Part IV. Capital Gains and Losses for Tax on Investment Income

Use Part IV to figure the amount of net capital gain to report on lines 7 and 8 of Part I.

Part IV doesn't apply to foreign organizations.

Nonoperating private foundations may not have to figure their short-term capital gain or loss on line 3. See [Nonoperating private foundations](#), earlier.

**Reportable gains and losses.** Capital gains or losses include gains or losses from the sale or other disposition of property that:

- Is used for a charitable purpose (for sales or other dispositions in tax years beginning after August 17, 2006),

- Is held for investment, or
  - Is used in the production of income.
- Don't include the gain or loss that is included in figuring the foundation's unrelated business taxable income.

However, don't include gains or losses for any portion of property if:

- The property was used for 1 year or more in furthering the foundation's exempt purpose or function; and
- Immediately following the use, is exchanged for property of like kind that is to be used primarily in furthering the foundation's exempt purpose or function.

Removed instruction to reflect removal of the Part on "Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income" and the repeal of section 4940(e)

from the sale or other disposition of property is the larger of:

- The fair market value of the property on December 31, 1969, plus or minus all adjustments after December 31, 1969, and before the date of disposition, if the foundation held the property on that date and continuously after that date until disposition; or
- The basis of the property on the date of disposition under normal basis rules (actual basis). See sections 1011–1016.

To figure a loss, basis on the date of disposition is determined under normal basis rules.

The rules that generally apply to property dispositions reported in this part are:

- Section 1011, adjusted basis for determining gain or loss;
- Section 1012, basis of property-cost;
- Section 1014, basis of property acquired from a decedent;
- Section 1015, basis of property acquired by gifts and transfers in trust; and
- Section 1016, adjustments to basis.

**TIP** Section 1015 provides in most circumstances for a carryover basis of property acquired by gift, that is, the basis in the hands of the donor carries over to the foundation. Section 1014 generally provides for a stepped-up basis of property acquired by bequest (other than an item of income in respect of a decedent), that is, the fair market value of the property at the decedent's death.

**Losses.** If the disposition of investment property results in a loss, that loss may be subtracted from capital gains realized from the disposition of property during the same tax year but only to the extent of the gains. If losses are more than gains, the excess may not be subtracted from gross investment income nor may the

losses be carried back or forward to other tax years.

## Reporting Transactions in Part IV

**Publicly traded securities.** For sales of publicly traded securities through a broker, enter the description "publicly traded securities" on line 1, column (a). Leave columns (b), (c), and (d) blank. Total the gross sales price, the cost or other basis, and the expense of sale on all such securities sold. Report these lump-sum figures in columns (e) through (l), as appropriate. You must maintain detailed records of each transaction in your books and records.

Publicly traded securities are securities that are listed and regularly traded on an over-the-counter market or an established exchange in which market quotations are published or otherwise readily available.

Securities include:

- Common and preferred stock,
- Bonds (including governmental obligations), and
- Mutual fund shares.

**Other gains and losses.** For sales of anything other than publicly traded securities sold, each transaction must be listed and reported separately, completing all appropriate columns in Part IV.

## Part V. Excise Tax Based on Investment Income (Section 4940(a), 4940(b), or 4948)

### General Rules

**Domestic exempt private foundations.** These foundations are subject to a 1.39% tax on net investment income under section 4940(a). However, certain exempt operating foundations described in section 4940(d)(2) may not owe any tax.

**Exception.** The section 4940 tax doesn't apply to an organization making an election under section 41(e)(6)(D). Enter "N/A" on line 1 in Part V.

**Domestic taxable private foundations and section 4947(a)(1) nonexempt charitable trusts.** These organizations are subject to a modified 1.39% tax on net investment income under section 4940(b). However, they must first figure the tax under section 4940(a) as if that tax applied to them.

**Foreign organizations.** Under section 4948, exempt foreign private foundations are subject to a 4% tax on their gross investment income derived from U.S. sources.



Under section 871(m), added by the Hiring Incentives to Restore Employment Act (HIRE), a

"dividend equivalent" is treated as a dividend from U.S. sources for certain purposes, including U.S. withholding tax rules applicable to foreign organizations. See section 871(m) for more information.

Taxable foreign private foundations that filed Form 1040-NR, U.S. Nonresident Alien Income Tax Return, or Form 1120-F, U.S. Income Tax Return of a Foreign Corporation should not complete Part V.

**Estimated tax.** Domestic exempt and taxable private foundations and section 4947(a)(1) nonexempt charitable trusts may have to make estimated tax payments for the excise tax based on investment income. See [O. Figuring and Paying Estimated Tax](#), earlier, for more information.

### Tax Computation



Line 1a only applies to domestic exempt operating foundations described in section 4940(d)(2) that have a ruling or determination letter from the IRS establishing exempt operating foundation status. If your organization doesn't have this letter, skip line 1a.

**Line 1a.** A domestic exempt private foundation that qualifies as an exempt operating foundation under section 4940(d)(2) isn't liable for any tax on net investment income on this return.

If your organization qualifies, check the box and enter the date of the ruling or determination letter on line 1a and enter "N/A" on line 1. Leave the rest of Part V blank. For the first year, the organization must attach a copy of the ruling or determination letter establishing exempt operating foundation status. As long as the organization retains this status, enter the date of the ruling or determination letter in the space on line 1a. If the organization no longer qualifies under section 4940(d)(2), leave the date line blank and figure the section 4940 tax in the normal manner.

**Qualification.** To qualify as an exempt operating foundation for a tax year, an organization must meet the following requirements of section 4940(d)(2).

- It is an operating foundation described in section 4942(j)(3).
- It has been publicly supported for at least 10 tax years or was a private operating foundation on January 1, 1983, or for its last tax year ending before January 1, 1983.
- Its governing body, at all times during the tax year, consists of individuals, at least 75% of whom aren't disqualified individuals (as defined in section 4940(d)(3)), and is broadly representative of the general public.

- It has no officer who was a disqualified individual at any time during the tax year.

**Line 1c.** Exempt foreign organizations shouldn't include net capital gain income when figuring the excise tax due under section 4948(a).

**Line 2. Section 511 tax.** Under section 4940(b), a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation must add to the tax figured under section 4940(a) (on line 1) the tax which would have been imposed under section 511 for the tax year if it had been exempt from tax under section 501(a). If the domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation has unrelated business taxable income that would have been subject to the tax imposed by section 511, the computation of tax must be shown in an attachment. Form 990-T may be used as the attachment. All other filers, enter zero.

**Line 4. Subtitle A (income) tax.** Domestic section 4947(a)(1) nonexempt charitable trusts and taxable private foundations, enter the amount of subtitle A (income) tax for the year reported on Form 1041 or Form 1120. All other filers, enter zero.

**Line 5. Tax based on investment income.** Subtract line 4 from line 3 and enter the difference (but not less than zero) on line 5. Any overpayment entered on line 10 that is the result of a negative amount shown on line 5 won't be refunded. Unless the organization is a domestic section 4947(a)(1) nonexempt charitable trust or taxable private foundation, the amount on line 5 is the same as on line 1.

**Line 6a.** Enter the amount of 2021 estimated tax payments and any 2020 overpayment of taxes that the organization specified on its 2020 return to be credited toward payment of 2021 estimated taxes.



*Line 6a applies only to domestic foundations.*

**Trust payments treated as beneficiary payments.** A trust may treat any part of estimated taxes it paid as taxes paid by the beneficiary. If the filing organization was a beneficiary that received the benefit of such a payment from a trust, include the amount on line 6a of Part V and write, "Includes section 643(g) payment." See section 643(g) for more information about estimated tax payments treated as paid by a beneficiary.

**Line 6b.** Exempt foreign foundations must enter the amount of tax withheld at the source. Attach Form 1042-S, Foreign Person's U.S. Source Income Subject to Withholding, or other form that verifies the withheld tax reported on line 6b (Form

8288-A, Statement of Withholding on Dispositions by Foreign Persons of U.S. Real Property Interests, or Form 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax).

**Line 6d.** Enter the amount of any backup withholding erroneously withheld. Recipients of interest or dividend payments must generally certify their correct taxpayer identification number to the bank or other payer on Form W-9, Request for Taxpayer Identification Number and Certification. If the payer doesn't get this information, it must withhold part of the payments as "backup withholding." If the organization files Form 990-PF and was subject to erroneous backup withholding because the payer didn't realize the payee was an exempt organization and not subject to this withholding, the organization can claim credit for the amount withheld.



*Don't claim erroneous backup withholding on line 6d if you claim it on Form 990-T.*

**Line 8. Penalty.** Enter any penalty for underpayment of estimated tax shown on Form 2220.

**Line 9. Tax due.** Domestic foundations should see [P. Tax Payment Methods for Domestic Private Foundations](#), earlier.

**Amended return.** If you are amending Part V, be sure to combine any tax due that was paid with the original return (or any overpayment credited or refunded) in the total for line 7. On the dotted line to the left of the line 7 entry space, write "Tax Paid w/ O.R." and the amount paid. If you had an overpayment, write "O.R. Overpayment" and the amount credited or refunded in brackets.

If you file more than one amended return, attach a schedule listing the tax due amounts that were paid and overpayment amounts that were credited or refunded. Write "See Attachment" on the dotted line and enter the net amount in the entry space for line 7.

## Part VI-A. Statements Regarding Activities

Each question in this section must be answered "Yes," "No," or "N/A" (not applicable).

**Line 1.** "Political purposes" include, but aren't limited to, directly or indirectly accepting contributions or making payments to influence the selection, nomination, election, or appointment of any individual to any federal, state, or local public office or office in a political organization, or the election of Presidential or Vice Presidential electors, whether or not the individual or electors are actually

selected, nominated, elected, or appointed.

**Line 3.** A "conformed copy" of an organizational document is one that agrees with the original document and all its amendments. If copies aren't signed, attach 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.

**Note.** If you are filing electronically, send a conformed copy of the changes to the IRS at the address listed in [U. Section 507\(b\)\(1\)\(B\) Termination Notice and Filing Requirements](#), earlier.

**Line 4a.** See Pub. 598, Tax on Unrelated Business Income of Exempt Organizations, for a description of **unrelated business income** and Form 990-T filing requirements for foundations having such income.

**Line 6.** For a private foundation to be exempt from income tax, its governing instrument must include provisions that require it to act or refrain from acting so as not to engage in an act of self-dealing (section 4941) or subject the foundation to the taxes imposed by sections 4942 (failure to distribute income), 4943 (excess business holdings), 4944 (investments that jeopardize charitable purpose), and 4945 (taxable expenditures). A private foundation may satisfy these section 508(e) requirements either by express language in its governing instrument or by application of state law that imposes the above requirements on the foundation or treats these requirements as being contained in the governing instrument. If an organization claims it satisfies the requirements of section 508(e) by operation of state law, the provisions of state law must effectively impose the section 508(e) requirements on the organization. See Rev. Rul. 75-38, 1975-1 C.B. 161, for a list of states with legislation that satisfies the requirements of section 508(e).

However, if the state law doesn't apply to a governing instrument that contains mandatory directions conflicting with any of its requirements and the organization has such mandatory directions in its governing instrument, then the organization hasn't satisfied the requirements of section 508(e) by the operation of that legislation.

Line 6 doesn't apply to foreign foundations described in section 4948(b).

**Line 8a.** In the space provided, list all states:

1. To which the organization reports in any way about its organization, assets, or activities; and

2. With which the organization has registered (or which it has otherwise notified in any manner) that it intends to be, or is, a charitable organization or that it is, or intends to be, a holder of property devoted to a charitable purpose.

Attach a separate list if you need more space.

Line 8 doesn't apply to foreign foundations described in section 4948(b).

**Line 8b.** If the organization hasn't furnished a copy of its Form 990-PF to the Attorney General (or his or her designate) of each state required to be listed in the response to line 8a, then explain in an attached statement why not. If the Attorney General (or his or her designate) won't accept such filings, then so state.

**Line 9.** If the organization claims status as a private operating foundation for 2021 and, in fact, meets the private operating foundation requirements for that year (as reflected in Part XIII), any excess distributions carryover from 2020 or prior years may not be carried over to 2021 or any year after 2021 even if it doesn't meet the private operating foundation requirements. See [Part XII. Undistributed Income](#), later.

**Line 10. Substantial contributors.** If you answer "Yes," attach a schedule listing the names and addresses of all persons who became substantial contributors during the year.

The term "substantial contributor" means any person whose contributions or bequests during the current tax year and prior tax years total more than \$5,000 and are more than 2% of the total contributions and bequests received by the foundation from its creation through the close of its tax year. An individual is treated as making all contributions and bequests made by the individual's spouse (section 507(d)(2)(B)(iii)). In the case of a trust, the term "substantial contributor" also means the creator of the trust (section 507(d)(2)(A)).

The term "person" includes individuals, trusts, estates, partnerships, associations, corporations, and other exempt organizations.

Each contribution or bequest must be valued at fair market value on the date it was received.

Any person who is a substantial contributor on any date will remain a substantial contributor for all later periods.

However, a person will cease to be a substantial contributor with respect to any private foundation if:

1. The person, and all related persons, made no contributions to the foundation during the 10-year period ending with the close of the tax year;

2. The person, or any related person, was never the foundation's manager during this 10-year period; and

3. The aggregate contributions made by the person, and related persons, are determined by the IRS to be insignificant compared to the aggregate amount of contributions to the foundation by any other person and the appreciated value of contributions held by the foundation.

The term "related person" includes any other person who would be a disqualified person because of a relationship with the substantial contributor (section 4946). When the substantial contributor is a corporation, the term also includes any officer or director of the corporation. The term "substantial contributor" doesn't include public charities (organizations described in section 509(a)(1), (2), or (3)).

A foreign foundation described in section 4948(b) should report only substantial contributors that are U.S. citizens.

**Line 11. Controlled entities.** Answer "Yes" if at any time during the tax year the foundation owned a controlled entity. A controlled entity is an entity in which the foundation owns more than 50% of the:

1. Stock (by vote or value) in a corporation,
2. Interest (of profit or capital) in a partnership, or
3. Beneficial interest of any other entity.

The foundation must apply section 318 in determining its ownership of stock in a corporation and use similar principles in determining its ownership interests in other entities.

**Attached schedule of controlled entities.** If at any time during the tax year the foundation was the controlling organization of a controlled entity under section 512(b)(13), attach a schedule listing the name, address, and EIN of each controlled entity and stating whether the controlled entity is an excess business holding.

**Attached schedule for transfers to controlled entities.** If at any time during the tax year, the foundation made any loans or transfers to a corporation, partnership, or other entity, which it controlled within the meaning of section 512(b)(13), attach a schedule using the format provided in the sample schedule, [Line 11—Example A Statement of Information Regarding Transfers to a Controlled Entity](#), later. In column (c), describe each loan or transfer. In column (d), enter the amount for each loan or transfer to each controlled entity.

**Attached schedule for transfers from controlled entities.** If at any time during

the tax year, the foundation received any transfers of funds or payments from a controlled entity within the meaning of section 512(b)(13), attach a schedule using the format provided in the sample schedule, [Line 11—Example B Statement of Information Regarding Transfers From a Controlled Entity](#), later. In column (c), describe each transfer or payment received, including payment of interest, annuities, royalties, rents, dividends, fees or other payments for services, contributions to capital, and loans. In column (d), enter the amount of each loan or transfer from each controlled entity.

**Note.** For both schedules, if additional space is needed, make a copy of the schedule, and enter one total amount on the first page of the schedule.

**Line 12. Distribution to a donor-advised fund.** If a distribution was made from the foundation to a donor-advised fund over which the foundation or a disqualified person had advisory privileges, then in an attachment state whether the foundation treated any distribution to a donor-advised fund as a qualifying distribution, and explain how the distributions will be used to accomplish a purpose described in section 170(c)(2)(B).

**Line 13. Public inspection requirements and website address.** All domestic private foundations (including section 4947(a)(1) nonexempt charitable trusts treated as private foundations) are subject to the public inspection requirements. See [Q. Public Inspection Requirements](#), earlier, for information on making the foundation's annual returns and exemption application available for public inspection.

Enter the foundation's website address if the foundation has a website. Otherwise, enter "N/A."

**Line 15. Section 4947(a)(1) trusts.** Section 4947(a)(1) nonexempt charitable trusts that file Form 990-PF instead of Form 1041 must complete this line. The trust should include exempt-interest dividends received from a mutual fund or other regulated investment company as well as tax-exempt interest received directly.

**Line 16. Foreign accounts.** Answer "Yes" if either (1) or (2) below applies.

1. At any time during the calendar year ending with or within the foundation's tax year, the foundation 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 foundation 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 the FinCEN's BSA E-Filing System. Because FinCEN Form 114 isn't a tax form, don't file it with Form 990-PF.

Go to [www.fincen.gov](http://www.fincen.gov) for more information.



*If you are required to file FinCEN Form 114 but don't do so, you may have to pay a penalty of up to \$10,000 (more in some cases).*

Enter the name of each foreign country in which a foreign account described on line 16 is located.

**Line 11—Example A**  
**Statement of Information Regarding Transfers to a Controlled Entity**

(A) Name and address of each controlled entity		(B) Employer identification number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
d				
e				
Total .....				

**Line 11—Example B**  
**Statement of Information Regarding Transfers From a Controlled Entity**

(A) Name and address of each controlled entity		(B) Employer identification number	(C) Description of transfer	(D) Amount of transfer
a				
b				
c				
d				
e				
Total .....				

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## Part VI-B. Statements Regarding Activities for Which Form 4720 May Be Required

The purpose of these questions is to determine whether there is any initial excise tax due under sections 4941–4945, 170(f)(10), 4960, and 4965. If the answer is “Yes” to the question on line 1b, 1c, 2b, 3b, 4a, 4b, 5b, 6b, 7b, or 8, complete and file Form 4720 unless an exception applies. Foundations described in section 4948(b) must complete Part VI-B (except line 2) and file Form 4720, but chapter 42 taxes don't apply to such foundations (except section 4948). Organizations in a 60-month termination under section 507(b)(1)(B) must complete this part but might not be liable for private foundation excise taxes—see [U. Section 507\(b\)\(1\)\(B\) Termination Notice and Filing Requirements](#) and [V. Payment of Section 4940 Tax During Section 507\(b\)\(1\)\(B\) Termination](#), earlier.

**Line 1. Self-dealing.** The activities listed in lines 1a(1)–(6) are considered self-dealing under section 4941 unless one of the exceptions applies. See [IRS.gov/Charities/Foundations/Acts-of-Self-Dealing](#).

The terms “disqualified person” and “foundation manager” are defined under [C. Definitions](#), earlier.

**Line 1b.** If you answered “Yes” to any of the questions in line 1a, you should answer “Yes” to line 1b unless all of the acts engaged in were acts excepted by the regulations under section 4941 or other guidance, including Notices published in the Internal Revenue Bulletin relating to disaster assistance.

**Line 2a.** Under section 4942, a foundation (other than an operating foundation) must make qualifying distributions of its distributable amount for a tax year by the end of the following tax year. Otherwise, the foundation's undistributed income as of the end of the following tax year is generally subject to tax until corrected. Parts IX through XII are used in determining whether the foundation has met its requirements under section 4942.

**Line 2b. Taxes on failure to distribute income.** If you answer “No” to the question on line 2b, attach a statement explaining:

- All the facts regarding the incorrect valuation of assets; and
- The actions taken (or planned) to comply with section 4942(a)(2)(B), (C), and (D) and the related regulations.

Foreign foundations described in section 4948(b) need not complete line 2.

**Line 3a.** A private foundation generally is subject to tax under section 4943 if it owns any excess business holdings. In general, the holdings of a private foundation, combined with the holdings of related foundations and other disqualified persons, can't exceed 20% of the voting stock of a corporation, the profits interest in a partnership, or the beneficial remainder interest in a trust. (See “disqualified person” under [C. Definitions](#), earlier.) Regardless of the holdings of disqualified persons, however, a foundation is permitted to own holdings that don't exceed 2% of either the voting stock or value of all outstanding shares of all classes of stock in a corporation. A similar exception applies to a beneficial or profits interest in any business enterprise that is a trust or partnership.

Section 4943(g), added by the Bipartisan Budget Act of 2018, P.L. 115-123, 132 Stat. 64 (2018), provides an exception for certain limited holdings to independently operated businesses. In general, the excess business holdings provisions of section 4943(a) shall not apply with respect to the holdings of a private foundation in any business enterprise that meets all the requirements of section 4943(g)(2), (3), and (4). Accordingly, answer “No” to line 3a if the following requirements are met.

The requirements of section 4943(g)(2) are met if:

1. 100% of the voting stock in the business enterprise is held by the private foundation at all times during the tax year; and
2. All of the private foundation's ownership interests were acquired by means other than purchase, such as a gift or bequest.

The requirements of section 4943(g)(3) are met if the business enterprise, no later than 120 days after the close of the tax year, distributes an amount equal to its net operating income for such tax year to the private foundation. For purposes of this paragraph, the net operating income of any business enterprise for any tax year is an amount equal to the gross income of the business enterprise for the tax year, reduced by the sum of:

1. The deductions allowed by chapter 1 for the tax year that are directly connected with the production of such income,
2. The tax imposed by chapter 1 on the business enterprise for the tax year, and
3. An amount for a reasonable reserve for working capital and other business needs of the business enterprise.

The requirements of section 4943(g)(4) are met if, at all times during the tax year:

1. No substantial contributor (as defined in section 4958(c)(3)(C)) to the private foundation or family member (as determined under section 4958(f)(4)) of such a contributor is a director, officer, trustee, manager, employee, or contractor of the business enterprise (or an individual having powers or responsibilities similar to any of the foregoing);

2. At least a majority of the board of directors of the private foundation are persons who are not (i) directors or officers of the business enterprise, or (ii) family members of a substantial contributor to the private foundation; and

3. There is no loan outstanding from the business enterprise to a substantial contributor to the private foundation or to any family member of such a contributor.

This provision does not apply to any donor-advised fund treated as a private foundation by section 4943(e), a supporting organization treated as a private foundation by section 4943(f), a trust described in section 4947(a)(1), or a trust described in section 4947(a)(2).

Section 4943(g) shall apply to tax years beginning after December 31, 2017.

For more information about excess business holdings, see the Instructions for Form 4720.

**Line 4. Taxes on investments that jeopardize charitable purposes.** In general, an investment that jeopardizes any of the charitable purposes of a private foundation is one for which a foundation manager didn't exercise ordinary business care to provide for the long- and short-term financial needs of the foundation in carrying out its charitable purposes. For more details, see the regulations under section 4944.

**Line 5. Taxes on taxable expenditures and political expenditures.** In general, payments made for the activities described on lines 5a(1)–(5) are taxable expenditures.

**Line 5a(2).** Under section 4955, a section 501(c)(3) organization must pay an 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 doesn't correct the expenditure timely.

A manager of a section 501(c)(3) organization who knowingly agrees to a political expenditure must pay an 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.

A section 501(c)(3) organization will lose its exempt status if it engages in political activity.

A political expenditure that is treated as an expenditure under section 4955 isn't treated as a taxable expenditure under section 4945.

For purposes of the section 4955 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

**Additional information provided regarding grants made that require continued exercise of expenditure responsibility.**

- Travel expenses of the individual.
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by the 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 the individual.

See the regulations under section 4945 for more information.

**Line 5a(3).** Answer "Yes" if the organization made a grant to an individual for travel, study, or similar purposes. Such purposes include scholarships, fellowships, certain prizes and awards, and grants to achieve a specific objective, produce a report or similar product, or improve a literary, artistic, musical, scientific, teaching, or other similar skill of the grantee. Similar purposes don't include grants to individuals in relief of poverty or distress (other than grants of the type described above), or prizes or awards that don't finance any future activities of the recipient.

A grant to an individual for travel, study, or similar purposes is a taxable expenditure under section 4945(d)(3) unless the foundation awarded the grant on an objective and nondiscriminatory basis under a procedure approved in advance by the IRS, as required under section 4945(g). The foundation may request approval of its procedure in the process of applying for exemption with Form 1023 (Schedule H), or thereafter with Form 8940, Request for Miscellaneous Determination.

**Line 5a(4).** Except as discussed below, a grant by a private foundation to a public charity described in section 509(a)(1), (2), or (3) or to an exempt operating foundation (as defined in section 4940(d)(2) and the instructions for Part VI) isn't a taxable expenditure if the private foundation doesn't earmark the grant for any of the activities described in lines 5a(1)–(5), and there is no oral or written

agreement by which the grantor foundation may cause the grantee to engage in any such prohibited activity or to select the grant recipient.

A grant made to a section 509(a)(3) Type III supporting organization (as defined in section 4943(f)(5)) that isn't a functionally integrated supporting organization (as defined in section 4943(f)(5)(B)) is a taxable expenditure unless you exercise expenditure responsibility. Check "Yes" on line 5a(4) if you made a grant to such an organization. See Regulations section 1.509(a)-4(i) and Notice 2014-4, 2014-2 I.R.B. 274, available at [IRS.gov/irb/2014-2\\_IRB/ar14.html](https://www.irs.gov/irb/2014-2_IRB/ar14.html), for more information about whether an organization is functionally integrated.

A grant made to any other supporting organization (including a functionally integrated Type III), if a disqualified person of the private foundation controls the supporting organization or any of its supported organizations, is also a taxable expenditure unless you exercise expenditure responsibility. Check "Yes" on line 5a(4) if you made a grant to such an organization. In addition, check "Yes" on line 5a(4) if you made a grant in a prior year with respect to which you have a continuing obligation to exercise expenditure responsibility. See Regulations sections 53.4942(a)-3(a)(3) and 53.4945-5(a) for more information.

**Line 5b.** If you answered "Yes" to any of the questions in line 5a, you should answer "Yes" to line 5b unless all of the transactions engaged in were "excepted" transactions. Excepted transactions are described in Regulations section 53.4945-2 through 53.4945-5 and appear in Notices published in the Internal Revenue Bulletin relating to disaster assistance. For example, see Pub. 3833, Disaster Relief.

**Line 6b.** Check "Yes" if, in connection with any transfer of funds to a private foundation, the foundation 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 these premiums.

Report the premiums it paid and the premiums paid by others, but treated as paid by the private foundation, on Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, and pay the excise tax (which is equal to premiums paid) on Form 4720.

For more information, see Form 8870 and Notice 2000-24, 2000-17 I.R.B. 952.

**Line 7a.** Answer "Yes" if the foundation was a party to a prohibited tax shelter transaction (PTST) as described in section 4965(e) at any time during the tax year.

**PTST.** In general, a PTST means any listed transaction and any prohibited reportable transaction.

**Listed transaction.** A listed transaction, within the meaning of section 6707A(c)(2), is a transaction that is the same as, or substantially similar to, any transaction that has been specifically identified by the Secretary in published guidance as a tax avoidance transaction for purposes of section 6011.

**Prohibited reportable transaction.** Prohibited reportable transaction means any confidential transaction or any transaction with contractual protection (as defined under regulations prescribed by the Secretary) (see Regulations section 1.6011-4(b)(3) and (4)) that is a reportable transaction (as defined in section 6707A(c)(1)).

If the answer to this question is "Yes," the foundation **must also** file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transactions.

**Line 7b.** Answer "Yes" if the foundation answered "Yes" to line 7a, and it had net income or received proceeds attributable to the PTST during the tax year.

If the foundation answers "Yes" to both lines 7a and 7b, it may be required to file Form 4720 and pay tax with respect to each PTST. The foundation's managers may also be required to file Form 4720 and pay tax with respect to the relevant PTSTs.

**Line 8.** 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.

## Part VII. Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

**Line 1. List of officers, directors, trustees, etc.** List the names, addresses, and other information requested for those who were officers, directors, and trustees (or any person who had responsibilities or powers similar to those of officers, directors, or trustees) of the foundation at any time during the year. Each must be listed whether or not they receive any compensation from the foundation. Give the address at which officers, etc., prefer the IRS to contact them.

Also include on this list any officers or directors (or any person who had responsibilities or powers similar to those of officers or directors) of a disregarded entity owned by the foundation who aren't officers, directors, etc., of the foundation.

If the foundation (or disregarded entity) pays any other person, such as a management services company, for the services provided by any of the foundation's officers, directors, or trustees (or any person who had responsibilities or powers similar to those of officers, directors, or trustees), report the compensation and other items on Part VII as if you had paid the officers, etc., directly. Also, see Announcement 2001-33, 2001-17 I.R.B. 1137.

Show all forms of compensation earned by each listed officer, etc. In addition to completing Part VII, if you want to explain the compensation of one or more officers, directors, and trustees, you may provide an attachment describing the person's entire 2021 compensation package.

Enter zero in columns (c), (d), and (e) if no compensation was paid. Attach a schedule if more space is needed.

**Column (b).** A numerical estimate of the average hours per week devoted to the position is required for the answer to be considered complete.



Phrases such as "as needed" or "as required" are unacceptable entries for column (b).

**Column (c).** Enter salary, fees, bonuses, and severance payments received by each person listed. Include current-year payments of amounts reported or reportable as deferred compensation in any prior year.

**Column (d).** Include all forms of deferred compensation and future severance payments (whether or not funded or vested, and whether or not the deferred compensation plan is a qualified plan under section 401(a)). Include payments to welfare benefit plans (employee welfare benefit plans covered by Part I of Title 1 of the Employee Retirement Income Security Act of 1974 (ERISA), providing benefits such as medical, dental, life insurance, apprenticeship and training, scholarship funds, severance pay, disability, etc.) on behalf of the officers, etc. Reasonable estimates may be used if precise cost figures aren't readily available.

Unless the amounts are reported in column (c), report, as deferred compensation in column (d), salaries and other compensation earned during the period covered by the return, but not yet paid by the date the foundation files its return.

**Column (e).** Enter both taxable and nontaxable fringe benefits, expense account and other allowances (other than de minimis fringe benefits described in section 132(e)). See Pub. 525, Taxable and Nontaxable Income, for more information. Examples of allowances 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 in connection with 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).

**Line 2. Compensation of five highest-paid employees.** Fill in the information requested for the five employees (if any) of the foundation (or disregarded entity that the foundation owns) who received the greatest amount of annual compensation over \$50,000. Don't include employees listed on line 1. Also enter the total number of other employees who received more than \$50,000 in annual compensation.

Show each listed employee's entire compensation package for the period covered by the return. Include all forms of compensation that each listed employee received in return for his or her services. See the line 1 instructions for more details on includible compensation.

**Line 3. Five highest-paid independent contractors for professional services.** Fill in the information requested for the five highest-paid independent contractors (if any), whether individuals or professional service corporations or associations, to whom the organization paid more than \$50,000 for the year to perform personal services of a professional nature for the organization (for example, attorneys, accountants, and doctors). Also show the total number of all other independent contractors who received more than \$50,000 for the year for performing professional services.

## Part VIII-A. Summary of Direct Charitable Activities

List the foundation's four largest programs as measured by the direct and indirect expenses attributable to each that consist of the direct active conduct of charitable activities. Whether any expenditure is for the direct active conduct of a charitable activity is determined, generally, by the definitions and special rules of section 4942(j)(3) and the related regulations, which define a private operating foundation.

Except for significant involvement grant programs, described below, don't include in Part VIII-A any grants or expenses

attributable to administering grant programs, such as reviewing grant applications, interviewing or testing applicants, selecting grantees, and reviewing reports relating to the use of the grant funds.

Include scholarships, grants, or other payments to individuals as part of an active program in which the foundation maintains some significant involvement. Related administrative expenses should also be included. Examples of active programs and definitions of the term "significant involvement" are provided in Regulations sections 53.4942(b)-1(b)(2) and 53.4942(b)-1(d).

Don't include any program-related investments (reportable in Part VIII-B) in the description and expense totals.

Include qualified set-asides for direct charitable activities reported on line 3 of Part XI. Also, include in Part VIII-A amounts paid or set aside to acquire assets used in the direct active conduct of charitable activities. Don't include current-year expenditures of amounts previously reported as set-asides in Part VIII-A.

Expenditures for direct charitable activities include, among others, amounts paid or set aside to:

1. Acquire or maintain the operating assets of a museum, library, or historic site or to operate the facility;
2. Provide goods, shelter, or clothing to indigent or disaster victims if the foundation maintains some significant involvement in the activity rather than merely making grants to the recipients;
3. Conduct educational conferences and seminars;
4. Operate a home for the elderly or disabled;
5. Conduct scientific, historic, public policy, or other research with significance beyond the foundation's grant program that doesn't constitute a prohibited attempt to influence legislation;
6. Publish and disseminate the results of such research, reports of educational conferences, or similar educational material;
7. Support the service of foundation staff on boards or advisory committees of other charitable organizations or on public commissions or task forces;
8. Provide technical advice or assistance to a governmental body, a governmental committee, or subdivision of either, in response to a written request by the governmental body, committee, or subdivision;
9. Conduct performing arts performances; or

10. Provide technical assistance to grantees and other charitable organizations. This assistance must have significance beyond the purposes of the grants made to the grantees and must not consist merely of monitoring or advising the grantees in their use of the grant funds. Technical assistance involves the furnishing of expert advice and related assistance regarding, for example:

- a. Compliance with governmental regulations,
- b. Reducing operating costs or increasing program accomplishments,
- c. Fundraising methods, and
- d. Maintaining complete and accurate financial records.

Report both direct and indirect expenses in the expense totals. Direct expenses are those that can be specifically identified as connected with a particular activity. These include, among others, compensation and travel expenses of employees and officers directly engaged in an activity, the cost of materials and supplies utilized in conducting the activity, and fees paid to outside firms and individuals in connection with a specific activity.

Indirect (overhead) expenses are those that aren't specifically identified as connected with a particular activity but that relate to the direct costs incurred in conducting the activity. Examples of indirect expenses include:

- Occupancy expenses;
- Supervisory and clerical compensation;
- Repair, rental, and maintenance of equipment;
- Expenses of other departments or cost centers (such as accounting, personnel, and payroll departments or units) that service the department or function that incurs the direct expenses of conducting an activity; and
- Other applicable general and administrative expenses, including the compensation of top management, to the extent reasonably allocable to a particular activity.

No specific method of allocation is required. The method used, however, must be reasonable and must be used consistently.

Examples of acceptable allocation methods include:

- Compensation allocated on a time basis;
- Employee benefits allocated on the basis of direct salary expenses;
- Travel, conference, and meeting expenses charged directly to the activity that incurred the expense;
- Occupancy expenses allocated on a space-utilized basis; and

- Other indirect expenses allocated on the basis of direct salary expenses or total direct expenses.

## Part VIII-B. Summary of Program-Related Investments

**Program-related investment.** Section 4944(c) and corresponding regulations define a program-related investment as one that is made primarily to accomplish a charitable purpose of the foundation and no substantial purpose of which is to produce investment income or a capital gain from the sale of the investment. Examples of program-related investments include educational loans to individuals and low-interest loans to other section 501(c)(3) organizations.

**General instructions.** Report all program-related investments made in the current tax year. Don't report any investments made in a prior year even if they were still held by the foundation in the current tax year.

Report in the amount column only the amounts of program-related investments that may be treated as qualifying distributions. Don't report in the amount column (1) the amount of a loan guarantee except to the extent that the foundation makes a guarantee payment that would be a qualifying distribution, or (2) the amount of a program-related investment in an organization described in the exceptions set forth in the Part I, line 25, column (d), instructions. If an amount isn't reportable in the amount column, then report it in the column describing the program-related investment.

Investments consisting of loans to individuals (such as educational loans) aren't required to be listed separately but may be grouped with other program-related investments of the same type. Loans to other section 501(c)(3) organizations and all other types of program-related investments must be listed separately on lines 1 through 3 or on an attachment.

**Lines 1 and 2.** List the two largest program-related investments made by the foundation in 2021, if any, whether or not the investments were still held by the foundation at the end of the year. If none, enter "NONE."

**Line 3.** Combine all other program-related investments and enter the total on line 3 in the Amount column. List the individual investments or groups of investments included (attach a schedule, if necessary).



The total of lines 1 through 3 in the Amount column must equal the amount reported on line 1b of Part XI.

## Part IX. Minimum Investment Return

**Who must complete this section?** All domestic foundations must complete Part IX.

Foreign foundations that checked Item D2 in the Heading section don't have to complete Part IX unless claiming status as a private operating foundation.

Private operating foundations described in section 4942(j)(3) or 4942(j)(5) must complete Part IX in order to complete Part XIII.

**Overview.** A private foundation that isn't a private operating foundation must pay out, as qualifying distributions, its distributable amount, as determined in Part X. The distributable amount is the minimum investment return with certain adjustments. An organization's minimum investment return, as determined in Part IX, is 5% of the total fair market value (less acquisition indebtedness) of its noncharitable-use assets.

**Minimum investment return.** In figuring the minimum investment return, include only those assets that aren't actually used or held for use by the organization for a charitable, educational, or other similar function that contributed to the charitable status of the foundation. Cash on hand and on deposit is considered used or held for use for charitable purposes only to the extent of the reasonable cash balances reported in Part IX, line 4. See the instructions for lines 1b and 4, later.

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 or held for use directly by the foundation for charitable purposes.

For example, an office building used to provide offices for employees engaged in managing endowment funds for the foundation isn't considered an asset used for charitable purposes.

**Dual-use property.** When property is used both for charitable and other purposes, the property is considered used entirely for charitable purposes if 95% or more of its total use is for that purpose. If less than 95% of its total use is for charitable purposes, a reasonable allocation must be made between charitable and noncharitable uses.

**Excluded property.** Certain assets are excluded entirely from the computation of the minimum investment return. These include pledges of grants and contributions to be received in the future and future interests in estates and trusts.

**Line 1a. Average monthly fair market value of securities.** If market quotations are readily available, a foundation may use any reasonable method to determine the average monthly fair market value of securities such as common and preferred stock, bonds, and mutual fund shares, as long as that method is consistently used. For example, a value for a particular month might be determined by the closing price on the first or last trading days of the month or an average of the closing prices on the first and last trading days of the month. Market quotations are considered readily available if a security is any of the following.

- Listed on an exchange in which quotations appear on a daily basis, including foreign securities listed on a recognized foreign national or regional exchange.
- Regularly traded in the national or regional over-the-counter market for which published quotations are available.
- Locally traded, for which quotations can be readily obtained from established brokerage firms.

If securities are held in trust for, or on behalf of, a foundation by a bank or other financial institution that values those securities periodically using a computer pricing system, a foundation may use that system to determine the value of the securities. The system must be acceptable to the IRS for federal estate tax purposes.

The foundation may reduce the fair market value of securities only to the extent that it can establish that the securities could only be liquidated in a reasonable period of time at a price less than the fair market value because of:

- The size of the block of the securities,
- The fact that the securities held are securities in a closely held corporation, or
- The fact that the sale of the securities would result in a forced or distress sale.

Any reduction in value allowed under these provisions may not be more than 10% of the fair market value (determined without regard to any reduction in value).

Also, see Regulations sections 53.4942(a)-2(c)(4)(i)(b), (c), and (iv)(a), relating to the rules summarized above and to the general rules for valuing other assets.

**Line 1b. Average of monthly cash balances.** Figure cash balances on a monthly basis by averaging the amount of cash on hand on the first and last days of

each month. Include all cash balances and amounts that may be used for charitable purposes (see [Line 4. Cash deemed held for charitable activities](#), later) or set aside and taken as a qualifying distribution (see [Part XI. Qualifying Distributions](#), later).

**Line 1c. Fair market value of all other assets.** The foundation must report on line 1c the value of all assets other than charitable-use assets, publicly traded securities, cash, and certain “excluded assets” described in Regulations section 53.4942(a)-2(c)(2). The foundation must value the assets reported on line 1c annually, except that real estate may be valued every 5 years if the independent appraisal procedures discussed under *5-year valuation* below are followed. Alternatively, an annual valuation may be made by private foundation employees or by any other person even if that person is a disqualified person. If the IRS accepts an annual valuation, it is valid only for the tax year for which it is made. A new valuation is required for the next tax year.

**5-year valuation.** A written, certified, and independent appraisal of the fair market value of any real estate, including any improvements, may be determined on a 5-year basis by a qualified person.

The qualified person may not be a disqualified person (see [C. Definitions](#), earlier) with respect to the private foundation or an employee of the foundation.

Commonly accepted valuation methods must be used in making the appraisal. A valuation based on acceptable methods of valuing property for federal estate tax purposes will be considered acceptable.

The appraisal must include a closing statement that, in the appraiser's opinion, the appraised assets were valued according to valuation principles regularly employed in making appraisals of such property, using all reasonable valuation methods. The foundation must keep a copy of the independent appraisal for its records. If a valuation is reasonable, the foundation may use it for the tax year for which the valuation is made and for each of the 4 following tax years.

Any valuation of real estate by a certified, independent appraisal may be replaced during the 5-year period by a subsequent 5-year certified, independent appraisal or by an annual valuation as described above. The most recent valuation should be used to figure the foundation's minimum investment return.

If the valuation is made according to the above rules, the IRS will continue to accept it during the 5-year period for which it applies even if the actual fair market value of the property changes during the

period. For specific rules, see Regulations section 53.4942(a)-2(c)(4)(iv)(b).

**Valuation date.** An asset required to be valued annually may be valued as of any day in the private foundation's tax year, provided the foundation values the asset as of that date in all tax years. However, a valuation of real estate determined on a 5-year basis by a certified, independent appraisal may be made as of any day in the first tax year of the foundation to which the valuation applies.

**Assets held for less than a tax year.** To determine the value of an asset held less than 1 tax year, divide the number of days the foundation held the asset by the number of days in the tax year. Multiply the result by the fair market value of the asset.

**Line 1e. Reduction claimed for blockage or other factors.** If the fair market value of any securities, real estate holdings, or other assets reported on lines 1a and 1c reflects a blockage discount, marketability discount, or other reduction from full fair market value because of the size of the asset holding or any other factor, enter on line 1e the aggregate amount of the discounts claimed. Attach an explanation that includes the following information for each asset or group of assets involved.

1. A description of the asset or asset group (for example, 20,000 shares of XYZ, Inc., common stock).
2. For securities, the percentage of the total issued and outstanding securities of the same class that is represented by the foundation's holding.
3. The fair market value of the asset or asset group before any claimed blockage discount or other reduction.
4. The amount of the discount claimed.
5. A statement that explains why the claimed discount is appropriate in valuing the asset or group of assets for section 4942 purposes.

In the case of securities, there are certain limitations on the size of the reduction in value that can be claimed. See the instructions for [Part IX](#), line 1a.

**Line 2. Acquisition indebtedness.** Enter the total acquisition indebtedness that applies to assets included on line 1. For details, see section 514(c)(1).

**Line 4. Cash deemed held for charitable activities.** Foundations may exclude from the assets used in the minimum investment return computation the reasonable cash balances necessary to cover current administrative expenses and other normal and current disbursements directly connected with the charitable,

educational, or other similar activities. The amount of cash that may be excluded is generally 1.5% of the fair market value of all assets (minus any acquisition indebtedness) as figured in Part IX, line 3. However, if under the facts and circumstances an amount larger than the deemed amount is necessary to pay expenses and disbursements, you may enter the larger amount in Part IX, line 3. If you use a larger amount, attach an explanation.

**Line 6. Short tax periods.** If the foundation's tax period is less than 12 months, determine the applicable percentage by dividing the number of days in the short tax period by 365 (or 366 in a leap year). Multiply the result by 5% (0.05). Then multiply the modified percentage by the amount on line 5 and enter the result on line 6.

## Part X. Distributable Amount

If the organization is claiming status as a private operating foundation described in section 4942(j)(3) or (j)(5) or if it is a foreign foundation that checked Item D2 in the Heading section on page 1, check the box in the Heading section for Part X. You don't need to complete this part. See the Part XIII instructions for more details on private operating foundations.

Section 4942(j)(5) foundations are classified as private operating foundations for purposes of section 4942 only if they meet the requirements of Regulations section 53.4942(b)-1(a)(2).

The distributable amount for 2021 is the amount that the foundation must distribute by the end of 2022 as qualifying distributions to avoid the 30% tax on the undistributed portion.

**Line 4.** Enter the total of recoveries of amounts treated as qualifying distributions for any year under section 4942(g). Include recoveries of part or all (as applicable) of grants previously made, proceeds from the sale or other disposition of property whose cost was treated as a qualifying distribution when the property was acquired, and any amount set aside under section 4942(g) to the extent it is determined that this amount isn't necessary for the purposes of the set-aside.

**Line 6. Deduction from distributable amount.** If the foundation was organized before May 27, 1969, and its governing instrument or any other instrument continues to require the accumulation of income after a judicial proceeding pursuant to section 508(e) to reform the instrument has terminated, then the income required to be accumulated must be subtracted from the distributable

amount beginning with the first tax year after the tax year in which the judicial proceeding was terminated.

## Part XI. Qualifying Distributions

Removed instruction for Line 5, "Net value of noncharitable-use assets," even though Line 5 is still on Form. Instruction in 2020 said "Because section 4940(e) has been repealed, enter zero."

year to arrive at the undistributed income (if any) for those years. Foreign foundations described in section 4948(b) not claiming operating foundation status need not complete this part.

**Line 1a. Expenses, contributions, gifts, etc.** Enter the amount from Part I, line 26, column (d).

**Line 1b. Program-related investments.** Enter the total of the Amount column from Part VIII-B. See the Part VIII-B instructions for the definition of "program-related investments".

**Line 3. Amounts set aside.** Amounts set aside may be treated as qualifying distributions only if the private foundation establishes to the satisfaction of the IRS that the amount will be paid for the specific project within 60 months from the date of the first set-aside and meets (1) or (2) below.

1. The project can be better accomplished by a set-aside than by the immediate payment of funds (suitability test).
2. The private foundation meets the requirements of section 4942(g)(2)(B)(ii) (cash distribution test).

**Set-aside under item 1.** For any set-aside under (1) above, the private foundation must apply for IRS approval by the end of the tax year in the amount of the set-aside. The request for approval is submitted with Form 8940, Request for Miscellaneous Determination, under sections 507, 509(a), 4940, 4942, 4945, and 6033. The Instructions for Form 8940 provide what information is required to be included with the set-aside ruling request. Submit the completed Form 8940, user fee payment, and all other required information as directed in the Instructions for Form 8940.

**Set-aside under item 2.** For any set-aside under (2) above, the private foundation must attach a schedule to its annual information return showing how the requirements are met. A schedule is required for the year of the set-aside and for each subsequent year until the set-aside amount has been distributed. See Regulations section 53.4942(a)-3(b)(7)(ii) for specific requirements.

## Part XII. Undistributed Income

If you checked Item D2 in the Heading section on page 1, don't fill in this part.

If the organization is a private operating foundation for any of the years shown in Part XII, don't complete the portions of Part XII that apply to those years. If there are excess qualifying distributions for any tax year, don't carry them over to a year in which the organization is a private operating foundation or to any later year. For example, if a foundation made excess qualifying distributions in 2019 and became a private operating foundation in 2021, the excess qualifying distributions from 2019 could be applied against the distributable amount for 2020 but not to any year after 2020.

The purpose of this part is to enable the foundation to comply with the rules for applying its qualifying distributions for the year 2021. In applying the qualifying distributions, there are three basic steps.

1. Reduce any undistributed income for 2020 (but not below zero).
2. The organization may use any part of or all remaining qualifying distributions for 2021 to satisfy elections. For example, if undistributed income remained for any year before 2020, it could be reduced to zero or, if the foundation wished, the distributions could be treated as distributions out of corpus.
3. If no elections are involved, apply remaining qualifying distributions to the 2021 distributable amount on line 4d. If the remaining qualifying distributions are greater than the 2021 distributable amount, the excess is treated as a distribution out of corpus on line 4e.

If for any reason the 2021 qualifying distributions don't reduce any 2020 undistributed income to zero, the amount not distributed is subject to a 30% tax. If the 2020 income remains undistributed at the end of 2022, it could be subject again to the 30% tax. Also, see section 4942(b) for the circumstances under which a second-tier tax could be imposed.

**Excess distribution carryovers.** An excess of qualifying distributions is created for a particular tax year (and available as a carryover for the 5 succeeding years) if the total qualifying distributions treated as made out of the undistributed income for the year or out of corpus with respect to the year (other than amounts distributed in satisfaction of section 170(b)(1)(F)(ii) or 4942(g)(3) or applied to a prior tax year by election) exceeds the distributable amount for the year. See Regulations section 53.4942(a)-3(e)(2). Thus, in no case does the excess for the particular tax year exceed the qualifying distributions for the

Removed Lines 4 through 6 relating to section 4940(e).

year less the distributable amount for the year.

**Example.** X Foundation has an excess distribution carryover of \$100,000 from 5 years ago that will expire to the extent that it isn't used in its current tax year. For its current tax year, X Foundation has a distributable amount of \$110,000, qualifying distributions also of \$90,000, and no undistributed income from prior years. X Foundation doesn't elect to distribute any part of its qualifying distributions in satisfaction of section 170(b)(1)(F)(ii) or 4942(g)(3). Under these circumstances, X Foundation has no excess distributions for its current tax year. X Foundation may apply \$20,000 of its \$100,000 carryover from 5 years ago to its undistributed income in the current tax year, but the remaining \$80,000 must expire. X Foundation can't create an excess distribution for its current tax year by electing to treat all or part of its qualifying distributions for the current year as made out of corpus and applying the \$100,000 carryover from the prior year in satisfaction of its distributable amount for the current year.

**Line 1. Distributable amount.** Enter the distributable amount for 2021 from Part X, line 7.

**Line 2. Undistributed income.** Enter the distributable amount for 2020 and amounts for earlier years that remained undistributed at the beginning of the 2021 tax year.

**Line 2b.** Enter the amount of undistributed income for years before 2020.

**Line 3. Excess distributions carryover to 2021.** If the foundation has made excess distributions out of corpus in prior years, which haven't been applied in any year, enter the amount for each year. Don't enter an amount for a particular year if the organization was a private operating foundation for any later year.

**Lines 3a through 3e.** Enter the amount of any excess distribution made on the line for each year listed. Don't include any amount that was applied against the distributable amount of an earlier year or that was already used to meet pass-through distribution requirements. (See [Line 7. Distributions out of corpus for 2021 pass-through distributions.](#), later.)

**Line 3f.** This amount can be applied in 2021.

**Line 4. Qualifying distributions.** Enter the total amount of qualifying distributions made in 2021 from Part XI, line 4, on the line next to column (a). The total of the amounts applied on lines 4a through 4e is equal to the qualifying distributions made in 2021.

**Line 4a.** The qualifying distributions for 2021 are first used to reduce any undistributed income remaining from 2020. Enter only enough of the 2021 qualifying distributions to reduce the 2020 undistributed income to zero.

**Lines 4b and 4c.** If there are any 2021 qualifying distributions remaining after reducing the 2020 undistributed income to zero, one or more elections can be made under Regulations section 53.4942(a)-3(d) (2) to apply all or part of the remaining qualifying distributions to any undistributed income remaining from years before 2020 or to apply to corpus.



*A foundation may make a corpus election on line 4c in order to qualify under section 170(b)(1)(F)(ii) for the benefit of its contributors, or in order for a foundation grantor to the foundation to obtain a qualifying distribution under section 4942(g)(3), as described in the Part XII, line 7, instructions. A foundation can't make a corpus election on line 4c in an attempt to create or increase an excess distributions carryover for the current year on line 10e by applying excess distribution carryovers to its current-year distributable amount on line 5. See Regulations section 53.4942(a)-3(e)(2).*

**Elections.** To make these elections, the organization must file a statement with the IRS or attach a statement, as described in the above regulations section, to Form 990-PF. An election made by filing a separate statement with the IRS must be made within the year for which the election is made. Otherwise, attach a statement to the Form 990-PF filed for the year the election was made.

**Where to enter.** If the organization elected to apply all or part of the remaining amount to the undistributed income remaining from years before 2020, enter the amount on line 4b.

If the organization elected to treat those qualifying distributions as a distribution out of corpus, enter the amount on line 4c.



*Entering an amount on line 4b or 4c without submitting the required statement isn't considered a valid election.*

**Line 4d.** Treat as a distribution of the distributable amount for 2021 any qualifying distributions for 2021 that remain after reducing the 2020 undistributed income to zero and after electing to treat any part of the remaining distributions as a distribution out of corpus or as a distribution of a prior year's undistributed income. Enter only enough of the remaining 2021 qualifying distributions to reduce the 2021 distributable amount to zero.

**Line 4e.** Any 2021 qualifying distributions remaining after reducing the 2021 distributable amount to zero should be treated as an excess distribution out of corpus. This amount may be carried over and applied to later years.

**Line 5. Excess qualifying distributions carryover applied to 2021.** The

foundation may apply excess qualifying distribution carryovers from its 5 prior years to its current-year undistributed income, but only to the extent that the undistributed income exceeds its qualifying distributions for the year. For example, if for the tax year X Foundation has a distributable amount of \$1,000, qualifying distributions of \$800 that it elects to treat as made out of corpus, prior-year carryovers of \$700, and no undistributed income for prior years, then it may apply only \$200 of the carryovers to its current-year undistributed income. See Regulations section 53.4942(a)-3(e)(1).

Enter any excess qualifying distributions from line 3, which were applied to 2021, in both the Corpus column and the 2021 column. Apply the oldest excess qualifying distributions first. Thus, the organization will apply any excess qualifying distributions carried forward from 2016 before those from later years.

**Line 6a.** Add lines 3f, 4c, and 4e. Subtract line 5 from the total. Enter the net total in the Corpus column.

**Line 6c.** Enter only the undistributed income from 2019 and prior years for which either a notice of deficiency under section 6212(a) has been mailed for the section 4942(a) first-tier tax, or on which the first-tier tax has been assessed because the organization filed a Form 4720 for a tax year that began before 2020.

**Lines 6d and 6e.** These amounts are taxable under the provisions of section 4942(a), except for any part that is due solely to improper valuation of assets to which the provisions of section 4942(a)(2) are being applied (see [Line 2b. Taxes on failure to distribute income](#), earlier). Report the taxable amount on Form 4720. If the exception applies, attach an explanation.

**Line 6f.** In the 2021 column, enter the amount by which line 1 is more than the total of lines 4d and 5. This is the undistributed income for 2021. The organization must distribute the amount shown by the end of its 2022 tax year so that it won't be liable for the tax on undistributed income.

**Line 7. Distributions out of corpus for 2021 pass-through distributions.** If the foundation is the donee and receives a contribution from another private foundation, the donor foundation may treat

the contribution as a qualifying distribution only if the donee foundation makes a distribution equal to the full amount of the contribution and the distribution is a qualifying distribution that is treated as a distribution of corpus. The donee foundation must, no later than the close of the first tax year after the tax year in which it receives the contributions, distribute an amount equal in value to the contributions received in the prior tax year and have no remaining undistributed income for the prior year. For example, if private Foundation X received \$1,000 in tax year 2020 from Foundation Y, Foundation X would have to distribute the \$1,000 as a qualifying distribution out of corpus by the end of 2021 and have no remaining undistributed income for 2020.

If a private foundation receives a contribution from an individual or a corporation and the individual is seeking the 60% contribution base limit on deductions for the tax year (or the individual or corporation isn't applying the limit imposed on deductions for contributions to the foundation of capital gain property), the foundation must comply with certain distribution requirements.

By the 15th day of the 3rd month after the end of the tax year in which the foundation received the contributions, the donee foundation must distribute as qualifying distributions out of corpus 100% of the value as of the date of receipt of the following.

1. All contributions of cash and property received during the year, in order for the individual contributor to receive the benefit of the 60% limit on deductions under section 170(b)(1)(F)(ii).

2. All contributions of property only, in order for the individual or corporate contributor not to be subject to the section 170(e)(1)(B)(ii) limitations.

**Elections.** If the organization is applying excess distributions from prior years (for instance, any part of the amount in Part XII, line 3f) to satisfy the distribution requirements of section 170(b)(1)(F) or 4942(g)(3), it must make the election under Regulations section 53.4942(a)-3(c)(2) by attaching a statement in accordance with that section. Also, see Regulations section 1.170A-9(h)(2).

Enter on line 7 the total distributions out of corpus made to satisfy the restrictions on amounts received from donors described, earlier.

**Line 8. Outdated excess distributions carryover.** Because of the 5-year carryover limitation under section 4942(i)(2), the organization must reduce any excess distributions carryover by any amounts from 2016 that weren't applied in 2021.

**Line 9. Excess distributions carryover to 2022.** Enter the amount by which line 6a is more than the total of lines 7 and 8. This is the amount the organization may apply to 2022 and following years. Line 9 can never be less than zero.

**Line 10. Analysis of line 9.** In the space provided for each year, enter the amount of excess distributions carryover from that year that hasn't been applied as of the end of the 2021 tax year. If there is an amount on the line for 2017, it must be applied by the end of the 2022 tax year since the 5-year carryover period for 2017 ends in 2022.

## Part XIII. Private Operating Foundations

All organizations that claim status as private operating foundations under section 4942(j)(3) or (5) for 2021 must complete Part XIII.

**Certain elderly care facilities (section 4942(j)(5)).** For purposes of section 4942 only, certain elderly care facilities that, on May 26, 1969, and at all times thereafter before the close of the tax year, operated and maintained as their principal functional purpose facilities for the long-term care, comfort, maintenance, or education of permanently and totally disabled persons, elderly persons, needy widows, or children may be classified as private operating foundations. To be so classified, they must also meet the endowment test described below.

If the foundation is a section 4942(j)(5) organization, complete only lines 1a, 1b, 2c, 2d, 2e, and 3b. Enter "N/A" on all other lines in the Total column for Part XIII.

**Private operating foundation (section 4942(j)(3)).** The term "private operating foundation" means any private foundation that spends at least 85% of the smaller of its adjusted net income or its minimum investment return directly for the active conduct of the exempt purpose or functions for which the foundation is organized and operated (the income test) and that also meets one of the three tests below.

1. Assets test. 65% or more of the foundation's assets are devoted directly to those activities or functionally related businesses, or both; or 65% or more of the foundation's assets are stock of a corporation that is controlled by the foundation, and substantially all of the assets of the corporation are devoted to those activities or functionally related businesses.

2. Endowment test. The foundation normally makes qualifying distributions directly for the active conduct of the exempt purpose or functions for which it is organized and operated in an amount that

is two-thirds or more of its minimum investment return.

3. Support test. The foundation normally receives 85% or more of its support (other than gross investment income as defined in section 509(e)) from the public and from five or more exempt organizations that aren't described in section 4946(a)(1)(H) with respect to each other or the recipient foundation. Not more than 25% of the support (other than gross investment income) normally may be received from any one of the exempt organizations and not more than one-half of the support normally may be received from gross investment income.

See the regulations under section 4942 for the meaning of "directly for the active conduct" of exempt activities for purposes of these tests.

**Complying with these tests.** A foundation may meet the income test and either the assets, endowment, or support test by satisfying the tests for any 3 years during a 4-year period consisting of the tax year in question and the 3 immediately preceding tax years. It may also meet the tests based on the total of all related amounts of income or assets held, received, or distributed during that 4-year period. A foundation may not use one method for satisfying the income test and another for satisfying one of the three alternative tests. Thus, if a foundation meets the income test on the 3-out-of-4-year basis for a particular tax year, it may not use the 4-year aggregation method for meeting one of the three alternative tests for that same year.

In completing line 3c(3) of Part XIII under the aggregation method, the largest amount of support from an exempt organization will be based on the total amount received for the 4-year period from any one exempt organization.

A new private foundation must use the aggregation method to satisfy the tests for its first tax year in order to be treated as a private operating foundation from the beginning of that year. It must continue to use the aggregation method for its second and third tax years to maintain its status for those years.

## Part XIV. Supplementary Information

Complete this part only if the foundation had assets of \$5,000 or more at any time during the year. This part doesn't apply to a foreign foundation that during its entire period of existence received substantially all (85% or more) of its support (other than gross investment income) from sources outside the United States.

**Line 2.** In the space provided (or in an attachment, if necessary), furnish the

required information about the organization's grant, scholarship, fellowship, loan, etc., programs. In addition to restrictions or limitations on awards by geographical areas, charitable fields, and kinds of recipients, indicate any specific dollar limitations or other restrictions applicable to each type of award the organization makes. This information benefits the grant seeker and the foundation. The grant seekers will be aware of the grant eligibility requirements, and the foundation should receive only applications that adhere to these grant application requirements.

If the foundation only makes contributions to preselected charitable organizations and doesn't accept unsolicited applications for funds, check the box on line 2.

**Line 3.** If necessary, attach a schedule for lines 3a and 3b that lists separately amounts given to individuals and amounts given to organizations.

### Foundation Status of Recipient

Use the following codes:

PF	Private non-operating foundation (section 509(a))
POF	Private operating foundation (section 4942(j)(3)) other than an EOF
EOF	Exempt operating foundation (section 4940(d))
PC	Public charity described in section 509(a)(1) or (2)
GOV	Domestic or foreign government (including Indian tribal governments) or instrumentality, or international organization designated by Executive Order under 22 U.S.C. 288
SO-DP	Type I, Type II, or Type III functionally integrated supporting organization if a disqualified person of the private foundation controls the supporting organization or a supported organization (sections 509(a)(3) and 4942(g)(4))
SO I	Type I supporting organization (sections 509(a)(3) and 509(a)(3)(B)(i)) other than an SO-DP
SO II	Type II supporting organization (sections 509(a)(3) and 509(a)(3)(B)(ii)) other than an SO-DP
SO III FI	Functionally integrated Type III supporting organization (sections 509(a)(3), 509(a)(3)(B)(iii), and 4943(f)(5)(B)) other than an SO-DP
SO III NFI	Non-functionally integrated Type III supporting organization (sections 509(a)(3), 509(a)(3)(B)(iii), and 4943(f)(5)(B))
TPS	Testing for public safety organization (section 509(a)(4))
NC	Organization not otherwise classified
I	Individual person

See Regulations section 1.509(a)-4; Notice 2006-109, 2006-51 I.R.B. 1121, available at [IRS.gov/irb/2006-51\\_IRB](https://www.irs.gov/irb/2006-51_IRB); Rev. Proc. 2018-32, 2018-23 I.R.B. 739,

available at [IRS.gov/pub/irs-irbs/irb18-23.pdf](https://www.irs.gov/pub/irs-irbs/irb18-23.pdf); and Notice 2014-4, 2014-2 I.R.B. 274, available at [IRS.gov/irb/2014-2\\_IRB/ar14.html](https://www.irs.gov/irb/2014-2_IRB/ar14.html), for guidance on determining whether a grantee is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

#### Purpose of grant or contribution.

Entries under this column should reflect the grant's or contribution's purpose and should be in greater detail than merely classifying them as charitable, educational, religious, or scientific activities.

For example, use an identification such as payments:

- For nursing service,
- For fellowships, or
- For assistance to indigent families.



Entries such as "grant" or "contribution" under the column titled Purpose of grant or contribution are unacceptable.

**Line 3a. Paid during year.** List all contributions, grants, etc., actually paid during the year, including grants or contributions that aren't qualifying distributions under section 4942(g). Include current-year payments of set-asides treated as qualifying distributions in the current tax year or any prior year.

**Line 3b. Approved for future payment.** List all contributions, grants, etc., approved during the year but not paid by the end of the year, including the unpaid portion of any current-year set-aside. Don't report contributions and grants approved or set aside in a prior tax year but still unpaid as of the end of the tax year.

## Part XV-A. Analysis of Income-Producing Activities

In Part XV-A, analyze revenue items that are also entered in Part I, lines 3–11, column (a), and on line 5b. Contributions reported on line 1 of Part I aren't entered in Part XV-A. For information on unrelated business income, see the Instructions for Form 990-T and Pub. 598.

**Columns (a) and (c).** In column (a), enter a six-digit business code, from the list in the Instructions for Form 990-T, to identify any income reported in column (b). In column (c), enter an exclusion code, from the list later, to identify any income reported in column (d). If more than one exclusion code is applicable to a particular revenue item, select the lowest numbered exclusion code that applies. Also, if nontaxable revenues from several sources are reportable on the same line in

column (d), use the exclusion code that applies to the largest revenue source.

**Columns (b), (d), and (e).** For amounts reported in Part XV-A on lines 1–11, enter in column (b) any income earned that is unrelated business income (see section 512). In column (d), enter any income earned that is excluded from the computation of unrelated business taxable income by section 512, 513, or 514. In column (e), enter any related or exempt function income; that is, any income earned that is related to the organization's purpose or function that constitutes the basis for the organization's exemption.

Also enter in column (e) any income specifically excluded 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. You must explain in Part XV-B any amount shown in column (e).

**Comparing Part XV-A with Part I.** The sum of the amounts entered on each line of lines 1–11 of columns (b), (d), and (e) of Part XV-A should equal corresponding amounts entered on Part I, lines 3–11, column (a), and on line 5b as shown below.

Amounts in Part XV-A on line . . .	Correspond to amounts in Part I, column (a), line . . .
1a–g . . . . .	11
2 . . . . .	11
3 . . . . .	3
4 . . . . .	4
5 and 6 . . . . .	5b (description column)
7 . . . . .	11
8 . . . . .	6a
9 . . . . .	11 minus any special event expenses included on lines 13 through 23 of Part I, column (a)
10 . . . . .	10c
11a–e . . . . .	11

**Line 1. Program service revenue.** On lines 1a–g, list each revenue-producing program service activity of the organization. For each program service activity listed, enter the gross revenue earned for each activity, as well as identifying business and exclusion codes, in the appropriate columns. For line 1g, enter amounts that are payments for services rendered to governmental units. Don't include governmental grants that are reportable on Part I, line 1.

Report the total of lines 1a–g on line 11 of Part I, along with any other income reportable on line 11.

Program services are mainly those activities that the reporting organization was created to conduct and that, along with any activities begun later, form the

basis of the organization's current exemption from tax.

Program services can also include the organization's unrelated trade or business activities. Program service revenue also includes income from program-related investments (such as interest earned on scholarship loans) as defined in the instructions for Part VIII-B.

**Line 11.** On lines 11a–e, list each “Other revenue” activity not reported on lines 1 through 10. Report the sum of the amounts entered for lines 11a–e, columns (b), (d), and (e), on Part I, line 11.

**Line 13.** On line 13, enter the total of columns (b), (d), and (e) of line 12.

You may use the following worksheet to verify your calculations.

Line 13, Part XV-A	_____
Minus: Part I, line 5b	_____
<b>Note.</b> If Part I, line 5b, reflects a loss, add that amount here instead of subtracting.	
Plus: Part I, line 1	_____
Plus: Part I, line 5a	_____
Plus: Expenses of special events deducted in figuring Part XV-A, line 9	_____
Equal: Part I, line 12, column (a)	_____

## Part XV-B. Relationship of Activities to the Accomplishment of Exempt Purposes

To explain how each amount in column (e) of Part XV-A was related or exempt function income, show the line number of the amount in column (e) and give a brief description of how each activity reported in column (e) contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes). Activities that generate exempt-function income are activities that form the basis of the organization's exemption from tax.

Also, explain any income entered in column (e) that is specifically excluded from gross income other than by section 512, 513, or 514. If no amount is entered in column (e), don't complete Part XV-B.

**Example.** M, a performing arts association, is primarily supported by endowment funds. It raises revenue by charging admissions to its performances. These performances are the primary means by which the organization

accomplishes its cultural and educational purposes.

M reported admissions income in column (e) of Part XV-A and explained in Part XV-B that these performances are the primary means by which it accomplishes its cultural and educational purposes.

Because M also reported interest from state bonds in column (e) of Part XV-A, M explained in Part XV-B that such interest was excluded from gross income by section 103.

## Part XVI. Information Regarding Transfers to and Transactions and Relationships With Noncharitable Exempt Organizations

Part XVI is used to report direct and indirect transfers to (line 1a) and direct and indirect transactions with (line 1b) and relationships with (line 2) any other noncharitable exempt organization. A “noncharitable exempt organization” is a tax-exempt organization described in section 501(c), other than in paragraph (3) of section 501(c), or a political organization described in section 527.

For purposes of these instructions, the section 501(c)(3) organization completing Part XVI is referred to as the “reporting organization.”

A noncharitable exempt organization is “related to or affiliated with” the reporting organization if either:

- The two organizations share some element of common control, or
- A historic and continuing relationship exists between the two organizations.

A noncharitable exempt organization is unrelated to the reporting organization if:

- The two organizations share no element of common control, and
- A historic and continuing relationship doesn't exist between the two organizations.

An “element of common control” is present when one or more of the officers, directors, or trustees of one organization are elected or appointed by the officers, directors, trustees, or members of the other. An element of common control is also present when more than 25% of the officers, directors, or trustees of one organization serve as officers, directors, or trustees of the other organization.

A “historic and continuing relationship” exists when two organizations participate in a joint effort to achieve one or more common purposes on a continuous or recurring basis rather than on the basis of one or more isolated transactions or activities. Such a relationship also exists

when two organizations share facilities, equipment, or paid personnel during the year, regardless of the length of time the arrangement is in effect.

**Line 1. Reporting of certain transfers and transactions.** Generally, report on line 1 any transfer to or transaction with a noncharitable exempt organization even if the transfer or transaction constitutes the only connection with the noncharitable exempt organization.

**Related organizations.** If the noncharitable exempt organization is related to or affiliated with the reporting organization, report all direct and indirect transfers and transactions except for contributions and grants to the reporting organization.

**Unrelated organizations.** All transfers to an unrelated noncharitable exempt organization must be reported on line 1a. All transactions between the reporting organization and an unrelated noncharitable exempt organization must be shown on line 1b unless they meet an exception in the specific instructions for line 1b.

**Line 1a. Transfers.** Answer “Yes” to lines 1a(1) and 1a(2) if the reporting organization made any direct or indirect transfers of any value to a noncharitable exempt organization.

A “transfer” is any transaction or arrangement whereby one organization transfers something of value (cash, other assets, services, use of property, etc.) to another organization without receiving something of more than nominal value in return. Contributions, gifts, and grants are examples of transfers.

If the only transfers between the two organizations were contributions and grants made by the noncharitable exempt organization to the reporting organization, answer “No.”

**Line 1b. Other transactions.** Answer “Yes” for any transaction described on line 1b(1)–(6), regardless of its amount, if it is with a related or affiliated organization.

**Unrelated organizations.** Answer “Yes” for any transaction between the reporting organization and an unrelated noncharitable exempt organization, regardless of its amount, if the reporting organization received less than adequate consideration. There is adequate consideration when the fair market value of the goods and other assets or services furnished by the reporting organization isn't more than the fair market value of the goods and other assets or services received from the unrelated noncharitable exempt organization. The exception described below doesn't apply to transactions for less than adequate consideration.

Answer "Yes" for any transaction between the reporting organization and an unrelated noncharitable exempt organization if the "amount involved" is more than \$500. The "amount involved" is the fair market value of the goods, services, or other assets furnished by the reporting organization.

**Exception.** If a transaction with an unrelated noncharitable exempt organization was for adequate consideration and the amount involved was \$500 or less, answer "No" for that transaction.

**Line 1b(3).** Answer "Yes" for transactions in which the reporting organization was either the lessor or the lessee.

**Line 1b(4).** Answer "Yes" if either organization reimbursed expenses incurred by the other.

**Line 1b(5).** Answer "Yes" if either organization made loans to the other or if the reporting organization guaranteed the other's loans.

**Line 1b(6).** Answer "Yes" if either organization performed services or membership or fundraising solicitations for the other.

**Line 1c.** Complete line 1c regardless of whether the noncharitable exempt organization is related to or closely affiliated with the reporting organization. For purposes of this line, "facilities" includes office space and any other land, building, or structure whether owned or leased by, or provided free of charge to, the reporting organization or the noncharitable exempt organization.

**Line 1d.** Use this schedule to describe the transfers and transactions for which "Yes" was entered on lines 1a–c, earlier. You must describe each transfer or transaction for which the answer was "Yes." You may combine all of the cash transfers (line 1a(1)) to each organization into a single entry. Otherwise, make a separate entry for each transfer or transaction.

**Column (a).** For each entry, enter the line number from lines 1a–c. For example, if the answer was "Yes" to line 1b(3), enter "b(3)" in column (a).

**Column (d).** If you need more space, enter "See Attached" in column (d) and use an attached sheet for the description. If making more than one entry on line 1d, specify on the attached sheet which transfer or transaction you are describing.

**Line 2. Reporting of certain relationships.** Enter on line 2 each noncharitable exempt organization that the reporting organization is related to or affiliated with, as defined earlier. If the control factor or the historic and continuing relationship

factor (or both) is present at any time during the year, identify the organization on line 2 even if neither factor is present at the end of the year.

Don't enter unrelated noncharitable exempt organizations on line 2 even if transfers to or transactions with those organizations were entered on line 1. For example, if a one-time transfer to an unrelated noncharitable exempt organization was entered on line 1a(2), don't enter the organization on line 2.

**Column (b).** Enter the exempt category of the organization; for example, "501(c)(4)."

**Column (c).** In most cases, a simple description, such as "common directors" or "auxiliary of reporting organization" will be sufficient. If you need more space, enter "See Attached" in column (c) and use an attached sheet to describe the relationship. If you are entering more than one organization on line 2, identify which organization you are describing on the attached sheet.

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## Signature

The return must be signed by the president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer) who is authorized to sign. A receiver, trustee, or assignee must sign any return that he or she is required to file for a corporation. If the return is filed for a trust, it must be signed by the authorized trustee or trustees. Sign and date the form and fill in the signer's title.

If an officer or employee of the organization prepares the return, the *Paid Preparer Use Only* area should remain blank. If someone prepares the return without charge, that person shouldn't sign the return.

**Note.** A paid preparer must sign the original or amended return by rubber stamp, mechanical device, or computer software program.

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## Paid Preparer

Generally, anyone who is paid to prepare the return must sign the return 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;
- Enter the preparer tax identification number (PTIN); and
- Give a copy of the return to the organization, in addition to the copy to be filed with the IRS.



Enter the paid preparer's PTIN, not his or her social security number (SSN), in the "PTIN" box in the paid preparer's block. Because this form is publicly disclosable, any information entered in this block will be publicly disclosed. For more information about PTINs, visit the IRS website at [IRS.gov/PTIN](https://www.irs.gov/PTIN).

## Paid Preparer Authorization

On the "Sign Here" line, 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-PF. It doesn't apply to the firm, if any, shown in that section.

By checking "Yes" to this box, 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 Form 990-PF for its next tax year. 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 listed in the Heading section rather than the paid preparer.

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## How To Get Forms and Publications

### Internet

You can access the IRS website at [IRS.gov](https://www.irs.gov) 24 hours a day, 7 days a week to do the following.

- *E-file* returns, including Form 990-PF.
- Download forms, including talking tax forms, instructions, and publications. You can download items from the IRS website at [IRS.gov/FormsPubs](https://www.irs.gov/FormsPubs).
- Order IRS products online.
- Research your tax questions.
- Search publications online by topic or keyword.
- Use the Internal Revenue Code, regulations, or other official guidance.

- View Internal Revenue Bulletins (IRBs) published in the last few years.
- Sign up to receive local and national tax news by email.
- Get information on starting and operating a private foundation.

**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 aren't 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. The rules governing the confidentiality of Form 990-PF are covered in 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, 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 do not include burden associated with electronically prepared and filed returns have fewer arithmetic errors, imply

Includes updated figures and estimates.

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. For instance, the estimated average time burden for all taxpayers filing Forms 990, 990-EZ, 990-PF, 990-T, and 990-N and related forms is 33.5 hours, with an average cost of \$992 per return. This average includes all associated forms and schedules, across all preparation methods and taxpayer activities.

**Fiscal Year 2022 Form 990 Series Tax Compliance Cost Estimates**

	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	330,400	260,200	131,800	263,400	754,300
Estimated Average Total Time (Hours)	85	45	47	40	2
Estimated Average Total Out-of-Pocket Costs	\$2,700	\$600	\$2,100	\$1,500	\$10
Estimated Average Total Monetized Burden	\$8,200	\$1,300	\$4,000	\$4,600	\$30
Estimated Total Time (Hours)	28,000,000	11,760,000	6,140,000	10,660,000	1,660,000
Estimated Total Out-of-Pocket Costs	\$903,100,000	\$147,500,000	\$272,000,000	\$397,200,000	\$7,100,000
Estimated Total Monetized Burden	\$2,719,300,000	\$331,900,000	\$529,800,000	\$1,204,800,000	\$26,100,000

**Note:** Amounts above are for FY2022. 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.

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 from [IRS.gov/FormComments](https://www.irs.gov/FormComments). Or you can send your comments to Internal Revenue Service, Tax Forms and Publications Division, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224. Don't send the form to this address. Instead, see [J. When and How To File](#), earlier.

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## Exclusion Codes

### General Exceptions

- 01— Income from an activity that is not regularly carried on (section 512(a)(1))
- 02— Income from an activity in which labor is a material income-producing factor and substantially all (at least 85%) of the work is performed with unpaid labor (section 513(a)(1))
- 03— Section 501(c)(3) organization—Income from an activity carried on primarily for the convenience of the organization's members, students, patients, visitors, officers, or employees (hospital parking lot or museum cafeteria, for example) (section 513(a)(2))
- 04— Section 501(c)(4) local association of employees organized before May 27, 1969—Income from the sale of work-related clothes or equipment and items normally sold through vending machines; food dispensing facilities; or snack bars for the convenience of association members at their usual places of employment (section 513(a)(2))
- 05— Income from the sale of merchandise, substantially all of which (at least 85%) was donated to the organization (section 513(a)(3))

### Specific Exceptions

- 06— Section 501(c)(3), (4), or (5) organization conducting an agricultural or educational fair or exposition—Qualified public entertainment activity income (section 513(d)(2))
- 07— Section 501(c)(3), (4), (5), or (6) organization—Qualified convention and trade show activity income (section 513(d)(3))
- 08— Income from hospital services described in section 513(e)
- 09— Income from noncommercial bingo games that do not violate state or local law (section 513(f))
- 10— Income from games of chance conducted by an organization in North Dakota (section 311 of the Deficit Reduction Act of 1984, as amended)
- 11— Section 501(c)(12) organization—Qualified pole rental income (section 513(g)) and/or member income (described in section 501(c)(12)(H))
- 12— Income from the distribution of low-cost articles in connection with the solicitation of charitable contributions (section 513(h))
- 13— Income from the exchange or rental of membership or donor list with an organization eligible to receive charitable contributions by a section 501(c)(3) organization; by a war veterans' organization; or an auxiliary unit or society of, or trust or foundation for, a war veterans' post or organization (section 513(h))

### Modifications and Exclusions

- 14— Dividends, interest, payments with respect to securities loans, annuities, income from notional principal contracts, other substantially similar income from ordinary and routine investments, and loan commitment fees, excluded by section 512(b)(1)
- 15— Royalty income excluded by section 512(b)(2)
- 16— Real property rental income that does not depend on the income or profits derived by the person leasing the property and is excluded by section 512 (b)(3)

- 17— Rent from personal property leased with real property and incidental (10% or less) in relation to the combined income from the real and personal property (section 512(b)(3))
- 18— Gain or loss from the sale of investments and other non-inventory property and from certain property acquired from financial institutions that are in conservatorship or receivership (sections 512(b)(5) and (16)(A))
- 19— Gain or loss from the lapse or termination of options to buy or sell securities or real property, and on options and from the forfeiture of good-faith deposits for the purchase, sale, or lease of investment real estate (section 512(b)(5))
- 20— Income from research for the United States; its agencies or instrumentalities; or any state or political subdivision (section 512(b)(7))
- 21— Income from research conducted by a college, university, or hospital (section 512(b)(8))
- 22— Income from research conducted by an organization whose primary activity is conducting fundamental research, the results of which are freely available to the general public (section 512(b)(9))
- 23— Income from services provided under license issued by a federal regulatory agency and conducted by a religious order or school operated by a religious order, but only if the trade or business has been carried on by the organization since before May 27, 1959 (section 512(b)(15))

### Foreign Organizations

- 24— Foreign organizations only—Income from a trade or business NOT conducted in the United States and NOT derived from United States sources (patrons) (section 512(a)(2))

### Social Clubs and VEBAs

- 25— Section 501(c)(7), (9), or (17) organization—Non-exempt function income set aside for a charitable, etc., purpose specified in section 170(c)(4) (section 512(a)(3)(B)(i))
- 26— Section 501(c)(7), (9), or (17) organization—Proceeds from the sale of exempt function property that was or will be timely reinvested in similar property (section 512(a)(3)(D))
- 27— Section 501(c)(9) or (17) organization—Nonfunction income set aside for the payment of life, sick, accident, or other benefits (section 512(a)(3)(B)(ii))

### Veterans' Organizations

- 28— Section 501(c)(19) organization—Payments for life, sick, accident, or health insurance for members or their dependents that are set aside for the payment of such insurance benefits or for a charitable, etc., purpose specified in section 170(c)(4) (section 512(a)(4))
- 29— Section 501(c)(19) organization—Income from an insurance set-aside (see code 28 above) that is set aside for payment of insurance benefits or for a charitable, etc., purpose specified in section 170(c)(4) (Regs. 1.512(a)-4(b)(2))

### Debt-Financed Income

- 30— Income exempt from debt-financed (section 514) provisions because at least 85% of the use of the property is for the organization's exempt purposes. **(Note: This code is only for income from the 15% or less non-exempt purpose use.)** (section 514(b)(1)(A))
- 31— Gross income from mortgaged property used in research activities described in section 512(b)(7), (8), or (9) (section 514(b)(1)(C))
- 32— Gross income from mortgaged property used in any activity described in section 513(a)(1), (2), or (3) (section 514(b)(1)(D))
- 33— Income from mortgaged property (neighborhood land) acquired for exempt purpose use within 10 years (section 514(b)(3))
- 34— Income from mortgaged property acquired by bequest or devise (applies to income received within 10 years from the date of acquisition) (section 514(c)(2)(B))
- 35— Income from mortgaged property acquired by gift where the mortgage was placed on the property more than 5 years previously and the property was held by the donor for more than 5 years (applies to income received within 10 years from the date of gift) (section 514(c)(2)(B))
- 36— Income from property received in return for the obligation to pay an annuity described in section 514(c)(5)
- 37— Income from mortgaged property that provides housing to low and moderate income persons, to the extent the mortgage is insured by the Federal Housing Administration (section 514(c)(6)). **(Note: In many cases, this would be exempt function income reportable in column (e). It would not be so in the case of a section 501(c)(5) or (6) organization, for example, that acquired the housing as an investment or as a charitable activity.)**
- 38— Income from mortgaged real property owned by: a school described in section 170(b)(1)(A)(ii); a section 509(a)(3) affiliated support organization of such a school; a section 501(c)(25) organization; or by a partnership in which any of the above organizations owns an interest if the requirements of section 514(c)(9)(B)(vi) are met (section 514(c)(9))

### Special Rules

- 39— Section 501(c)(5) organization—Farm income used to finance the operation and maintenance of a retirement home, hospital, or similar facility operated by the organization for its members on property adjacent to the farm land (section 1951(b)(8)(B) of Public Law 94-455)
- 40— Annual dues, not exceeding \$161 (subject to inflation), paid to a section 501(c)(5) agricultural or horticultural organization (section 512(d))

### Trade or Business

- 41— Gross income from an unrelated activity that is regularly carried on but, in light of continuous losses sustained over a number of tax periods, cannot be regarded as being conducted with the motive to make a profit (not a trade or business)

### Other

- 42— Receipt of qualified sponsorship payments described in section 513(i)
- 43— Exclusion of any gain or loss from the qualified sale, exchange, or other disposition of any qualifying brownfield property (section 512(b)(19))

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# Form 4720

Return of Certain Excise Taxes Under Chapters 41  
and 42 of the Internal Revenue Code

Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code

(Sections 170(f)(10), 664(c)(2), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, 4958, 4959, 4960, 4965, 4966, 4967, and 4968)

Go to www.irs.gov/Form4720 for instructions and the latest information.

Department of the Treasury Internal Revenue Service

For calendar year 2021 or other tax year beginning , 2021, and ending , 20

Name of organization, entity, or person subject to tax EIN or SSN

Number, street, and room or suite no. (or P.O. box if mail is not delivered to street address) Amended return

City or town, state or province, country, and ZIP or foreign postal code Check box for type of annual return:

Previously asked if corrective action had been taken on any taxable event that resulted in Chapter 42 taxes. Corrective action taken is now asked in each schedule.

- Form 990, Form 990-EZ, Form 990-PF, Other, Form 5227

Table with columns A, B, Yes, No. Row A: Is the organization a foreign private foundation... Row B: Entity (other than the organization) or person subject to tax: Are you required to file Form 4720 with respect to more than one organization in the current tax year?

Part I Taxes on Organization (Sections 170(f)(10), 664(c)(2), 4911(a), 4912(a), 4942(a), 4943(a), 4944(a)(1), 4945(a)(1), 4955(a)(1), 4959, 4960(a), 4965(a)(1), 4966(a)(1), and 4968(a))

Table with 15 rows of tax categories and columns for amounts. Includes annotations: 'Previously column (e)', 'Previously column (g)', 'Previously column (e)'.

Part II Taxes on a Manager, Self-Dealer, Disqualified Person, Donor, Donor Advisor, or Related Person (Sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), 4958(a), 4965(a)(2), 4966(a)(2), and 4967(a))

Table with 10 rows of tax categories and columns for amounts. Includes 'Employer identification number' column.

Part III Tax Payments

Table with 4 rows: Total tax, Total payments including amount paid with Form 8868, Tax due, Overpayment.

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**SCHEDULE A—Initial Taxes on Self-Dealing** (Section 4941)

<b>Part I Acts of Self-Dealing and Tax Computation</b>				
(a) Act number	(b) Date of act	(c) Correction made?		(d) Description of act
		Yes	No	
1				
2				
3				
4				
5				
(e) Question number from Form 990-PF, Part VI-B, or Form 5227, Part VIII, applicable to the act		(f) Amount involved in act		(g) Initial tax on self-dealer (10% of col. (f))
				(h) Tax on foundation managers (if applicable) (lesser of \$20,000 or 5% of col. (f))

<b>Part II Summary of Tax Liability of Self-Dealers and Proration of Payments</b>			
(a) Names of self-dealers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Self-dealer's total tax liability (add amounts in col. (c)) (see instructions)

<b>Part III Summary of Tax Liability of Foundation Managers and Proration of Payments</b>			
(a) Names of foundation managers liable for tax	(b) Act no. from Part I, col. (a)	(c) Tax from Part I, col. (h), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

**SCHEDULE B—Initial Tax on Undistributed Income** (Section 4942)

1	Undistributed income for years before 2020 (from Form 990-PF for 2021, Part XII, line 6d)	1
2	Undistributed income for 2020 (from Form 990-PF for 2021, Part XII, line 6e)	2
3	Total undistributed income at end of current tax year beginning in 2021 and subject to tax under section 4942 (add lines 1 and 2)	3
4	<b>Tax</b> —Enter 30% of line 3 here and on Part I, line 1	4

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**SCHEDULE C—Initial Tax on Excess Business Holdings** (Section 4943)

**Business Holdings and Computation of Tax**

If you have taxable excess holdings in more than one business enterprise, attach a separate schedule for each enterprise. Refer to the instructions for each line item before making any entries.

Name and address of business enterprise \_\_\_\_\_

Employer identification number . . . . . ▶

Form of enterprise (corporation, partnership, trust, joint venture, sole proprietorship, etc.) . . . ▶

		(a) Voting stock (profits interest or beneficial interest)	(b) Value	(c) Nonvoting stock (capital interest)
<b>1</b>	Foundation holdings in business enterprise . . . . .	%	%	
<b>2</b>	Permitted holdings in business enterprise . . . . .	%	%	
<b>3</b>	Value of excess holdings in business enterprise . . . . .			
<b>4</b>	Value of excess holdings disposed of within 90 days; or, other value of excess holdings not subject to section 4943 tax (attach statement) . . . . .			
<b>5</b>	Taxable excess holdings in business enterprise—line 3 minus line 4 . . . . .			
<b>6</b>	<b>Tax</b> —Enter 10% of line 5 . . . . .			
<b>7</b>	<b>Total tax</b> —Add amounts on line 6, columns (a), (b), and (c); enter total here and on Part I, line 2 . . . . .			
<b>8</b>	Did the organization dispose of excess holdings subject to tax reported on line 6? . . . . .	<input type="radio"/> Yes <input type="radio"/> No		
	Attach a statement explaining (i) corrective action taken, or (ii) why corrective action has not been taken.			

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**SCHEDULE D—Initial Taxes on Investments That Jeopardize Charitable Purpose** (Section 4944)

**Part I Investments and Tax Computation**

(a) Investment number	(b) Date of investment	(c) Correction made?		(d) Description of investment	(e) Amount of investment	(f) Initial tax on foundation (10% of col. (e))	(g) Initial tax on foundation managers (if applicable)— (lesser of \$10,000 or 10% of col. (e))
		Yes	No				
<b>1</b>							
<b>2</b>							
<b>3</b>							
<b>4</b>							
<b>5</b>							
<b>Total</b> —Column (f). Enter here and on Part I, line 3 . . . . .							
<b>Total</b> —Column (g). Enter total (or prorated amount) here and in Part II, column (c), below . . . . .							

**Part II Summary of Tax Liability of Foundation Managers and Proration of Payments**

(a) Names of foundation managers liable for tax	(b) Investment no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

**SCHEDULE E—Initial Taxes on Taxable Expenditures (Section 4945)**

<b>Part I Expenditures and Computation of Tax</b>							
(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Correction made?		(e) Name and address of recipient		
			Yes	No			
1							
2							
3							
4							
5							
(f) Description of expenditure and purposes for which made					(g) Question number from Form 990-PF, Part VI-B, or Form 5227, Part VIII, applicable to the expenditure	(h) Initial tax imposed on foundation (20% of col. (b))	(i) Initial tax imposed on foundation managers (if applicable)—(lesser of \$10,000 or 5% of col. (b))
<b>Total</b> —Column (h). Enter here and on Part I, line 4 . . . . .							
<b>Total</b> —Column (i). Enter total (or prorated amount) here and in Part II, column (c), below . . . . .							

<b>Part II Summary of Tax Liability of Foundation Managers and Proration of Payments</b>			
(a) Names of foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (h), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

**SCHEDULE F—Initial Taxes on Political Expenditures (Section 4955)**

<b>Part I Expenditures and Computation of Tax</b>							
(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Correction made?		(e) Description of political expenditure	(f) Initial tax imposed on organization or foundation (10% of col. (b))	(g) Initial tax imposed on managers (if applicable) (lesser of \$5,000 or 2½% of col. (b))
			Yes	No			
1							
2							
3							
4							
5							
<b>Total</b> —Column (f). Enter here and on Part I, line 5 . . . . .							
<b>Total</b> —Column (g). Enter total (or prorated amount) here and in Part II, column (c), below . . . . .							

<b>Part II Summary of Tax Liability of Organization Managers or Foundation Managers and Proration of Payments</b>			
(a) Names of organization managers or foundation managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

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**SCHEDULE G—Tax on Excess Lobbying Expenditures** (Section 4911)

<b>1</b> Excess of grass roots expenditures over grass roots nontaxable amount (from Schedule C (Form 990), Part II-A, column (b), line 1h). (See the instructions before making an entry.) . . . . .	<b>1</b>	
<b>2</b> Excess of lobbying expenditures over lobbying nontaxable amount (from Schedule C (Form 990), Part II-A, column (b), line 1i). (See the instructions before making an entry.) . . . . .	<b>2</b>	
<b>3</b> Excess lobbying expenditures—enter the larger of line 1 or line 2 . . . . .	<b>3</b>	
<b>4 Tax</b> —Enter 25% of line 3 here and on Part I, line 6 . . . . .	<b>4</b>	

**SCHEDULE H—Taxes on Disqualifying Lobbying Expenditures** (Section 4912)

**Part I Expenditures and Computation of Tax**

(a) Item number	(b) Amount	(c) Date paid or incurred	(d) Description of lobbying expenditures	(e) Tax imposed on organization (5% of col. (b))	(f) Tax imposed on organization managers (if applicable)—(5% of col. (b))
<b>1</b>					
<b>2</b>					
<b>3</b>					
<b>4</b>					
<b>5</b>					
<b>Total</b> —Column (e). Enter here and on Part I, line 7 . . . . .					
<b>Total</b> —Column (f). Enter total (or prorated amount) here and in Part II, column (c), below . . . . .					

**Part II Summary of Tax Liability of Organization Managers and Proration of Payments**

(a) Names of organization managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

**SCHEDULE I—Initial Taxes on Excess Benefit Transactions** (Section 4958)

**Part I Excess Benefit Transactions and Tax Computation**

(a) Transaction number	(b) Date of transaction	(c) Correction made?		(d) Description of transaction
		Yes	No	
<b>1</b>				
<b>2</b>				
<b>3</b>				
<b>4</b>				
<b>5</b>				
<b>(e)</b> Amount of excess benefit		<b>(f)</b> Initial tax on disqualified persons (25% of col. (e))		<b>(g)</b> Tax on organization managers (if applicable) (lesser of \$20,000 or 10% of col. (e))

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**SCHEDULE I—Initial Taxes on Excess Benefit Transactions (Section 4958) Continued**

**Part II Summary of Tax Liability of Disqualified Persons and Proration of Payments**

(a) Names of disqualified persons liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (f), or prorated amount	(d) Disqualified person's total tax liability (add amounts in col. (c)) (see instructions)

**Part III Summary of Tax Liability of 501(c)(3), (c)(4) & (c)(29) Organization Managers and Proration of Payments**

(a) Names of 501(c)(3), (c)(4) & (c)(29) organization managers liable for tax	(b) Trans. no. from Part I, col. (a)	(c) Tax from Part I, col. (g), or prorated amount	(d) Manager's total tax liability (add amounts in col. (c)) (see instructions)

**SCHEDULE J—Taxes on Being a Party to Prohibited Tax Shelter Transactions (Section 4965)**

**Part I Prohibited Tax Shelter Transactions (PTST) and Tax Imposed on the Tax-Exempt Entity (see instructions)**

(a) Transaction number	(b) Transaction date	(c) Type of transaction 1 —Listed 2 —Subsequently listed 3 —Confidential 4 —Contractual protection	(d) Description of transaction
1			
2			
3			
4			
5			

  

(e) Did the tax-exempt entity know or have reason to know this transaction was a PTST when it became a party to the transaction?	Yes	No	(f) Net income attributable to the PTST	(g) 75% of proceeds attributable to the PTST	(h) Tax imposed on the tax-exempt entity (see instructions)

**Total**—Column (h). Enter here and on Part I, line 9 . . . . .

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**SCHEDULE L – Taxes on Prohibited Benefits Distributed From Donor Advised Funds (Section 4967).**

See the instructions.

**Part I Prohibited Benefits and Tax Computation**

(a) Item number	(b) Date of prohibited benefit	(c) Description of benefit
1		
2		
3		
4		
5		
		(d) Amount of prohibited benefit
		(e) Tax on donors, donor advisors, or related persons (125% of col. (d)) (see instructions)
		(f) Tax on fund managers (if applicable) (lesser of 10% of col. (d) or \$10,000) (see instructions)

**Part II Summary of Tax Liability of Donors, Donor Advisors, Related Persons, and Proration of Payments**

(a) Names of donors, donor advisors, or related persons liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (e) or prorated amount	(d) Donor's, donor advisor's, or related person's total tax liability (add amounts in col. (c)) (see instructions)

**Part III Summary of Tax Liability of Fund Managers and Proration of Payments**

(a) Names of fund managers liable for tax	(b) Item no. from Part I, col. (a)	(c) Tax from Part I, col. (f) or prorated amount	(d) Fund manager's total tax liability (add amounts in col. (c)) (see instructions)

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**Schedule M—Tax on Hospital Organization for Failure to Meet the Community Health Needs Assessment Requirements** (Sections 4959 and 501(r)(3)). (See instructions.)

<b>Part I Failures to Meet Section 501(r)(3)</b>				
(a) Item number	(b) Name of hospital facility	(c) Description of the failure	(d) Tax year hospital facility last conducted a CHNA	(e) Tax year hospital facility last adopted an implementation strategy
1				
2				
3				
4				
5				

<b>Part II Computation of Tax</b>	
1	Number of hospital facilities operated by the hospital organization that failed to meet the Community Health Needs Assessment requirements of section 501(r)(3) . . . . .
2	<b>Tax</b> —Enter \$50,000 multiplied by line 1 here and on Part I, line 12 . . . . .

**SCHEDULE N—Tax on Excess Executive Compensation** (Section 4960). (See instructions.)

(a) Item number	(b) Name of covered employee	(c) Excess remuneration	(d) Excess parachute payment	(e) Total. Add column (c) and (d)
1				
2				
3				
4				
5				
6	Attachment, if necessary. See instructions . . . . .			

**Total** (add column (e) items 1–6) . . . . .

**Tax.** Enter 21% of the amount above here and on Part I, line 13 . . . . .

**SCHEDULE O—Excise Tax on Net Investment Income of Private Colleges and Universities** (Section 4968)

	(a) Name	(b) EIN	(c) Gross investment income (See instructions.)	(d) Capital gain net income	(e) Administrative expenses allocable to income included in cols. (c) and (d)	(f) Net investment income (See instructions.)
1	Filing Organization					
2	Related Organization					
3	Related Organization					
4	Related Organization					
5	Total from attachment, if necessary . . . . .					
6	<b>Total</b> . . . . .					
7	Excise Tax on Net Investment Income. Enter 1.4% of the amount in 6(f) here and on Part I, line 14 . . . . .					

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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 taxpayer) is based on all information of which preparer has any knowledge.

**Sign Here**

▶ Signature of officer or trustee	Title	Date
▶ Signature (and organization or entity name if applicable) of manager, self-dealer, disqualified person, donor, donor advisor, or related person		
May the IRS discuss this return with the preparer shown below? (see instructions) . . . . . <input type="checkbox"/> Yes <input type="checkbox"/> No		

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶			
Firm's address ▶	Phone no.			

# Form 4720

Instructions

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Instructions for Form 4720

Return of Certain Excise Taxes Under Chapters 41 and 42 of the Internal Revenue Code

(Sections 170(f)(10), 664(c)(2), 4911, 4912, 4941, 4942, 4943, 4944, 4945, 4955, 4958, 4959, 4960, 4965, 4966, 4967 and 4968)

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

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not made) on taxable events, Form 4720 is revised to request information about such corrections in each of Schedules A, B, C, D, E, F, or I. Now, for each transaction to which an initial tax applies under sections 4941, 4942, 4943, 4944, 4945, 4955, or 4958, the organization or any other entity or person required to file Form 4720 to report one or more such transactions, must indicate whether a correction has been made (or not) on the Schedule where each transaction is reported.

Reminders

Forms 4720 filed by private foundations are publicly disclosable. Don't enter Social Security Numbers on these publicly disclosable returns.

Separate returns. A manager, self-dealer, disqualified person, donor, advisor, or related person who tax under Chapter 41 or 42, being an organization manager (section 4965), may no longer the tax on the Form 4720 filed by anization. Each taxpayer must separate Form 4720.

Electronic filing. Under Regulations 1.6033-2(a)(2)(ii)(J), private foundations are required to report such information as is required by Form 4720

as part of their information reporting requirement under section 6033. Therefore, private foundations reporting information required as to liability for tax imposed under Chapter 42 on the Form 4720 (Schedules A-F, J, or N) must file this form electronically. Other filers of Form 4720 may be required to file electronically. See Regulations section 301.6011-12. Additionally, any other filer of Form 4720 who is not required to file electronically also may use the electronic form.

General Instructions

Purpose of Form

Use Form 4720 to figure and pay the following.

This is likely an incorrect citation to regulations since there is presently no Treas. Reg. 301.6011-12. Instead, this likely is intending to refer to Treas. Reg. 301.6011-2 which provides that the Commissioner may prescribe by Revenue Procedure that additional forms must be electronically filed.

What's New

Entity or person subject to tax filing Form 4720 with respect to more than one organization. Item B in the header area of Form 4720 is revised for use by any entity (other than the organization) or person who is required to file Form 4720 to report and pay an excise tax under Chapters 41 or 42 of the Internal Revenue Code with respect to more than one organization. The information entered in Item B will allow IRS systems to accept and process multiple Form 4720 filings under the same taxpayer number (Employer Identification Number or Social Security Number).

Explanations of corrective action taken. Instead of using Item B to collect information about corrections made (or

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In the 2020 instructions this referred to question 1c.

In the 2020 instructions, this referred to question 75b, 75c, 77b, 78a, 78b, 79b, or 80b in Part VI-B and Item G on page 1 of 2020 Form 5227 (Schedules B through E) and Part I, lines 1 through 4, as applicable.

## Who Must File

taxable expenditures (see instructions for Schedules A through E for definitions).

- The initial tax on certain supporting organizations and donor advised funds for excess business holdings under section 4943.
- The section 4911 tax on excess lobbying expenditures by public charities that have elected to be subject to section 501(h) regarding expenditures to influence legislation. (Private foundations and section 4947(a) trusts aren't eligible to make this election).
- The section 4912 tax on disqualifying lobbying expenditures that result in loss of section 501(c)(3) tax-exempt status.
- The section 4955 tax imposed on any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in any political campaign on behalf of, or in opposition to, any candidate for public office.
- The section 4958 initial taxes on disqualified persons and organization managers of section 501(c)(3) (except private foundations), section 501(c)(4), and section 501(c)(29) organizations that engage in excess benefit transactions.
- The section 4959 tax on the failure by a hospital organization to meet the community health needs assessment requirements under section 501(r)(3).
- The section 4960 taxes on excess tax-exempt organization executive compensation.
- The section 4965 taxes on prohibited tax shelter transactions.
- The section 4966 taxes on taxable distributions by sponsoring organizations maintaining donor advised funds.
- The section 4967 taxes on distributions of prohibited benefits from donor advised funds.
- The section 4968 taxes on net investment income of certain private colleges and universities.
- The section 170(f)(10) tax on any premiums paid on a personal benefit contract in connection with a transfer to an organization or charitable remainder trust for which a charitable deduction isn't allowed to the transferor.
- The section 664(c)(2) tax on the unrelated business taxable income of a charitable remainder trust.

including foreign organizations, that answered "Yes," to question 1b, 1d, 2b, 3b, 4a, 4b, 5b, 6b, 7b, or 8 in Part VI-B of Form 990-PF; or "Yes," to question 1b, 1c, 3b, 4a, 4b, 5b, 6b, or 7 in Part VIII of Form 5227. (Schedules A through E and Part I, lines 1 through 4, as applicable).

### Other organizations owing initial taxes on excess business holdings.

Supporting organizations described in section 4943(f)(3) and donor advised funds described in section 4966(d)(2) that owe the tax reported on Schedule C (section 4943(a)). (Schedule C and Part I, line 2).

### Organizations making political expenditures.

All section 501(c)(3) organizations that make a political expenditure must file Form 4720 to report the liability and pay the tax (Schedule F and Part I, line 5). Organization managers may report any first-tier tax they owe on Schedule F of Form 4720. (See Schedule F instructions, later, for the definition of political expenditures.)

**Public charities making excess lobbying expenditures.** Public charities that made the election under section 501(h) and owe tax on excess lobbying expenditures as figured on Schedule C (Form 990), Part II-A, must file Form 4720 to report the liability and pay the tax (Schedule G and Part I, line 6). Certain organizations (and possibly their managers) whose section 501(c)(3) status is revoked because of excess lobbying activities are subject to a 5% excise tax on their lobbying expenditures (Schedule H and Part I, line 7 or Part II, line 5, as applicable).

### Charitable organizations that engage in excess benefit transactions.

Form 4720 must be filed by any organization that answered "Yes" to question 25a in Part V of Form 990 or that otherwise engaged in an excess benefit transaction described in section 4958. (Schedule I and Part II, line 6).

### Charitable organizations that make certain premium payments on personal benefit contracts.

Form 4720 must be filed by any organization described in section 170(c) or section 664(d) that answered "Yes," to question 7f in Part V of Form 990, question 6b in Part VI-B of Form 990-PF, question 6b

in Part VIII of Form 5227, or that otherwise paid premiums on a personal benefit contract in connection with a transfer to an organization for which a charitable deduction was not allowed to the transferor (Part I, line 8).

### Certain tax-exempt entities that are a party to a prohibited tax shelter transaction (PTST).

Certain tax-exempt entities must file Form 4720 to report the liability and pay the tax due under section 4965(a)(1) (Schedule J and Part I, line 9). This requirement applies to entities described in sections 501(c), 501(d), or 170(c) (other than the United States) or an Indian tribal government (within the meaning of section 7701(a)(40)).



*Any entity described in section 4965(c) that is a party to a PTST must file Form 8886-T.*

### Sponsoring organizations maintaining donor advised funds.

All section 170(c) organizations (excluding private foundations and government organizations referred to in sections 170(c)(1) and 170(c)(2)(A)) that maintain one or more donor advised funds must file Form 4720 to report the liability and pay the tax owed on any taxable distributions under section 4966 (Schedule K and Part I, line 10). In addition, sponsoring organizations that have made a distribution resulting in a prohibited benefit to a donor, donor advisor, or related person must file Form 4720 to report the distribution (Schedule L and Part II, line 9).

**Charitable remainder trusts.** All charitable remainder trusts described in section 664 that have unrelated business taxable income for the tax year must file Form 4720 to report the liability and pay the tax due (Part I, line 11). Unrelated business taxable income is figured under section 512 and is determined as if Part III of subchapter F applies to such trusts. Use Form 990-T to compute unrelated business taxable income. The charitable remainder trust should not submit Form 990-T for processing as a return. Instead, attach a copy of the completed Form 990-T and file with Form 4720.

### Hospital organizations failing to meet the community health needs assessment requirements (Sections 501(r)(3), 4959).

An excise tax is imposed on the failure by a hospital organization to meet the community health needs assessment ("CHNA") requirements of section 501(r)(3) (Schedule M and Part I, line 12).

**Certain taxpayers that pay excess executive compensation.** An applicable tax-exempt organization (ATEO) that pays to any covered employee more than \$1 million in remuneration or pays an excess parachute payment during the year must file Form 4720 to report the liability and pay the excise tax imposed by section 4960. (Schedule N and Part I, line 13). An ATEO includes section 501(a) exempt organizations, section 527 political organizations, section 521 farmers' cooperatives, and government entities that have income excluded under section 115(1). If remuneration from a related organization is included to determine the tax imposed by section 4960, the related organization must file a separate Form 4720 to report its share of liability for the tax on Schedule N and Part I, line 13. See the instructions for Schedule N, later, for the definition of related organization.

**TIP** *A governmental entity that is not exempt from tax under section 501(a) and does not exclude income under section 115(1) is not an ATEO for purposes of section 4960.*

**Certain private colleges and universities subject to the excise tax on net investment income (section 4968).** An applicable educational institution must file Form 4720 to report the liability and pay the excise tax imposed by section 4968. (Schedule O and Part I, line 14.) An applicable educational institution is a private college or university that:

- Answered "Yes" to line 16 in part V of Form 990 or that otherwise is a private college or university that is an eligible educational institution, as defined in section 25A(f)(2),
- Had at least 500 students during the preceding tax year, with more than 50% of those students located in the United States, and
- Had an aggregate fair market value, at the end of the preceding tax year, of assets not used directly in the carrying out of the organization's exempt purpose, held by the organization and related organizations, of at least \$500,000 per student.

**Individuals**

**Managers, self-dealers, disqualified persons, donors, donor advisors, and related persons.** A manager, self-dealer, disqualified person, donor, donor advisor, or related person who owes tax under Chapter 41 or 42, including an organization manager under section 4965, must file a separate

Form 4720 showing the tax owed. The Form 4720 filed by a manager, self-dealer, disqualified person, donor, donor advisor, or related person should include the name of the organization in Part II. If applicable, a separate Form 4720 should be filed for each organization for which the manager, self-dealer, disqualified person, donor, donor advisor, or related person owes tax. A person filing Form 4720 should enter his or her tax year at the top of Form 4720. Enter the name, address, and taxpayer identification number of the manager, self-dealer, disqualified person, donor, donor advisor, or related person in the address area at the top of Form 4720. Enter the name of the organization in the name and address area in Part II. Each manager, self-dealer, disqualified person, donor, donor advisor, or related person should complete all the information the form requires, including the schedule(s) applicable to each tax shown on Part II, to the extent possible, and as applicable.

**TIP** *Managers of tax favored retirement plans, individual retirement arrangements, and savings arrangements described in sections 401(a), 403(a), 403(b), 529, 457(b), 408(a), 220(d), 408(b), 530, or 223(d) must report and pay tax due under section 4965(a)(2) on Form 5330.*

**Where and How To File**

**Electronic filing.** All persons required to file can file Form 4720 electronically. For general information about electronic filing, visit [IRS.gov/Efile](https://www.irs.gov/efile), and see Pub. 4163, Modernized e-file Information for Authorized IRS e-File Providers for Business Returns.

**Mandatory electronic filing.** All private foundations reporting information required as to liability for tax imposed under Chapter 42 on the Form 4720 (Schedules A-F, J, or N) must file this form electronically, regardless of the number of other returns the private foundation must file during the calendar year.

IF you are located in ...	THEN use the following address ...
the United States	Department of the Treasury Internal Revenue Service Center Ogden, UT 84201-0027
a foreign country or a U.S. possession	Internal Revenue Service Center P.O. Box 409101 Ogden, UT 84409

**Private delivery services.** You can use certain private delivery services (PDS) designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. Go to [IRS.gov/PDS](https://www.irs.gov/PDS) for the current list of designated services.

The private delivery service can tell you how to get written proof of the mailing date.

Private delivery services can't deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. box address. Private delivery services deliver to:

Internal Revenue Service  
1973 Rulon White Blvd.  
Ogden, UT 84201

**When To File**

**Part I taxes on the organization.** File Form 4720 by the due date (not including extensions) for filing the organization's Form 990-PF, Form 990, Form 990-EZ, or Form 5227. If you aren't required to file any of these forms, file Form 4720 by the 15th day of the 5th month after the organization's accounting period ends.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

**Affiliated group member.** See section 4911(f) and instructions for Schedule G, later, for definition of "affiliated group." For members of an affiliated group of organizations that have different tax years, and who are filing Form 4720 to report tax under section 4911, the tax year of the affiliated group is the calendar year, unless all members of the group elect under Regulations section 56.4911-7(e)(5) to make a member's year the group's tax year.

## Part II taxes on managers, self-dealers, disqualified persons, donors, donor advisors, or related persons.

Each manager, self-dealer, disqualified person, donor, donor advisor, or related person, must file Form 4720 by the 15th day of the 5th month after the end of his or her tax year.

If the regular due date falls on a Saturday, Sunday, or legal holiday, file by the next business day.

## Extension

Use Form 8868, Application for Automatic Extension of Time To File an Exempt Organization Return, to request an automatic extension of time to file. The automatic extension will be granted if Form 8868 is properly completed, filed, and any balance due shown on Form 4720 is paid by the due date for Form 4720.

## Name, Address, etc.

For an organization filing its own Form 4720, the name, address, and employer identification number of the organization should be the same as shown on Form 990-PF, Form 5227, Form 990, or Form 990-EZ, and entered in the address field at the top of the form. A self-dealer, donor, donor advisor, related person, disqualified person, or manager filing a separate Form 4720 enters his or her name, address, and taxpayer identification number in the address field at the top of the form. The name and address of the organization to which taxes reported in Part II relate is entered in the address field at the top of Part II.

Include the suite, room, or other unit number after the street address.

If the Post Office doesn't deliver mail to the street address, show the P.O. box number instead of the street address.

If you want a third party (such as an accountant or an attorney) to receive mail for the foundation or charity, enter on the street address line "C/O" followed by the third party's name and street address or P.O. box.

## Signature and Verification

If you are a manager, self-dealer, disqualified person, donor, donor advisor, or related person, you should sign only in the spaces that apply.

If you are signing on behalf of the foundation or organization and also because of personal tax liability, you must file two Forms 4720.

For a corporation (or an association), the form may be signed by one of the following: president, vice president, treasurer, assistant treasurer, chief accounting officer, or other corporate officer (such as tax officer).

For a partnership, the form may be signed by a partner or partners authorized to sign the partnership return.

If the return is filed on behalf of a trust, the authorized trustee(s) must sign it.

A receiver, trustee, or assignee required to file any return on behalf of an individual, a trust, estate, partnership, association, company, or corporation must sign the Form 4720 filed for these taxpayers.

Also, a person with a valid power of attorney may sign for the organization, foundation, manager, self-dealer, donor, donor advisor, or related person. Include a copy of the power of attorney with the return.

## Attachments

If you need more space, and are permitted to file a paper form, attach separate sheets showing the same information in the same order as on the printed form. Show the totals on the printed form.

Enter the organization's name and EIN on each sheet. Use sheets that are the same size as the form and indicate clearly the line of the paper form to which the information relates.

## Organizations Organized or Created in a Foreign Country

Report all amounts in U.S. currency (state conversion rate used) and give information in English. Report items in total, including amounts and transactions from both inside and outside the United States.

Chapter 42 taxes (including sections 4941 through 4945, 4955, 4958 through 4960 and 4965 through 4968) don't apply to foreign organizations that receive substantially all of their support (other than gross investment income) from sources outside the United States. See section 4948(b). These organizations must complete this form and file it in the same manner as domestic organizations. However, these organizations, as well as their foundation managers and self-dealers, don't have to pay any tax that would otherwise be due on this return.

For these purposes, a foreign organization is an organization not created or organized in or under the law of the United States, a U.S. state or possession, or the District of Columbia. Gifts, grants, contributions, or membership fees directly or indirectly from a United States person (as defined in section 7701(a)(30)) are from sources within the United States. See Regulations section 53.4948-1.

Although a foreign organization described in section 4948(b) isn't subject to Chapter 42 taxes, it shall not be exempt from tax under section 501(a) if it engages in a prohibited transaction. See section 4948(c). A prohibited transaction is a transaction that would subject the organization or its disqualified person to a penalty under section 6684 if the foreign organization were a domestic organization. Unless the transaction constitutes a willful and flagrant violation of a Chapter 42 provision, a transaction violating a Chapter 42 provision won't constitute a prohibited transaction except under the following circumstances:

1. There was a prior Chapter 42 violation that resulted in a warning from the IRS that a second violation would result in a prohibited transaction.
2. The IRS provides notice that the second transaction will constitute a prohibited transaction unless it is corrected within 90 days of the notice.
3. The second transaction isn't timely corrected.

## Tax Payments

The organization reports and computes the taxes owed on Part I. The organization pays the applicable taxes on Part III of the organization's Form 4720.

Managers, self-dealers, disqualified persons, donors, donor advisors, and related persons, report and compute the applicable taxes on Part II. Such persons pay the applicable tax on Part III, each filing a separate Form 4720.

Payment by a private foundation of any taxes owed by the foundation managers or self-dealers will result in additional taxes under the self-dealing and taxable expenditure provisions (section 4941 and 4945, respectively). In addition, these payments could impact the foundation's calculation of undistributed income on Form 990-PF which could subject the foundation to additional taxes under section 4942. Managers and self-dealers should pay

taxes imposed on them from their own funds.

Additional information regarding correction included here and throughout.

from their own funds. Any reimbursement of a disqualified person's tax liability from excess benefit transactions by the organization will be treated as an excess benefit transaction subject to the tax unless the organization included the reimbursement in the disqualified person's compensation and the disqualified person's total compensation was reasonable. See the instructions for Schedule I, later, for information on excess benefit transactions.

Tax payments can be made by check or through the Electronic Federal Tax Payment System (EFTPS). For more information about EFTPS or to enroll in EFTPS, visit the EFTPS website at [EFTPS.gov](http://EFTPS.gov), or call 800-555-4477. You can also get Pub. 966, Electronic Federal Tax Payment System: A Guide to Getting Started. See below for an exception to this rule for small foundations.

## Rounding Off to Whole Dollars

You may round off cents to whole dollars on your return and schedules. If you do round to whole dollars, you 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, \$1.39 becomes \$1.

Additional information regarding correction included here that was previously included in other form under "Specific Instructions for Page 1," under Question B in the 2020 instructions.

pay tax. There are also penalties for willful failure to file, supply information or pay tax, and for filing fraudulent returns and statements, that apply to public charities, private foundations, managers, donors, donor advisors, related persons, and self-dealers who are required to file this return. See sections 6651, 7203, 7206, and 7207. Also, see section 6684 for penalties that relate to tax liability under Chapter 42.

Interest charges for any unpaid tax is charged at the underpayment rate established under section 6621. The interest on underpayments is in addition to any penalties.

**Abatement** Use Form Request abatement, section 4 on abatement, refund, or relief from payment of first tier taxes under sections 4942 through 4945, 4955, 4958, 4966, and 4967.

New instructions applicable to completing the Schedules inserted.

## Initial Tax Liability and Correction

If you pay an initial tax under sections 4941 through 4945, 4955, and 4958, for tax year 2021, the payment may not satisfy the entire tax liability for a taxable event. The taxable event is the act, failure to act, or transaction that resulted in the liability for initial taxes under these provisions.

Paying the tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the taxable event. Generally, the taxable period begins with the date of the act or investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the tax is assessed, whichever comes first. Thus, the initial tax liability for those taxes continues to accrue until the date a notice of deficiency is mailed, the violation is corrected, or the tax is assessed, whichever comes first.

To avoid additional taxes and penalties and in some cases further initial taxes, a foundation, organization, disqualified person, or manager must correct the taxable event within the correction period.

Generally, the correction period begins on the date the event occurs and ends 90 days after the mailing date of a notice of deficiency, under section 6212, in connection with the second-tier tax imposed on that taxable event. That time is extended by:

- Any period in which a deficiency can't be assessed under section 6213(a) because a petition to the Tax Court for redetermination of the deficiency is pending, not extended by any supplemental proceeding by the Tax Court under section 4961(b), regarding whether any correction was made, and
- Any other period the IRS determines is reasonable and necessary to correct the taxable event.

The taxable event will be treated as occurring:

- For the tax on failure to distribute income (section 4942), on the first day of the tax year for which there was a failure to distribute income,

- For the tax on excess business holdings (section 4943), on the first day on which there were excess business holdings, or
- In any other case (sections 4941, 4945, 4955, and 4958), on the date the event occurred.

Refer to the instructions for the applicable schedule for information relating to corrections made (or not made) for the applicable excise tax.

## Completing the Schedules

Before completing any of the schedules in this return, read the applicable instructions. If any completed schedule shows taxes owed, enter them on Part I or Part II of this return.

The organization will complete all parts of each applicable schedule, including computation of the initial tax on other persons (e.g., self-dealers and managers), even though the organization is not liable for those tax amounts. Entities other than the organization and individuals filing Form 4720 should complete the parts of a schedule that apply to the transaction(s) that give rise to their liability. Where liability is being allocated among more than one person (e.g., two or more managers allocating the initial tax on managers), the person filing the return should show the full amount of tax and show how the liability allocated.

**Note.** See *Liability for Tax* (later in Part II) regarding allocation of liability among 2 or more persons liable for an excise tax under Chapter 42.

The instructions for Schedules A through O describe acts or transactions subject to tax under Chapter 42. Don't complete Schedules A and E if exceptions apply to all the acts or transactions. In general, question A on page 1 and Schedules A, B, C, D, and E don't apply to public charities. However, Schedule C does apply to some public charities including certain sponsoring organizations of donor advised funds and certain supporting organizations that are treated as private foundations for purposes of section 4943. See the instructions for Schedule C for a description of the public charities to which section 4943 applies.

Before completing Schedule C, determine whether the organization or donor advised fund has excess holdings in any business enterprise. If the organization or donor advised fund has holdings subject to the tax on excess business holdings, complete Schedule C for each enterprise.

Before completing Schedule D, determine whether the investment was program related. If not, complete Schedule D for each investment for which you answered "Yes," to Form 990-PF, Part VI-B, question 4a or b, or Form 5227, Part VIII, question 4a or b.

## Amended Return

To correct a previously filed Form 4720 (including the reporting of additional excise taxes discovered after the original Form 4720 filing), use the same year form as the form you are correcting. Check the "Amended Return" box in the heading area.

Complete the entire return (not just the part that changed) following the form and instructions for the amended year.

Include a statement that identifies the lines and amounts being changed and the reason for each change.

If the amended return shows tax due and you wish to request abatement of the tax reported on Form 4720, see *Abatement*, earlier. If the amended return results in an overpayment of tax previously paid, show the amount of the overpayment in Part III, line 4. Do not file Form 843, Claim for Refund and Request for Abatement, to request a refund of an overpayment computed on Part III, line 4.

## Specific Instructions for Page 1

An organization filing Form 4720 should check the appropriate box for type of annual return it files. If filing as a person subject to a Chapter 42 tax, check "Other."

**Question A.** If filing as a person subject to a Chapter 42 tax, answer with respect to the related organization.

**Question B.** Answer "Yes" to question B if you are a self-dealer, donor, donor advisor, related person, disqualified person, or manager and you will be filing Form 4720 to report and pay excise taxes with respect to more than one organization. For example, if you are a manager of two private foundations, both of which made taxable expenditures for which the initial tax on managers is imposed under section 4945(a)(2), answer "Yes" to question B. Attach a list showing the name and EIN of each organization.

**Note.** A complete list of organizations with respect to which you will file Form 4720 is necessary to ensure that all

Form 4720 returns you must file can be accepted for processing.

## Part I

### Line 8



*If the organization has an entry on this line, it must also file Form 8870.*

Enter the total of all premiums paid by the organization on any personal benefit contract if the payment of premiums is in connection with a transfer for which a deduction isn't allowed under section 170(f)(10)(A). Also, if there is an understanding or expectation that any person will directly or indirectly pay any premium on a personal benefit contract for the transferor, include those premium payments in the amount entered on this line.

A personal benefit contract is (to the transferor) 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)).

For more information, see Notice 2000-24, 2000-17 I.R.B. 952, at [IRS.gov/pub/irs-irbs/irb00-17.pdf](https://www.irs.gov/pub/irs-irbs/irb00-17.pdf).

### Line 11

Section 664(c)(2) imposes an excise tax on the unrelated business taxable income of a charitable remainder trust. The excise tax is equal to the trust's unrelated business taxable income. Enter the charitable remainder trust's unrelated business taxable income on line 11.

**Computation of unrelated business taxable income.** Charitable remainder trusts should use Form 990-T to compute their unrelated business taxable income. Complete Form 990-T as follows.

1. Enter the trust's name under "Name of organization" and complete item D (EIN) at the top of page 1.
2. Complete as many Schedules A (Form 990-T) as needed to calculate the trust's unrelated business taxable income. Leave any line that does not apply blank. Complete the applicable parts of each Schedule A, including the business activity code for each Schedule A. Attach forms or other attachments required for a complete Schedule A. However, if Schedule D (Form 1041) is required, don't complete Part V of Schedule D (Form 1041).

3. After all Schedules A have been prepared, complete Form 990-T, Part I only. Don't complete Parts II through V or the signature area of Form 990-T.

4. Enter the amount from Part I, line 11 of Form 990-T on Part I, line 11 of Form 4720.

## Part II

Part II is completed by a manager, self-dealer, disqualified person, donor, donor advisor, or related person subject to tax under sections 4912(b), 4941(a), 4944(a)(2), 4945(a)(2), 4955(a)(2), 4958(a), 4965(a)(2), 4966(a)(2), and 4967(a). Enter the name, address, and employer identification number of the foundation or organization with respect to which tax is owed as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, as computed in Schedules A, D, E, F, H, I, J, K, and L.

**Line 1.** Enter the sum of:

1. Taxes you owe as a self-dealer, from Schedule A, Part II, column (d), and
2. Tax for acts of self-dealing in which you participated as a manager, from Schedule A, Part III, column (d).

**Line 2.** Enter the tax on investments that jeopardize charitable purpose from Schedule D, Part II, column (d), that you took part in as a foundation manager.

**Line 3.** Enter the tax on taxable expenditures from Schedule E, Part II, column (d), that you took part in as a foundation manager.

**Line 4.** Enter the tax on political expenditures from Schedule F, Part II, column (d), that you took part in as an organization or foundation manager.

**Line 5.** Enter the tax on disqualifying lobbying expenditures from Schedule H, Part II, column (d), that you took part in as an organization manager.

**Line 6.** Enter the sum of:

1. Taxes you owe as a disqualified person, from Schedule I, Part II, column (d), and
2. Tax on excess benefit transactions in which you as organization manager participated knowing that the transaction was an excess benefit transaction, from Schedule I, Part III, column (d).

**Line 7.** Enter the tax on you as the entity manager who approved or otherwise caused the entity to be a party to a prohibited tax shelter

transaction from Schedule J, Part II, column (d).

**Line 8.** Enter the tax on taxable distributions from sponsoring organizations maintaining donor advised funds from Schedule K, Part II, column (d), that you took part in as a manager.

**Line 9.** Enter the sum of:

1. Tax imposed on you as a donor, donor advisor, or related person, from Schedule L, Part II, column (d), and
2. Tax imposed on you as a fund manager who agreed to making of a prohibited benefit distribution from Schedule L, Part III, column (d).

**Liability for tax.** A person's liability for tax as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, under sections 4912, 4941, 4944, 4945, 4955, 4958, 4966, and 4967 is joint and several. Therefore, if more than one person owes tax on an act as a manager, self-dealer, disqualified person, donor, donor advisor, or related person, they may apportion the tax among themselves. However, when a managers, self-dealers, donors, donor advisors, related persons, or disqualified persons who are liable for tax on a particular transaction under sections 4912, 4941, 4944, 4945, 4955, 4958, 4966, or 4967 pay less than the total tax due on that transaction, then the IRS may charge the amount owed to one or more of them regardless of the tax apportionment shown on this return.

### Part III

**Line 1.** Organizations enter the total tax amount from Part I, line 15. Managers, self-dealers, disqualified persons, donors, donor advisors, or related persons enter the total tax amount from Part II, line 10.

**Line 2.** List total payments here, including amounts paid on extension with Form 8868. See the discussion on Extensions, earlier, for details on amounts paid with extensions.

**Line 3.** Enter the tax due on this line. Make check(s) or money order(s) payable to the United States Treasury.

**Line 4.** This is your refund. Only persons with a legal right to a refund should file a refund request here.

## Schedule A—Initial Taxes on Self-Dealing (Section 4941)

### General Instructions

**Requirement.** All organizations that answered “Yes,” to question 1b or 1d in Part VI-B of Form 990-PF, or “Yes,” to question 1b or 1c in Part VIII of Form 5227, must complete Schedule A. In addition, a self-dealer or a manager that participated in an act of self-dealing knowing that it was such an act must also complete Schedule A. Complete Parts I, II, and III of Schedule A only in connection with acts that are subject to the tax on self-dealing.

Paying the tax and filing a Form 4720 is required for each year or part of a year in the taxable period that applies to the act of self-dealing. Generally, the taxable period begins with the date on which the self-dealing occurs and ends on the earliest of:

- The date a notice of deficiency is mailed under section 6212, in connection with the initial tax imposed

**New instructions provided and reference to instructions for Question B earlier removed.**

self-dealing is completed.

**Self-dealing.** Self-dealing includes any direct or indirect:

- Sale, exchange, or leasing of property between a private foundation and a disqualified person (see *definitions* in Form 990-PF instructions),
- Lending of money or other extension of credit between a private foundation and a disqualified person,
- Furnishing of goods, services, or facilities between a private foundation and a disqualified person,
- Payment of compensation (or payment or reimbursement of expenses) by a private foundation to a disqualified person,
- Transfer to, or use by or for the benefit of, a disqualified person of the income or assets of a private foundation, and
- Agreement by a private foundation to make any payment of money or other property to a government official other than an agreement to employ or make a grant to that individual for any period after the end of government service if that individual will be ending government service within a 90-day period.

**Exceptions to self-dealing.** Go to [IRS.gov Audit Technique Guide Private](#)

[Foundations](#) for a description of acts that aren't considered self-dealing.

**Initial taxes on self-dealer.** An initial tax of 10% of the amount involved is charged for each act of self-dealing between a disqualified person and a private foundation for each year or part of a year in the taxable period. Any disqualified person (other than a foundation manager acting only as such) who takes part in the act of self-dealing must pay the tax.

**Initial taxes on foundation managers.** When a tax is imposed on a foundation manager for an act of self-dealing, the tax will be 5% of the amount involved in the act of self-dealing for each year or part of a year in the taxable period. However, the total tax imposed for all years in the taxable period is limited to \$20,000 for each act of self-dealing. The tax is imposed on any foundation manager who took part in the act knowing that it was self-dealing except those foundation managers whose participation was not willful and was due to reasonable cause.

### Specific Instructions

**Part I.** List each act of self-dealing in Part I. In column (c), for each act of self-dealing in Part I, indicate whether the act has been corrected. For the purposes of a self-dealing transaction described in section 4941, the term “correction” generally means undoing the transaction to the extent possible, but in any case, placing the private foundation in a financial position not worse than that in which it would be if the disqualified person were dealing under the highest fiduciary standards.

Answer “Yes,” in column (c) if correction has been made in whole or in part. Answer “No,” only if the transaction has not been corrected in any way. An attachment will open, depending upon whether you answer “Yes,” or “No.”

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

Enter in column (e) the number designation from Form 990-PF, Part VI-B question 1a, or Form 5227, Part

VIII, question 1a that applies to the act. For example, “1a(1)” or “1a(4).”

**Part II.** Enter in column (a) the names of all disqualified persons who took part in the acts of self-dealing listed in Part I. If more than one disqualified person took part in an act of self-dealing, each is individually liable for the entire tax in connection with the act. But the foundation managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

**New information and instructions regarding correction inserted.**

themselves. Enter in column (c) the tax to be paid by each disqualified person.

A self-dealer filing Form 4720 should carry the appropriate amount in column (d) to Part II, line 1.

**Part III.** Enter in column (a) the names of all foundation managers who took part in the acts of self-dealing listed in Part I, and who knew that the acts were self-dealing (except for foundation managers whose participation was not willful and was due to reasonable cause).

If more than one foundation manager took part in the act of self-dealing, knowing that it was such an act, and participation was willful and not due to reasonable cause, each is individually liable for the entire tax in connection with the act. But the foundation managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each foundation manager.

Carry the total amount in column (d) for each foundation manager to Part II, line 1.

## Schedule B—Initial Tax on Undistributed Income (Section 4942)

Complete Schedule B if you answered “Yes,” to Form 990-PF, Part VI-B, question 2b.

An initial excise tax of 30% is imposed on a private foundation's undistributed income on the first day of the second or any succeeding tax year after the tax year in connection with which income remains undistributed.

Use the 2021 Form 4720 to report the initial tax on undistributed income for tax years beginning in 2020 or earlier that remains undistributed at the end of the foundation's current tax year beginning in 2021. The initial tax won't apply to a private foundation's undistributed income:

- For any tax year it is an operating foundation (as defined in section 4942(j)

(3) and related regulations or in section 4942(j)(5)), or

- To the extent it didn't distribute an amount solely because of an incorrect valuation of assets, provided the foundation satisfies the requirements of section 4942(a)(2), or
- For any year for which the initial tax was previously assessed or a notice of deficiency was issued.

**Line 3.** Undistributed income is corrected by making sufficient qualifying distributions to compensate for deficient qualifying distributions for a prior tax year. You must attach a statement that describes any qualifying distributions made to correct the undistributed income and the date(s) of those distributions were made. If no qualifying distributions have been made to correct the undistributed income, explain why and describe steps you will take to make the necessary qualifying distributions. If applicable, indicate whether the election under 4942(h) has been made. See Instructions for Form 990-PF, Part XII, lines 4b and 4c.

## Schedule C—Initial Tax on Excess Business Holdings (Section 4943)

### General Instructions

Private foundations may be subject to an excise tax on the amount of any excess holdings, as described later. For purposes of section 4943, donor advised funds and certain supporting organizations are considered private foundations. For more information on the applicability of Schedule C to such organizations, see *General rules on the permitted holdings of donor advised funds and certain supporting organizations in a business enterprise*, later.

**Requirement.** If you answered “Yes,” to Form 990-PF, Part VI-B, question 3b; Form 990, Part V, question 8; or Form 5227, Part VIII, question 3b, or otherwise had excess business holdings, complete a Schedule C for each business enterprise in which the foundation had excess business holdings for its tax year beginning in 2021.

**Taxes.** A private foundation that has excess holdings in a business enterprise may become liable for an excise tax based on the amount of holdings. The initial tax is 10% of the value of the excess holdings and is imposed on the last day of each tax year that ends during the taxable period. The

excess holdings are determined on the day during the tax year when they were the largest.

If the foundation keeps the excess business holdings after the initial tax has been imposed, the foundation becomes liable for an additional tax of 200% of the remaining excess business holdings unless it disposes of them within the taxable period. However, if the foundation disposes of its excess business holdings during the correction period, the additional tax won't be assessed or, if assessed, will be abated and if collected, will be credited or refunded. For information on the correction period, go to [IRS.gov Audit Technique Guide Private Foundations](#).

**Business enterprise.** In general, this means the active conduct of a trade or business, including any activity regularly conducted to produce income from selling goods or performing services, that is an unrelated trade or business described in section 513.

The term “business enterprise” doesn't include a functionally related business as defined in section 4942(j)(4). In addition, business holdings don't include program-related investments (such as investments in small businesses in economically depressed areas or in corporations to assist in neighborhood renovations) as defined in section 4944(c) and related regulations. Also, business enterprise doesn't include a trade or business at least 95% of the gross income of which comes from passive sources. For more information, go to [IRS.gov Audit Technique Guide Private Foundations](#).

**Excess business holdings.** Excess business holdings is the amount of stock or other interest in a business enterprise that the foundation would have to dispose of to a person other than a disqualified person in order for the foundation's remaining holdings in the enterprise to be permitted holdings (section 4943(c)(1)). Go to [IRS.gov Audit Technique Guide Private Foundations](#) for more information.

**Sole proprietorships.** In general, a private foundation can't have any permitted holdings in a business enterprise that is a sole proprietorship. For exceptions, go to [IRS.gov Audit Technique Guide Private Foundations](#). For a definition of sole proprietorship, see Regulations section 53.4943-10(e).

**Corporate voting stock.** This stock entitles a person to vote for the election of directors. Treasury stock and stock that is authorized but unissued isn't

voting stock for these purposes. See Regulations sections 53.4943-3(b)(1)(ii) and 53.4943-3(b)(2)(ii).

For a partnership (including a limited partnership) or joint venture, the term “profits interest” should be substituted for “voting stock.” For any unincorporated business enterprise that isn't a partnership, joint venture, or sole proprietorship, the term “beneficial interest” should be substituted for “voting stock.” See Regulations section 53.4943-3(c).

**Nonvoting stock.** Corporate equity interests that don't have voting power should be classified as nonvoting stock. Evidences of indebtedness (including convertible indebtedness), warrants, and other options or rights to acquire stock shouldn't be considered equity interests. See Regulations section 53.4943-3(b)(2).

For a partnership (including a limited partnership) or joint venture, the term “capital interest” should be substituted for “nonvoting stock.” For any unincorporated business that isn't a partnership, joint venture, or sole proprietorship, references to nonvoting stock don't apply for computation of permitted holdings. See Regulations section 53.4943-3(c)(4).

**Attribution of business holdings.** In determining the holdings in a business enterprise of either a private foundation or a disqualified person, any stock or other interest owned directly or indirectly by or for a corporation, partnership, estate, or trust is considered owned proportionately by or for its shareholders, partners, or beneficiaries. In general, this rule doesn't apply to certain income interests or remainder interests of a private foundation in a split-interest trust described in section 4947(a)(2). See Regulations section 53.4943-8.

**Taxable period.** The taxable period begins on the first day the foundation has excess business holdings and ends on the earliest of:

- The mailing date of a notice of deficiency, under section 6212, in connection with the initial tax on excess business holdings related to those holdings,
- The date the excess is eliminated, or
- The date the initial tax on excess business holdings related to those holdings is assessed.

When a notice of deficiency isn't mailed because the restrictions on assessment and collection are waived or because the deficiency is paid, the

date of filing the waiver or the date of paying the tax, respectively, will be treated as the end of the taxable period. See Regulations section 53.4943-9.

## Exceptions to Tax on Excess Business Holdings

**2% de minimis rule.** A private foundation won't be treated as having excess business holdings in any enterprise in which it, together with related foundations as described in the instructions for Form 990-PF (under the definition for “disqualified person” in the *General Instructions*), owns not more than 2% of the voting stock and not more than 2% in value of all outstanding shares of all classes of stock.

**Disposition of excess business holdings within 90 days.** Generally, when a private foundation acquires excess business holdings other than as a result of purchase by the foundation (such as an acquisition by a disqualified person), the foundation won't be taxed on those excess holdings if it disposes of enough of them so that it no longer has an excess. To avoid the tax, the disposition must take place within 90 days from the date the foundation knew, or had reason to know, of the event that caused it to have excess business holdings. That 90-day period will be extended to include the period during which federal or state securities laws prevent the foundation from disposing of those excess business holdings. See Regulations section 53.4943-2(a).

**General rules on the permitted holdings of a private foundation in a business enterprise.** No excess business holdings tax is imposed (a) if a private foundation and all disqualified persons together hold no more than 20% of the voting stock of a business enterprise or (b) on nonvoting stock, if all disqualified persons together don't own more than 20% of the voting stock of the business enterprise.

If the private foundation and all disqualified persons together don't own more than 35% of the enterprise's voting stock, and effective control is in one or more persons who aren't disqualified persons in connection with the foundation, then 35% may be substituted for 20% wherever it appears in the preceding paragraph. See sections 4943(c)(2) and 4943(c)(3).

If a private foundation and all disqualified persons together had holdings in a business enterprise of more than 20% of the voting stock on May 26, 1969, substitute that

percentage for 20% and for 35% (if the holding is greater than 35%), using the principles of section 4943(c)(4) that apply. However, the percentage substituted can't be more than 50%.

The percentage substituted under the preceding paragraph is (1) subject to reductions and limitations (see sections 4943(c)(4)(A)(ii) and 4943(c)(4)(D)) and (2) applicable, both in connection with the voting stock and, separately, in connection with the value of all outstanding shares of all classes of stock (see section 4943(c)(4)(A)(iii)).

**Interests held by a private foundation (other than donor advised funds and supporting organizations) on May 26, 1969.** For private foundations, other than donor advised funds and supporting organizations considered to be private foundations for purposes of section 4943, that had business holdings on May 26, 1969 (or holdings acquired by trust or will as described below), that were more than the current limits permit, there are transitional rules that permit the foundation to dispose of the excess over time without being subject to the tax on excess business holdings.

During the first phase, no excess business holdings tax was imposed on a private foundation for interests held since May 26, 1969, if the foundation had excess holdings on that date. The first phase is:

- A 20-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons held more than a 95% voting interest in the enterprise (the 20-year first phase expired on May 25, 1989);
- A 15-year period beginning on May 26, 1969, if on that date the foundation and all disqualified persons together had more than a 75% voting stock interest (or more than a 75% profits or beneficial interest of any unincorporated enterprise), or more than a 75% interest in the value of all outstanding shares of all classes of stock (or more than a 75% capital interest of a partnership or joint venture) in the enterprise (the 15-year first phase expired on May 25, 1984); and
- A 10-year period beginning on May 26, 1969, in all other cases in which the foundation had excess business holdings on May 26, 1969. The 10-year first phase expired on May 25, 1979.

During the second phase (the 15-year period after the first phase), if the foundation's disqualified persons hold more than 2% of the enterprise's voting stock, the foundation will be liable

for tax if the foundation holds more than 25% of the voting stock or if the foundation and its disqualified persons together hold more than 50% of the voting stock.

However, during the second phase, if a foundation's disqualified persons purchase voting stock in a business enterprise after July 18, 1984, causing the combined holdings of the disqualified persons to exceed 2% of the enterprise's voting stock, the foundation has 5 years to reduce its holdings in the enterprise to below its second phase limit before the increase will be treated as held by the foundation. See sections 4943(c)(4)(D) and 4943(c)(6).

The first-phase periods may be suspended pending the outcome of any judicial proceeding the private foundation brings regarding reform or other procedure to excuse it from compliance with its governing instrument or similar instrument in effect on May 26, 1969. See section 4943(c)(4)(C) and Regulations section 53.4943-4.

#### **Holdings acquired by trust or will.**

Holdings acquired under the terms of a trust that was irrevocable on May 26, 1969, or under the terms of a will executed by that date, are treated as held by the foundation on May 26, 1969, except that the 15- and 10-year periods of the first phase for the holdings start on the date of distribution under the trust or will instead of on May 26, 1969. See section 4943(c)(5) and Regulations section 53.4943-5. See section 4943(d)(1) and Regulations section 53.4943-8 for rules relating to constructive holdings held in a corporation, partnership, estate, or trust for the benefit of the foundation.

**Gifts or bequests of business holdings.** Except as provided in the exception regarding *Holdings acquired by trust or will* (discussed above), there is a special rule for private foundations that have excess business holdings as a result of a change in holdings after May 26, 1969. This rule applies if the change is other than by purchase by the foundation or by disqualified persons (such as through gift or bequest) and the additional holdings result in the foundation having excess business holdings. In that case, the foundation has 5 years to reduce these holdings or those of its disqualified persons to permissible levels to avoid the tax. See section 4943(c)(6) and Regulations section 53.4943-6.

A private foundation that received an unusually large gift or bequest of business holdings after 1969, and that has made a diligent effort to dispose of excess business holdings, may apply for an additional 5-year period to reduce its holdings to permissible levels if certain conditions are met. See section 4943(c)(7).

**General rules on the permitted holdings of donor advised funds and certain supporting organizations in a business enterprise.** Rules similar to those described above for interests held by private foundations on May 26, 1969, will be applied to determine if donor advised funds or certain supporting organizations with interests as of August 17, 2006, have any excess business holdings. However, the date of August 17, 2006, will be substituted for May 26, 1969.

**Donor advised fund.** In general, a donor advised fund is a fund or account separately identified by reference to contributions of a donor or donors that is owned and controlled by a sponsoring organization and for which the donor has or expects to have advisory privileges concerning the distribution or investment of the funds. See *Schedule K* for further details.

**Sponsoring organization.** A sponsoring organization is any section 170(c) organization other than governmental entities (described in section 170(c)(1) and (2)(A)) that isn't a private foundation as defined in section 509(a)(3) that maintains one or more donor advised funds.

**Supporting organizations.** Only certain supporting organizations are subject to the excess business holdings tax under section 4943. These include (1) Type III supporting organizations that aren't functionally integrated and (2) Type II supporting organizations that accept any gift or contribution from a person who by himself or in connection with a related party controls the supported organization that the Type II supporting organization supports. (See the 2021 Instructions for Schedule A (Form 990), Part I, question 11, for help in determining the type of your supporting organization.)

**Readjustments, distributions, or changes in relative value of different classes of stock.** See Regulations section 53.4943-4(d)(10) for special rules whereby increases in the percentage of value of holdings in a corporation that result solely from changes in the relative values of

different classes of stock won't result in excess business holdings.

See Regulations section 53.4943-6(d) for rules on treatment of increases in holdings due to readjustments, distributions, or redemptions.

See Regulations section 53.4943-7 for special rules for readjustments involving grandfathered holdings.

**Exceptions from self-dealing taxes on certain dispositions of excess business holdings.** Section 101(l)(2)(B) of the Tax Reform Act of 1969 provides for a limited exception from self-dealing taxes for private foundations that dispose of certain excess business holdings to disqualified persons, as long as the sales price equals or is more than fair market value.

The excess business holdings involved are interests that are subject to the section 4941 transitional rules for May 26, 1969, holdings. These interests would also be subject to the excess business holdings tax if they were not reduced by the required amount.

#### **Specific Instructions**

Complete columns (a) and (b) of Schedule C if sections 4943(c)(4), 4943(c)(3) (using the principles of 4943(c)(4)), or 4943(c)(5) apply.

Complete column (a) and column (c) (if applicable) if sections 4943(c)(2) or 4943(c)(3) (using the principles of 4943(c)(2)) apply.

Complete Schedule C for that day during the tax year when the foundation's excess holdings in the enterprise were largest.

**Line 1.** Enter in column (a) the percentage of voting stock the foundation holds in the business enterprise.

If the foundation is using the rules or principles for determining present holdings under section 4943(c)(4)(A) or (D) (or rules similar to that for donor advised funds and certain supporting organizations), enter in column (b) the percentage of value the foundation holds in all outstanding shares of all classes of stock.

Don't include in either column (a) or (b) stock treated as held by disqualified persons:

- Under section 4943(c)(6) or Regulations sections 53.4943-6 and 53.4943-10(d), or
- During the first phase if the first phase is still in effect (see Regulations sections 53.4943-4(a), (b), and (c)).

**Line 2.** If the foundation is using the rules or principles for determining

**Additional information regarding the correction of excess business holdings included.**

Regulations section 53.4943-4(d) to determine which entries to record in columns (a) and (b). Enter in column (a) the excess of the substituted combined voting level over the disqualified person voting level. Enter in column (b) the excess of the substituted combined value level over the disqualified person value level.

If the foundation is using the rules or principles for determining permitted holdings under section 4943(c)(2), refer to that section to determine which entries to record in column (a). Enter in column (a) the percentage, using the general rule (section 4943(c)(2)(A)) or the 35% rule (see section 4943(c)(2)(B)), if applicable, of permitted holdings the foundation may have in the enterprise's voting stock. If the foundation determines the permitted holdings under section 4943(c)(2)(B), attach a statement showing effective control by a third party.

**Line 3.** Enter the value of any stock, interest, etc., in the business enterprise that the foundation is required to dispose of so the foundation's holdings in the enterprise are permitted. See section 4943 and related regulations.

A private foundation using the section 4943(c)(4) rules, or a donor advised fund or supporting organization using rules similar to that, has excess holdings if line 1 is more than line 2 in either column (a) or column (b). Don't include in column (b) the value of any voting stock included in column (a).

A private foundation using the section 4943(c)(2) rules has excess holdings if line 1 is more than line 2 in column (a) or if the private foundation holds nonvoting stock and all disqualified persons together own more than 20% (or 35%, if applicable) of the enterprise's voting stock, interest, etc. In the latter case, enter in column (c) the value of all nonvoting stock the foundation holds.

**Line 4.** Enter the value of excess holdings disposed of under the 90-day rule in Regulations section 53.4943-2(a)(1)(ii). If other conditions preclude imposition of tax on excess business holdings, include the value of the nontaxable amount on this line and check the appropriate boxes on the statement page attached to the

electronic version of Form 4720. Organizations not required to file electronically may attach an explanation.

**Line 5.** Compute the excess holdings in a business enterprise subject to tax.

**Line 8.** Excess business holdings are corrected by taking action as needed such that the foundation no longer has excess business holdings in a business enterprise. Answer "Yes," if the excess business holdings have been corrected in whole or in part.

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

## Schedule D—Initial Taxes on Investments That Jeopardize Charitable Purpose (Section 4944)

### General Instructions

**Requirement.** Complete Schedule D if you answered "Yes," to Form 990-PF, Part VI-B, question 4a or b; or Form 5227, Part VIII, question 4a or b. Report each investment separately. Paying tax and filing a Form 4720 are required for each year or part of a year in the taxable period that applies to the investments that jeopardize the foundation's charitable purpose. Generally, the taxable period begins with the date of the investment and ends with the date corrective action is completed, a notice of deficiency is mailed, or the initial tax is assessed, whichever comes first. Therefore, in addition to investments made in 2021, include all investments subject to tax that were made before 2021 if those investments were not removed from jeopardy before 2021 and the initial tax was not assessed before 2021.

**Taxable investments.** An investment to be taxed on this schedule is an investment by a private foundation that jeopardizes the carrying out of its exempt purposes (for example, if it is determined that the foundation managers, in making the investment, didn't exercise ordinary business care and prudence, under prevailing facts and circumstances, in providing for the

long- and short-term financial needs of the foundation to carry out its exempt purpose. **2020 reference to instructions for Question B removed from here.**

whose primary purpose is one or more of those described in section 170(c)(2)(B) (religious, charitable, educational, etc.). A significant purpose of such an investment can't be the production of income or the appreciation of property. See section 4944(c) and Regulations section 53.4944-3.

**Initial taxes on foundation.** The initial tax is 10% of the amount invested for each year or part of a year in the taxable period.

**Initial taxes on foundation managers.** When a tax is imposed on an investment that jeopardizes the charitable purpose of the foundation, the tax will be 10% of the investment for each year or part of a year in the taxable period, up to \$10,000 for any one investment. It is imposed on all

**Additional information regarding the correction of jeopardizing investments included. Removed reference to instructions for Question B.**

### Specific Instructions

**Part I.** Complete this part for all taxable investments. Investments that jeopardize the carrying out of the foundation's exempt purpose are corrected by selling or otherwise disposing of the investment, and holding the proceeds of such sale or other disposition in investments that do not jeopardize the carrying out of the foundation's exempt purpose. In column (c), for each act of investment listed in Part I, indicate whether the investment has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the investment has not been corrected in any way. An attachment will open, depending upon whether you answer "Yes," or "No."

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what

steps are being taken to make the correction.

**Part II.** Enter in column (a) the names of all foundation managers who took part in making the investments listed in Part I. See *Initial taxes on foundation managers*, earlier.

If more than one foundation manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the investment. However, the foundation managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each foundation manager will pay.

A foundation manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 2.

## Schedule E—Initial Taxes on Taxable Expenditures (Section 4945)

### General Instructions

**Requirement.** Complete Schedule E if you answered “Yes,” to Form 990-PF, Part VI-B, question 5b, or Form 5227, Part VIII, question 5b. Complete Parts I and II of Schedule E only for expenditures that are subject to tax.

**Note.** Also, see *Schedule F, Initial Taxes on Political Expenditures*.

**Taxable expenditures.** With certain exceptions, this means any amount a private foundation pays or incurs:

1. To carry on propaganda or otherwise influence any legislation through:
  - a. An attempt to influence general public opinion or any segment of it, and
  - b. Communication with any member or employee of a legislative body, or with any other government official or employee who may take part in formulating legislation;

Additional information regarding the correction of taxable expenditures included. Removed reference to Question B.

4. As a grant to an organization not described in section 509(a)(1), (2), or (3) or that isn't an exempt operating foundation (as defined in section 4940(d)(2)). This includes grants to:

- a. Type I, Type II, and Type III functionally integrated supporting organizations (as described in section

4942(g)(4)(B) and (C)) if a disqualified person of the foundation controls such supporting organization or the supported organizations of such supporting organizations, and

b. Type III supporting organizations (as described in section 4943(f)(5)(A)) that aren't functionally integrated with their supported organizations; or

5. For any purpose other than religious, charitable, scientific, literary, educational, or public purposes, or the prevention of cruelty to children or animals.

**Exceptions.** Section 4945(d)(4)(B) provides an exception to taxable expenditures that applies to certain grants to organizations when the granting foundation exercises expenditure responsibility described in section 4945(h). Additional information on special rules and exceptions to the definition of taxable expenditures given above can be found at [IRS.gov Audit Technique Guide Private Foundations](https://www.irs.gov/Audit-Technique-Guide-Private-Foundations).

**Initial tax on foundation.** An initial tax of 20% is imposed on each taxable expenditure of the foundation.

**Initial tax on foundation managers.** When a tax is imposed on a taxable expenditure of the foundation, a tax of 5% of the expenditure will be imposed on any foundation manager who agreed to the expenditure and who knew that it was a taxable expenditure. Foundation managers whose participation was not willful and was due to reasonable cause aren't liable for the tax. Any foundation manager who took part in the expenditure and is liable for the tax must pay the tax. The maximum total amount of tax on all foundation managers for any one taxable expenditure is \$10,000. If more than one foundation manager is liable for tax on a taxable expenditure, all those foundation managers are jointly and severally liable for the tax.

### Specific Instructions

**Part I.** Complete this part for all taxable expenditures. Enter in column (f) the number designation from Form 990-PF, Part VI-B, question 5a, or Form 5227, Part VIII, line 5 that applies to the act; for example, “5a(1).”

A taxable expenditure is corrected by (a) recovering part or all of the expenditure to the extent recovery is possible, and where full recovery isn't possible, such additional corrective action as is prescribed by regulations, or (b) if the taxable expenditure is due to failure to comply with requirements described in section 4945(h)(2) or (3)

(expenditure responsibility), obtaining or making the report in question. In column (d), for each act of taxable expenditure listed in Part I, indicate whether the investment has been corrected. Answer “Yes,” if correction has been made in whole or in part. Answer only “No,” if the taxable expenditure has not been corrected in any way. An attachment will open, depending upon whether you answer “Yes,” or “No.”

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

**Part II.** Enter in column (a) the names of all foundation managers who agreed to make the taxable expenditure. See *Initial tax on foundation managers*, earlier. If more than one foundation manager is listed in column (a), each is individually liable for the entire tax in connection with the expenditure. However, the foundation managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each foundation manager will pay.

A foundation manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 3.

## Schedule F—Initial Taxes on Political Expenditures (Section 4955)

### General Instructions

**Requirement.** Complete Schedule F if you answered “Yes,” to question 5a(2) and 5b of Form 990-PF, Part VI-B. Complete Schedule F if you entered an amount on line 2 of Schedule C (Form 990), Part I-A. Complete Schedule F if you are otherwise a section 501(c)(3) organization that made a political expenditure.

**Political expenditures.** These include any amount paid or incurred by a section 501(c)(3) organization that participates or intervenes in (including the publication or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. The tax is imposed even if the political expenditure

gives rise to a revocation of the organization's section 501(c)(3) status.

These taxes apply in the case of both public charities and private foundations. When tax is imposed under this provision in the case of a private foundation, however, the expenditure in question won't be treated as a taxable expenditure under section 4945.

For an organization formed primarily to promote the candidacy or prospective candidacy of an individual for public office (or that is effectively controlled by a candidate or prospective candidate and is used primarily for such purposes), amounts paid or incurred for any of the following purposes are deemed political expenditures:

- Remuneration to the candidate or prospective candidate for speeches or other services;
- Travel expenses of the individual;
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by the individual;
- Expenses of advertising, publicity, and fundraising for such individual; and
- Any other expense which has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of the individual.

**Initial tax on organization or foundation.** The initial tax on the organization or foundation is 10% of the amount involved.

**Initial tax on organization managers or foundation managers.** An initial tax of 2.5% of the amount involved (up to \$5,000 of tax on any one expenditure) is

**Additional information regarding the correction of political expenditures included.**

reasonable cause.

Any manager who agreed to the expenditure must pay the tax.

### Specific Instructions

**Part I.** Complete this part for all political expenditures. A political expenditure described in section 4955 is corrected by recovering part or all of the expenditure to the extent recovery is possible, establishment of safeguards to prevent future political expenditures, and where full recovery isn't possible, such additional corrective action as is prescribed by the regulations. In column (d), for each act of political expenditure listed in Part I, indicate whether the investment has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the

political expenditure has not been corrected in any way. An attachment will open, depending upon whether you answer "Yes," or "No."

- If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than one transaction, describe each transaction separately.
- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

**Part II.** Enter in column (a) the names of all managers who took part in making the political expenditures listed in Part I. See *Initial tax on organization managers or foundation managers*, earlier.

If more than one manager is listed in column (a), each is individually liable for the entire amount of tax on the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

An organization manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 4.

## Schedule G—Tax on Excess Lobbying Expenditures (Section 4911)

**Requirement.** Schedule G must be completed by eligible section 501(c)(3) organizations that elected to be subject to the limitations on lobbying expenditures under section 501(h) and that made excess lobbying expenditures as defined in section 4911(b).

Except as noted below, follow the line instructions on Schedule G.

**Affiliated groups.** Two or more organizations are members of an affiliated group of organizations for the purposes of section 4911 only if:

- The governing instrument of one organization requires it to be bound by decisions of the other organization on legislative issues; or
- The governing board of one organization includes persons who are specifically designated representatives of another such organization or are members of the government, officers or paid executive staff members of such

other organization, and who, by aggregating their votes, hold sufficient voting power to cause or prevent action on legislative activities by the first organization. See section 4911(f) and Regulations section 56.4911-7.

A nonelecting member of an affiliated group doesn't file Form 4720.

Electing members of an affiliated group may file a group return or may file separately. An electing member of an affiliated group that files a separate return, should enter on line 1 the amount from Schedule C (Form 990), Part II-A, column (a), line 1h. Enter on line 2 the amount from Schedule C (Form 990), Part II-A, column (a), line 1i.

An electing member of an affiliated group that is included in a group return, should enter on line 1 its share of the excess grass root lobbying expenditures of the affiliated group, and on line 2 its share of the excess lobbying expenditures of the affiliated group. Take these amounts from the schedule of excess lobbying expenditures that must be attached to Schedule C (Form 990). See the instructions for Schedule C (Form 990), Part II-A, for a discussion of the lobbying provisions, including how to figure the taxable amount.

## Schedule H—Taxes on Disqualifying Lobbying Expenditures (Section 4912)

### General Instructions

**Requirement.** Schedule H must be completed by certain organizations whose section 501(c)(3) status is revoked because of excess lobbying activities.

**Exceptions.** These taxes aren't imposed on a private foundation (whose lobbying expenditures may be subject to the tax on taxable expenditures). These taxes also aren't imposed on any organization for which a section 501(h) election was in effect at the time of the lobbying expenditures or that was not eligible to make a section 501(h) election.

**Tax on organization.** A tax of 5% of the lobbying expenditures is imposed on the organization whose section 501(c)(3) status is revoked because of excess lobbying activities.

**Tax on organization managers.** A tax of 5% of the lobbying expenditures is also imposed on any manager who

willfully and without reasonable cause consented to the lobbying expenditures, knowing that they would likely result in the organization no longer qualifying under section 501(c)(3).

There is no limit on the amount of this tax that may be imposed against either the organization or its managers. Any organization manager who agreed to the expenditure must pay the tax.

## Specific Instructions

**Part I.** Complete this part for all disqualifying lobbying expenditures.

**Part II.** Enter in column (a) the names of all organization managers who took part in making disqualifying lobbying expenditures listed in Part I. See *Tax on organization managers*, earlier.

If more than one organization manager is listed in column (a), each is individually liable for the entire amount of tax in connection with the expenditure. However, the managers who are liable for the tax may prorate payment among themselves. Enter in column (c) the tax each manager will pay.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 5.

## Schedule I—Initial Taxes on Excess Benefit Transactions (Section 4958)

### General Instructions

**Requirement.** Schedule I must be completed by any **Applicable organization** or **Disqualified person** that engaged in an **Excess benefit** transaction, and by any fund manager who knowingly participated in the excess benefit transaction. These terms are discussed below.

**Applicable organization.** In general, an applicable organization is any section 501(c)(3) (except a private foundation), 501(c)(4), or 501(c)(29) organization.

Also, an applicable organization includes any organization that was a section 501(c)(3) (except a private foundation), 501(c)(4), or 501(c)(29) organization at any time during a five-year period ending on the date of an excess benefit transaction (the lookback period).

**Initial taxes.** Excise taxes are imposed under section 4958 on each excess benefit transaction. If a manager

receives an excess benefit from an excess benefit transaction, the manager may be liable for the tax on disqualified persons and the tax on the organization manager. See *Abatement*, earlier, for information on abatement, refund, or relief from this tax.

**Tax on disqualified persons.** The tax is 25% of the excess benefit and is paid by any disqualified person who improperly benefited from the excess benefit transaction.

**Tax on organization managers.** If tax is imposed on a disqualified person for any excess benefit transaction, then tax is also imposed on any manager who knowingly participated in the excess benefit transaction. The tax is 10% of the excess, not to exceed \$20,000 for each transaction.

**Taxable period.** Taxable period means the period beginning with the date on which the excess benefit transaction occurs and ending on the earlier of:

1. The date a notice of deficiency was mailed to the disqualified person for the initial tax on the excess benefit transaction, or
2. The date on which the initial tax on the excess benefit transaction for the disqualified person is assessed.

**Excess benefit transaction.** An excess benefit transaction is any transaction in which:

1. An excess benefit is provided by the organization, directly or indirectly to, or for the use of, any disqualified person, or
2. 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 the organization and violates the private inurement prohibition rules (to the extent provided in regulations).



*Until final regulations are issued regarding the special rules for revenue sharing transactions described in 2 above, these transactions will only be subject to section 4958 liability under the general rule described in 1 above.*

**Supporting organization transactions occurring after July 25, 2006.** For any supporting organization, as defined in section 509(a)(3), any grant, loan, compensation, or other similar payment provided to a substantial contributor (defined later), family member, or 35% controlled entity

will be considered an excess benefit transaction. The amount of the excess benefit is the amount of such grant, loan, compensation, or other similar payment. Also, any loan provided to a disqualified person that isn't an organization described in section 509(a)(1), (2), or (4) or a supported organization of the supporting organization exempt under section 501(c)(4), (5), (6) and described in the last sentence of section 509(a) is considered an excess benefit transaction.

**Donor advised fund transactions occurring after August 17, 2006.** Any grant, loan, compensation, or other similar payment from any donor advised fund to a donor, donor advisor, family member, or 35% controlled entity is an excess benefit transaction. The amount of the excess benefit is the amount of such grant, loan, compensation, or other similar payment.

**Excess benefit.** Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person, except in the immediately preceding special rules where the entire amount of the grant, loan, compensation, or other similar payment is considered the excess benefit.

However, an economic benefit won't be treated as compensation for services unless the applicable organization clearly indicates its intent to treat the economic benefit (when paid) as compensation for a disqualified person's services. See Regulations section 53.4958-4(c) for more information.

**Exception.** Generally, section 4958 doesn't apply to any fixed payment made to a person under an initial contract. See Regulations section 53.4958-4(a)(3) for details.

**Special rule.** The initial and additional taxes of this section don't apply if the transaction described in 1 under *Excess benefit transaction* was pursuant to a written contract in effect on September 13, 1995, and at all times after that date until the time that the transaction occurs.

However, if a written contract is materially modified, it is treated as a new contract entered into as of the date of the material modification. A material modification includes amending the contract to extend its term or to increase the compensation payable to a disqualified person.

**Disqualified person.** For purposes of this Schedule I, a disqualified person means:

1. Any person (at any time during the 5-year period ending on the date of the transaction) in a position to exercise substantial influence over the affairs of the organization,
2. A family member of an individual described in 1 above, and
3. A 35% controlled entity of a person described in 1 or 2 above.

**Family members.** Family members of a disqualified person described in 1 above include a disqualified person's spouse, ancestors, children, grandchildren, great grandchildren, and brothers and sisters (whether by whole- or half-blood). It also includes the spouse of the children, grandchildren, great grandchildren, brothers, or sisters (whether by whole- or half-blood).

**35% controlled entity.** The term 35% controlled entity means:

- A corporation in which a disqualified person described in 1 or 2 above owns more than 35% of the total combined voting power,
- A partnership in which such persons own more than 35% of the profits interest, or
- A trust or estate in which such persons own more than 35% of the beneficial interest.

In determining the holdings of a business enterprise, any stock or other interest owned directly or indirectly shall

Additional information regarding the correction of an excess benefit transaction is included. Removed reference to instructions for Question B.

disqualified persons along with certain family members and 35% controlled entities associated with them:

- Donors of donor advised funds,
- Donor advisors of donor advised funds,
- Investment advisors of sponsoring organizations, and
- Disqualified persons of a section 509(a)(3) supporting organization for the organizations that organization supports.

**For certain supporting organization transactions occurring after July 25, 2006.** Substantial contributors to supporting organizations will also be considered disqualified persons along with their family members and 35% controlled entities.

**Donor advised fund.** See the *Schedule K* instructions for a definition of donor advised fund.

**Investment advisor.** Investment advisor means for any sponsoring organization, any person compensated by such organization (but not an employee of such organization) for managing the investment of, or providing investment advice for assets maintained in donor advised funds maintained by such sponsoring organization.

**Sponsoring organization.** See the *Schedule K* instructions for a definition of sponsoring organization.

**Substantial contributor.** In general, a substantial contributor means 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. A substantial contributor includes the grantor of a trust.

### Specific Instructions

**Part I.** List each excess benefit transaction in Part I, column (d). Enter the date of the transaction in column (b) and the amount of the excess benefit in column (e). Compute the tax on the excess benefit for disqualified persons and enter it in column (f). Compute any tax on the excess benefit for organization managers and enter the amount in column (g).

An excess benefit transaction is corrected by undoing the excess benefit to the extent possible and 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 had been dealing under the highest fiduciary standards. In column (c), for each act of excess benefit transaction in Part I, indicate whether the act has been corrected. Answer "Yes," if correction has been made in whole or in part. Answer "No," only if the transaction has not been corrected in any way. An attachment will open, depending upon whether you answer "Yes," or "No."
• If correction has been made, provide a detailed description of any correction made, and the date of each correction. If correction is partial, explain why complete correction has not been made. If correction is made in more than

one transaction, describe each transaction separately.

- If correction has not been made, provide a detailed explanation of why correction hasn't been made and what steps are being taken to make the correction.

For organization managers, the tax is the lesser of 10% of the excess benefit or \$20,000. This tax is computed on each transaction.

**Part II.** Enter in column (a) the names of all disqualified persons who took part in the excess benefit transactions. If more than one disqualified person took part in an excess benefit transaction, each is individually liable for the entire tax on the transaction. But the disqualified persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each disqualified person.

Carry the total amount in column (d) for each disqualified person to Part II, line 6.

**Part III.** Enter in column (a) the names of all managers who knowingly took part in the excess benefit transactions listed in Part I. If more than one manager knowingly took part in an excess benefit transaction, each is individually liable for the entire tax in connection with the transaction. But the managers liable for the tax may prorate the payment among themselves. Enter in column (c) the tax to be paid by each organization manager.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 6.

## Schedule J—Taxes on Being a Party to Prohibited Tax Shelter Transactions (Section 4965)

### General Instructions

#### Requirement.

1. Complete Schedule J if you are an entity described in section 501(c), 501(d), or 170(c) (other than the United States) or an Indian tribal government (within the meaning of section 7701(a)(40)) and you received proceeds from or have net income attributable to a prohibited tax shelter transaction (PTST).

2. Complete Schedule J if you are an entity manager of such an entity who approved the entity as (or otherwise caused the entity to be) a party to a PTST at any time during the tax year

and who knew (or had reason to know) that the transaction is a PTST.

See the following guidance and any future guidance for details.

- Notice 2006-65, 2006-31 I.R.B. 102;
- Notice 2007-18, 2007-9 I.R.B. 608;
- T.D. 9334, 2007-34 I.R.B. 382; and
- T.D. 9492, 2010-33 I.R.B. 242.

**TIP** *Managers of tax favored retirement plans, individual retirement arrangements, and savings arrangements described in sections 401(a), 403(a), 403(b), 529, 457(b), 408(a), 220(d), 408(b), 530, or 223(d) must report and pay tax due under section 4965(a)(2) on Form 5330.*

**Prohibited tax shelter transaction.** In general, a prohibited tax shelter transaction means any listed transaction (including a subsequently listed transaction) and any prohibited reportable transaction.

**Listed transaction.** A listed transaction includes any transaction that is the same as or substantially similar to one of the types of transactions that the IRS has determined to be a tax avoidance transaction. These transactions are identified by notice, regulation, or other form of published guidance as a listed transaction. For existing guidance, see Notice 2009-59, 2009-31 I.R.B. 170.

For updates to this list, go to the IRS website at [IRS.gov/businesses/corporations/abusive-tax-shelters-and-transactions](https://www.irs.gov/businesses/corporations/abusive-tax-shelters-and-transactions). The listed transactions in the above notices and rulings will also be periodically updated in future issues of the Internal Revenue Bulletin.

**Subsequently listed transaction.**

A subsequently listed transaction is a transaction that is identified in published guidance as a listed transaction after the entity has entered into the transaction and that was not a confidential transaction or transaction with contractual protection at the time the entity entered into the transaction.

**Prohibited reportable transaction.** A prohibited reportable transaction is any confidential transaction or any transaction with contractual protection that is a reportable transaction. See Regulations sections 1.6011-4(b)(3) and (4), and the Instructions for Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, for more information.

**Allocation of net income and proceeds to a tax year.** The net income and proceeds attributable to a

prohibited tax shelter transaction must be allocated to a particular tax year in a manner consistent with the entity's established method of accounting for federal income tax purposes. If an entity hasn't established a method of accounting for federal income tax purposes, the entity must use the cash receipts and disbursements method to determine the amount and timing of net income and proceeds attributable to a prohibited tax shelter transaction.

If an entity has an established method of accounting other than the cash method, the entity may use the cash method to determine the amount of the net income and proceeds attributable to a prohibited tax shelter transaction.

## Specific Instructions

**Part I.** Complete this part for each transaction if during the tax year the entity received proceeds from or has net income attributable to a PTST.

Figure the tax for each transaction as follows.

- If column (e) was answered "Yes," then enter the larger of the column (f) or column (g) amount in column (h).
- If column (e) was answered "No," then multiply the larger of the amount in column (f) or column (g) by 21% (0.21) and enter the result in column (h).

After the tax has been figured for all PTSTs entered on Schedule J, then total column (h) and enter the amount on the Total line and on line 9 of Part I.

**Part II.** Enter in column (a) the names of all entity managers who approved the entity as (or otherwise caused the entity to be) a party to a PTST at any time during the tax year and who knew or had reason to know that the transaction is a PTST.

A manager filing this Form 4720 should carry the appropriate amount in column (d) to Part II, line 7.

## Schedule K—Taxes on Taxable Distributions of Sponsoring Organizations Maintaining Donor Advised Funds (Section 4966)

### General Instructions

**Requirement.** Complete Schedule K if you answered "Yes," to question 9a in Part V of Form 990, or if you are a fund manager of a sponsoring organization who agreed to the making of a taxable

distribution knowing that it was a taxable distribution. Report each taxable distribution separately. These terms are discussed below.

**Taxable distribution.** A taxable distribution is any distribution from a donor advised fund to any natural person or to any other person if:

1. The distribution is for any purpose other than one specified in section 170(c)(2)(B), or
2. The sponsoring organization maintaining the donor advised fund doesn't exercise expenditure responsibility with respect to such distribution in accordance with section 4945(h).

However, a taxable distribution doesn't include a distribution from a donor advised fund to:

1. Any organization described in section 170(b)(1)(A) (other than a disqualified supporting organization),
2. The sponsoring organization of such donor advised fund, or
3. Any other donor advised fund.

**Sponsoring organization.** A sponsoring organization is a section 170(c) organization that isn't a government organization (as referred to in section 170(c)(1) and (2)(A)) or a private foundation and maintains one or more donor advised funds.

**Donor advised fund.** A donor advised fund is a fund or account:

1. Which is separately identified by reference to contributions of a donor or donors,
2. Which is owned and controlled by a sponsoring organization, and
3. For which the donor (or any person appointed or designated by the donor) has or expects to have advisory privileges concerning the distribution or investment of the funds held in the donor advised funds or accounts because of the donor's status as a donor.

**Exception. A donor advised fund doesn't include:**

1. A fund or account that makes distributions only to a single identified organization or governmental entity, or
2. Any fund or account with respect to which a donor or donor advisor (as defined in the Schedule L instructions) gives advice about which individuals receive grants for travel, study, or similar purposes, if:

a. Such person's advisory privileges are performed exclusively by such person in their capacity as a committee member of which all the committee members are appointed by the sponsoring organization,

b. No combination of donors, donor advisors, or persons related (as defined in the Schedule L instructions) to donors or donor advisors, directly or indirectly control the committee, and

c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis according to 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).

**Tax on sponsoring organization.** A tax of 20% of the amount of each taxable distribution is imposed on the sponsoring organization.

**Tax on fund manager.** If a tax is imposed on a taxable distribution of the sponsoring organization, a tax of 5% of the distribution will be imposed on any fund manager who agreed to the distribution knowing that it was a taxable distribution. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is \$10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

### Specific Instructions

**Part I.** Complete this part for all taxable distributions.

**Part II.** Enter in column (a) the names of all fund managers who agreed to make the taxable distribution. If more than one fund manager is listed in column (a) for one distribution, each is individually liable for the entire tax in connection with that distribution. However, the fund managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each manager will pay for each distribution for which such manager owes a tax.

A fund manager filing this Form 4720 should carry the apportioned amount in column (d) to Part II, line 8.

## Schedule L—Taxes on Prohibited Benefits Distributed From Donor Advised Funds (Section 4967)

### General Instructions

**Requirement.** A sponsoring organization of donor advised funds that answered “Yes,” to Form 990, Part V, line 9b, or that otherwise distributed prohibited benefits under section 4967, must complete Schedule L. In addition, a donor, donor advisor, or related party that (1) advised a distribution that provided a prohibited benefit under section 4967 or (2) that received such a benefit, and any fund manager who agreed to the distribution knowing that it would confer a prohibited benefit, must complete Schedule L. Report each distribution separately. Complete Parts I, II, and III of Schedule L only in connection with distributions made by a sponsoring organization from a donor advised fund which results in a prohibited benefit. (See instructions to Schedule K for definitions of the terms sponsoring organization and donor advised fund).

**Prohibited benefit.** If any donor, donor advisor, or related party advises the sponsoring organization about making a distribution which results in a donor, donor advisor, or related party receiving (either directly or indirectly) a more than incidental benefit, then such benefit is a prohibited benefit.

**Donor advisor.** 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 fund or account.

**Related party.** A related party includes any family member or 35% controlled entity. See the *General Instructions for Schedule I* for a definition of those terms.

**Tax on donor, donor advisor, or related person.** A tax of 125% of the benefit resulting from the distribution is imposed on both the party who advised as to the distribution (which might be a donor, donor advisor, or related party) and the party who received such benefit (which might be a donor, donor advisor, or related party). The advisor and the party who received the benefit are jointly and severally liable for the tax.

**Tax on fund managers.** If a tax is imposed on a prohibited benefit

received by a donor, donor advisor, or related person, a tax of 10% of the amount of the prohibited benefit is imposed on any fund manager who agreed to the distribution knowing that it would confer a prohibited benefit. Any fund manager who took part in the distribution and is liable for the tax must pay the tax. The maximum amount of tax on all fund managers for any one taxable distribution is \$10,000. If more than one fund manager is liable for tax on a taxable distribution, all such managers are jointly and severally liable for the tax.

**Exception.** If a tax is imposed under section 4958 for the same transaction, then no additional tax is imposed under section 4967 on that transaction.

### Specific Instructions

**Part I.** Complete this part for all prohibited benefits.

**Part II.** Enter in column (a) the names of all donors, donor advisors, and related persons who received a prohibited benefit or advised as to the distribution of such benefit. If more than one donor, donor advisor, or related person is listed in column (a) for one distribution, each is individually liable for the entire tax for that distribution. However, the donors, donor advisors, or related persons who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each donor, donor advisor, or related person will pay for each distribution for which such donor, donor advisor, or related person owes a tax.

A donor, donor advisor, or related person filing this Form 4720 should carry the apportioned amount in Schedule L, Part II, column (d) to Part II, line 9.

**Part III.** Enter in column (a) the names of all fund managers who agreed to make the distribution conferring the prohibited benefit. If more than one fund manager is listed in column (a) for one distribution, each is individually liable for the entire tax for that distribution. However, the fund managers who are liable for the tax may prorate the payment among themselves. Enter in column (c) the tax each donor advisor, or related person will pay for each distribution for which such donor, donor advisor, or related person owes a tax.

A fund manager filing this Form 4720 should carry the total amount in Schedule L, Part III, column (d) to Part II, line 9.

## Schedule M—Tax on Hospital Organization for Failure to Meet the Community Health Needs Assessment Requirements (Sections 4959 and 501(r)(3))

### General Instructions

**Requirements.** Section 4959 imposes an excise tax on hospital organizations that fail to meet the section 501(r)(3) requirements in any tax year.

Section 501(r)(3) requirements pertain to a hospital organization conducting a community health needs assessment (CHNA). The requirements, which apply separately to each hospital facility the hospital organization operates, are as follows.

1. To conduct a CHNA this tax year, or in either of the two prior tax years. The CHNA must take into account input from persons who represent the broad interests of the community served by the hospital facility, including people with special knowledge of or expertise in public health. The CHNA must be made widely available to the public.

2. To adopt an implementation strategy to meet the community health needs identified through the CHNA.

See Notice 2011-52, 2011-30 I.R.B. 60; Final Regulations, T.D. 9708, 79 Fed. Reg. 78954 (Dec. 31, 2014), 2012-32 I.R.B. 126; Notice 2014-2, 2014-3 I.R.B. 407; Notice 2014-3, 2014-3 I.R.B. 408; as well as any future related guidance for details. For additional information on the CHNA requirements, see Schedule H (Form 990), *Hospitals*, Part V, Section B.

### Specific Instructions

**Part I.** For each hospital facility, list the following information in the relevant column: (b) name of facility, (c) description of the failure to meet section 501(r)(3), (d) tax year hospital facility last conducted a CHNA, and (e) tax year hospital facility last adopted an implementation strategy.

**Part II.** On line 1 enter the number of hospital facilities operated by the hospital organization that failed to meet the CHNA requirements of section 501(r)(3). Enter \$50,000 multiplied by line 1 on line 2 and on Part I, line 12. This is the CHNA excise tax under section 4959.

## Schedule N—Tax on Excess Executive Compensation (Section 4960)

### General Instructions

**Requirement.** Complete Schedule N if you answered “Yes” to question 15 in Part V of Form 990, question 8 of Part VI-B of Form 990-PF, or if you are an ATEO (as defined earlier) or a related organization but only if you are liable for the tax under section 4960(a). Section 4960(a) imposes an excise tax of 21% on the amount of remuneration paid by an ATEO with respect to employment of any covered employee in excess of \$1 million and on any excess parachute payment paid by such organization to any covered employee.



*Form 4720, Schedule N, is used to report and pay any section 4960 tax owed. Because there is no requirement to make estimated tax payments for the section 4960 tax, Form 990-W does not apply to the section 4960 tax.*

**Covered employee.** A covered employee means any employee of an ATEO (including any former employee) that is one of the ATEO's five highest compensated employees for the tax year or was the ATEO's (or a predecessor's) covered employee for any preceding tax year beginning after 2016.

**Remuneration.** Remuneration means wages (as defined in section 3401(a)). Remuneration also includes amounts required to be included in gross income under section 457(f). Remuneration shall be treated as paid when there is no substantial risk of forfeiture (within the meaning of section 457(f)(3)(B)) of the rights to such remuneration.

**Remuneration exceptions.** For purposes of this provision, remuneration does not include:

- Designated Roth contributions (as defined in section 402A(c)),
- The portion of any remuneration paid to a licensed medical professional (including a veterinarian) which is for the performance of medical or veterinary services by such professional, or
- Remuneration the deduction for which is not allowed by reason of section 162(m).

**Remuneration from related organizations.** Remuneration of a covered employee by an ATEO includes

any remuneration paid with respect to employment of such employee by any related person or governmental entity, whether taxable or tax-exempt.

For this purpose, a person or governmental entity is related to an ATEO if it:

- Controls, or is controlled by, the ATEO;
- Is controlled by one or more persons who control the ATEO;
- Is a supported organization (as defined in section 509(f)(3)) or supporting organization (as defined in section 509(a)(3)) with respect to the ATEO during the taxable year; or
- In the case of an ATEO that is a section 501(c)(9) voluntary employees' beneficiary association (VEBA), establishes, maintains, or makes contributions to the ATEO.

### Liability for tax in case of remuneration from more than one employer.

In any case in which remuneration from more than one employer is taken into account under the rule above, each related employer is liable for the tax in an amount which bears the same ratio to the total tax as the ratio of (1) the amount of remuneration that employer paid with respect to such employee, to (2) the amount of remuneration paid by all related employers to the employee.

**Excess parachute payment.** For purposes of this provision, an excess parachute payment equals the excess of any parachute payment over the portion of the base amount allocated to such payment.

**Parachute payment.** A parachute payment is any payment in the nature of compensation to (or for the benefit of) a covered employee if the payment:

- Is contingent on such employee's separation from the employment with the employer, and
- Has an aggregate present value that equals or exceeds three times the base amount.

**Base amount.** Rules similar to the rules of section 280G(b)(3) shall apply for purposes of determining the base amount.

**Property transfers.** Rules similar to the rules of section 280G(d)(3) and (4) shall apply to property transfers.

**Exception from excess parachute payments.** An excess parachute payment does not include any payments:

- Described in section 280G(b)(6) (relating to exemption for payments under qualified plans),
- Made under or to an annuity contract described in section 403(b) or a plan described in section 457(b),
- To a licensed medical professional (including a veterinarian) to the extent that such payment is for the performance of medical or veterinary services by such professional, or
- To an individual who is not a highly compensated employee as defined in section 414(q).

### Specific Instructions

Enter in column (b) the name of each covered employee who was paid more than \$1 million in remuneration or was paid an excess parachute payment during the year. If more than five covered employees, attach a statement with the information required by the schedule and show the total amounts for column (e) on line 6.

For each covered employee reported in column (b), enter in column (c) the amount of remuneration you paid that exceeded \$1 million. Do not include any excess parachute payment reported in column (d). If remuneration from related employer(s) was taken into account in determining that remuneration exceeded \$1 million, enter your proportional share of the amount of remuneration that exceeded \$1 million, based on your proportional share of total remuneration paid to the covered employee. Also, attach a statement to Form 4720 with the name and EIN of the related employer(s).

For each covered employee reported in column (b), enter in column (d) the amount of any excess parachute payment you paid.

For each covered employee reported in column (b), enter in column (e) the sum of columns (c) and (d).

## Schedule O—Excise Tax on Net Investment Income of Private Colleges and Universities (Section 4968)

### General Instructions

**Requirement.** An applicable educational institution that answered “Yes” to Form 990, Part V, line 16, or that is otherwise subject to the section 4968 tax on net investment income, must complete Schedule O.

### Instructions for Form 4720 (2021)

**Organizations 4968 excise tax.** A university is subject to the section 4968 if all four of the following tests are met.

- 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. section 1088), as in effect on August 5, 1997; and is eligible to participate in a program under Title IV of such Act (20 U.S.C. sections 1070 et seq.).

- The organization must have had at least 500 tuition-paying students, based upon a daily average student count, during the preceding tax year.
- More than 50% of those students must have been located in the United States.
- The aggregate fair market value, 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.



**TIP** Form 4720, Schedule O, is used by applicable educational institutions to report and pay any section 4968 tax owed. Because there is no requirement to make estimated tax payments for the section 4968 tax, Form 990-W does not apply to the section 4968 tax.

**Related organizations.** The net investment income of related organizations is taken into account under certain circumstances. Section 4968 defines “related organization” to include only the following organizations.

- 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,
- A supported organization (as defined in section 509(f)(3)) during the tax year with respect to the education institution, and
- Supporting organizations described in section 509(a)(3) during the tax year with respect to the education institution.

When calculating the net investment income of a related organization, **exclude** (1) net investment income of any related organization to the extent that such net investment income is taken into account with respect to another educational institution; and (2)

Replaced reference to section 4940(c) and accompanying regulations with new instructions.

investment income from assets that are intended, or are not available for the use or benefit of the educational institution, unless the related organization is controlled by the educational institution, or unless the related organization is a supporting organization with respect to the educational institution.

**Net investment income.** Net investment income is the amount by which the sum of the gross investment income and the capital gain net income exceeds the administrative expenses allocable to gross investment income and capital gain net income.

To determine net investment income, including certain exceptions to gross investment income and modifications to allowable deductions, see Regulations section 53.4968-2.

**Basis.** As described in Regulations section 53.4968-2(d)(2), in the case of property held by an applicable educational institution on December 31, 2017, and continuously thereafter to the date of its disposition, the basis for determining gain shall be deemed not to be less than the fair market value of such property on December 31, 2017, plus or minus all adjustments after December 31, 2017, and before the date of disposition consistent with the regulations under section 4940(c). However, for purposes of determining loss, basis rules that are consistent with the regulations under section 4940(c) will apply.

**Modified capital gain net income.** Column (d) can reflect capital losses from sales or other dispositions of property in one organization only to the extent of capital gains from such sales or other dispositions in all the other organizations (modified capital gain net income). See Regulations section 53.4968-2. Amounts listed in column (d), for the filing organization and any related organization, may indicate a net loss. However, the amount carried to line 6, column (d) must be the greater of the modified capital gain net income or zero. Do not take into account capital loss carrybacks. Capital loss carryovers are allowed.

### Specific Instructions

**Line 1.** Use Line 1 to report the gross investment income, capital gain net income (or loss), and associated allocable administrative expenses of the filing organization.

**Lines 2–5.** Use Lines 2–5 to report the gross investment income, capital gain

Formerly instructed not to take into account capital loss carryovers.

net income (or loss), and associated allocable administrative expenses from related organizations during the related organizations' tax years that end with or within the tax year of the organization. If a related organization is a partner in a partnership or a shareholder of an S corporation, include the pertinent items of income, gain, loss, or deduction from the entity's Schedule K-1 (Form 1065 or 1120-S) for the tax year of the entity ending with or within the tax year of the filing organization.

Report income from related organizations in descending order from most income to least income. If there are more than three related organizations, attach a schedule to your Form 4720 showing the information for columns (a) through (e) for each related organization and enter the total amounts from the schedule in line 5, columns (c) through (e).

**Line 6.** Total the amounts in columns (c), (d), and (e). See [Notice 2018-55](#), 2018-26 I.R.B. 773.

Add 6(c) and 6(d), subtract 6(e), and enter the total in 6(f).

**Line 7.** Multiply line 6(f) by 0.014 (1.4%) and enter the amount in box 7f and on Part I, line 14.

## Paid Preparer

Generally, anyone who is paid to prepare the return must sign the return 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,
- Enter the preparer tax identification number (PTIN), and
- Give a copy of the return to the organization, in addition to the copy to be filed with the IRS.



*Any paid preparer whose identifying number must be listed on Form 990-PF can apply for and obtain a PTIN. You can apply for a PTIN online or by filing Form W-12, IRS Paid Preparer Tax Identification Number (PTIN) Application and Renewal. For more information about applying for a PTIN online, visit the IRS website at [IRS.gov/PTIN](#).*

## Paid Preparer Authorization

On the "Sign Here" line, 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 4720. It doesn't apply to the firm, if any, shown in that section.

By checking the "Yes box," 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 2021 Form 4720. 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 listed on the first page of the Form 4720, rather than the paid preparer.

## Phone Help

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

## Photographs of Missing Children

The Internet partner with [Missing & \(NCMEC\)](#) children search 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.

## 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:

- 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.
- Sign up to receive local and national tax news by email.
- You can order forms and publications by downloading from the IRS website at [IRS.gov/OrderForms](#).

## IRS e-Services Makes Taxes Easier

Now more than ever before, businesses can enjoy the benefits of filing and paying their federal taxes electronically. Whether you rely on a tax professional or handle your own taxes, the IRS offers you convenient programs to make taxes easier. Use these electronic options to make filing and paying easier.

- You can *e-file* your Form 990 or Form 990-PF; Form 940 and 941 employment tax returns; Forms 1099; and other information returns. Visit [IRS.gov/E-File](#) for details. For tax years beginning on or after July 2, 2019, section 3101 of P.L. 116-25 requires that returns by exempt organizations be filed electronically. Organizations filing Form 990 or Form 990-PF for a tax year beginning on or after July 2, 2019 must file the return electronically. For tax years ending on or after July 31, 2021, Form 990-EZ also must be filed electronically. Limited exceptions apply. See *When, Where, and How To File*, in the instructions for Form 990, Form 990-PF or 990-EZ for more information.

- You can pay taxes online or by phone using the free Electronic Federal Tax Payment System (EFTPS). Visit [EFTPS.gov](#) or call 1-800-555-4477 for details. Electronic Funds Withdrawal (EFW) from a checking or savings

also is available to those who file electronically.

## Act and Paperwork Reduction Notice.

We ask for the information on this form to carry out the 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. **Certain individuals who owe tax under Chapter 41 or 42 of the Internal Revenue Code, and who don't sign the Form 4720 of the foundation or organization, must file a separate Form 4720 showing the tax owed and the name of the foundation or organization for which they owe tax. Sections 6001 and 6011 of the Internal Revenue Code**

require you to provide the requested information if the tax applies to you. Section 6109 requires you to provide your identifying number. Routine uses of this information include disclosing it to the Department of Justice for civil and criminal litigation and to other federal agencies, as provided by law. We may disclose the information to cities, states, the District of Columbia, and U.S. Commonwealths and possessions to administer their 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, or to federal law

enforcement and intelligence agencies to combat terrorism. If you don't file this information, you may be subject to interest, penalties, and/or criminal prosecution.

You aren't 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.

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