

Revisions to Form 990

As reported by the Internal Revenue Service, the Form 990 has been redesigned effective for 2008 tax years (returns filed in 2009 and later). The new 2008 Form 990 consists of an 11-page, 11-part core form that is required to be completed by all organizations that file the form, and schedules to be completed by those organizations that satisfy the applicable requirements for each schedule.

Some areas of major changes in reporting requirements from the 2007 Form 990 include a new governance section and substantial revisions to the reporting of the organization's compensation of officers, directors, trustees, key employees, and highest compensated employees. For example, Part VI, *Governance, Management, and Disclosure*, is a new section that asks questions about the organization's governance structure, policies and practices. The IRS considers such policies and practices for which information is sought generally to improve tax compliance. Part VII, *Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors*, also contains important changes, including new definitions of officer and key employee applicable to all organizations, and the extension of reporting compensation paid to the top five highest compensated employees and top five independent contractors to all organizations filing the Form 990.

A new Schedule J must be completed for any person listed in Part VII-A who receives more than \$150,000 in current compensation; is a former officer, director, trustee, key employee of highest compensated employee who received more than \$100,000 of compensation; is a former director or trustee who received, in that capacity, more than \$10,000 of compensation; or receives compensation from an unrelated organization for services rendered as an officer or director under certain circumstances. Included in Schedule J, the organization must disclose if it provided to the persons listed in Part VII-A any of the following benefits:

- First-class travel; Charter travel; and Travel for companions
- Tax indemnification and gross-up payments
- Discretionary spending account
- Housing allowance or residence for personal use
- Payments for business use of personal residence
- Health or social club dues or initiation fees
- Personal services

Schedule J also requires the organization disclose the methods, if any, to establish the compensation of the organization's top management official; payments to a listed person for severance; if a listed person received payment from any supplemental nonqualified retirement plan maintained by the organization. In addition, the organization is required to report all current-year deferrals of compensation for the listed person under any retirement or other deferred compensation plan, whether qualified or nonqualified, that is maintained by the organization.

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Other areas of significant change include determination of public charity status and public support; supplemental financial statement reporting; and fundraising, special events and gaming. Schedule A has been revised to emphasize reporting by charities of their public charity status and public support. Schedule D contains new reporting requirements for organizations maintaining endowments. Schedule G requires reporting of certain information regarding arrangements with professional fundraisers, special events, and gaming activities. Other new schedules include those for reporting tax exempt bonds (Schedule K); transactions with interested persons (Schedule L); non-cash contributions (Schedule M); and related organizations (Schedule R).