

# The University of Texas School of Law Philanthropy Southwest

## 35<sup>th</sup> Annual NONPROFIT ORGANIZATIONS INSTITUTE

## The Naughty and The Nice Aspects of Form 990

The objective of this session is to identify and look at those Good, Bad & Ugly aspects of the activities and financial transactions of a tax-exempt organization that allow those that govern and fund the organization to evaluate its value to society and to show to IRS, that is responsible to monitor it, that it continues to qualification for tax-exemption. We seek to help you advise clients to paint good picture of themselves.

# The Naughty and The Nice

## Aspects of Form 990

- We will share a few clues for using Form 990 to evaluate qualification for ongoing exemption for a nonprofit organization, primarily those exempt under §501(c)(3).
- Find where trouble-spots are and info to evaluate the EO's ability to retain its tax exemption is located.
- Find data to use to measure whether it is fiscally responsible or financially stable.
- Look at governance policies to find if it might face legal controversies or mismanagement.

## Members of Panel

All four of us devote our working lives to nonprofit, tax-exempt organizations from a different perspective.

- Cathy Livingston is a lawyer with a Washington DC law firm that advises exempts and their governing bodies.
- Mimi Holt is an auditor of nonprofit organizations and an expert on new FASB standards for financial reporting by NPOs.
- Jody Blazek heads up tax dept. that provided tax compliance and planning services to over 500 nonprofits each year.
- Coleith Molstad is a private foundation executive that analyzes grant seekers and monitors ongoing funding opportunities.

## The NAUGHTY and The NICE Form 990 PAGE 1

- Who should be listed as principal officer at top of page and who should sign to declare return is true, correct, and complete. OK to be same person?
- Consider impact of lack of donated funds on line 8.
- Consider types of expenses in relation to revenues.
- Go to page 2, Part III, or page 10, part IX, briefly study program descriptions, and go back to Part I, to consider nature of reported expenditures.

## The NAUGHTY and The NICE Form 990 - PAGE 2

**NAUGHTY** – Check box at top of page to say “Yes” if box 2 or 3 explain changes. Schedule O contains a response or note to any line in this Part III.

**NICE** - Line 1 discloses mission from governing documents; belongs here not on page 1.

Line 2 and 3 **report** changes in activities – new or disbanded and start the period of time in which the IRS can question the actions.

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Title search: Form 990: The Naughty and The Nice

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35<sup>th</sup> Annual Nonprofit Organizations Institute session  
"Form 990: The Naughty and The Nice"