

NONPROFIT ORGANIZATIONS  
FUNDAMENTALS WORKSHOP

# Form 990 Workshop



UT LAW | CLE

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Form 990 Fundamentals

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The better the question. The better the answer.  
The better the world works.



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## Presenters

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## Organizational Overview

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### Formation

- In order to be exempt as an organization described in Section 501(c)(3), an organization must be both **organized and operated exclusively for one or more of the purposes specified in such section**. If an organization fails to meet either the organizational test or the operational test, it is not exempt (Treas. Reg. 1.501(c)(3)-1(a)).

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## Organizational Overview

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### Organizational test for 501(c)(3) organization

- Organization of legal entity under state law
  - Articles of organization or incorporation
    - Limit purpose to one or more exempt purposes
    - Can't expressly empower the organization to engage in activities that don't advance those exempt purposes
    - Assets must be permanently dedicated to an exempt purpose
  - Bylaws
    - No specific requirements for federal tax law purposes, but there may be state law requirements
    - Annual accounting period: exempt organizations must keep books and file returns based on an annual accounting period (tax year)
      - Annual accounting period generally specified in bylaws
    - Board of directors (elections, terms, powers, etc.) and committees
    - Officers (elections, terms, powers, etc.)

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