

NONPROFIT ORGANIZATIONS
FUNDAMENTALS WORKSHOP

Form 990 Workshop

Speakers:

Melva Scott
Ernst & Young LLP
Fort Worth, TX


Harrison M. Smith
Schmoyer Reinhard LLP
Fort Worth, TX


Page 1 30 December 2022

1

Form 990 Fundamentals

January 2023


Building a better
working world


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

2

Presenters

Melva Scott, EY
Tax Senior Manager



Harrison M. Smith, Schmoyer Reinhard LLP
Counsel -Nonprofit Organizations



Page 3

18 January 2023



3

Contents

- Organizational overview
- Core Form 990 overview
 - Page 1 summary/signature (Parts I & II)
 - Program service accomplishments (Part III)
 - Required schedules (Part IV) and other IRS filings (Part V)
 - Governance (Part VI)
 - Compensation (Part VII)
 - Financial Statements & Reporting (Parts VIII-XII)
- Form 990 supplemental schedules
 - Schedule A, Public Charity Status and Public Support
 - Schedule B, Contributions
 - Schedule C, Political Campaign & Lobbying Activities
 - Schedule D, Supplemental Financial Statements
 - Schedule E, Schools
 - Schedule F, Activities Outside the United States
 - Schedule G, Fundraising or Gaming Activities
 - Schedule H, Hospitals
 - Schedule I, Grants (domestic)
 - Schedule J, Compensation Information
 - Schedule K, Tax-Exempt Bonds
 - Schedule L, Transactions With Interested Persons
 - Schedule M, Noncash Contributions
 - Schedule N, Liquidation, Termination, Dissolution, or Significant Disposition of Assets
 - Schedule O, Supplemental Information
 - Schedule R, Related Organizations

Page 4

18 January 2023



4

Organizational Overview

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)).

Organizational Overview

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.)

Find the full text of this and thousands of other resources from leading experts in dozens of legal practice areas in the [UT Law CLE eLibrary \(utcle.org/elibrary\)](https://utcle.org/elibrary)

Title search: Form 990 Workshop

Also available as part of the eCourse

[2023 Nonprofit Organizations Fundamentals eConference](#)

First appeared as part of the conference materials for the
2023 Nonprofit Organizations Fundamentals Workshop session
"Form 990 Workshop"