

NONPROFIT ORGANIZATIONS  
FUNDAMENTALS WORKSHOP

# Form 990 Workshop

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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

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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)).

5

## 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.)

6

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