

Instructions for Form 990

Return of Organization Exempt From Income Tax

**Under section 501(c), 527, or 4947(a)(1)
of the Internal Revenue Code
(except private foundations)**

Volume 7 of 10



Department of the Treasury
Internal Revenue Service

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Legislation

Includes action by Congress, any state legislature, any local council, or similar governing body about acts, bills, resolutions, or similar items, or action by the public in referenda, ballot initiatives, constitutional amendments, or similar procedures. It doesn't include actions by executive, judicial, or administrative bodies.

Lobbying

*See **Lobbying activities.***

Lobbying activities

*All activities intended to influence foreign, national, state, or local **legislation**. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).*

**Maintaining
offices,
employees,
or agents**

*For purposes of Schedule F (Form 990), Statement of Activities Outside the United States, includes principal, regional, district, or branch offices, such offices maintained by agents, independent contractors, and persons situated at those offices paid wages for services performed. "Agent" is defined under traditional agency principles (but doesn't include **volunteers**).*

**Management
company**

*An organization that performs management duties for another organization customarily performed by or under the direct supervision of the other organization's **officers, directors, trustees, or key employees.** These management duties include, but aren't limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; and supervising exempt operations or **unrelated trades or businesses.** When a management company is used, the employees may be*

employed by either the management company or the exempt organization. Whether the management company or the exempt organization is the employer will be determined by the facts and circumstances.

**Medical
research**

For purposes of a medical research organization operated in conjunction with a hospital (see Schedule A (Form 990), Public Charity Status and Public Support), medical research means investigations, studies, and experiments performed to discover, develop, or verify knowledge relating to physical or mental diseases and impairments and their causes, diagnoses, prevention, treatments, or control.

**Member of
the
governing
body**

*A person who serves on an organization's **governing body**, including a **director** or **trustee**, but not if the person lacks voting power.*

**Net assets
with donor
restrictions**

*Includes **endowment funds** established by donor-restricted gifts that are maintained to provide a source of income for either a specified period of time or until a specific event occurs (see **ASC 958-205-45**), as well as all other temporarily restricted net assets held in a donor-restricted endowment, including unappropriated income from **permanent endowments** that isn't subject to a permanent restriction. After Accounting Standards Update 2016-14, **ASC 958** uses two classifications, instead of three—net assets with donor restrictions and net assets without donor*

*restrictions. **ASC 958** no longer uses the term "temporarily-restricted endowment." The part of net assets of a not-for-profit entity that is subject to **donor-imposed restrictions**.*

Net assets without donor restrictions

*Part of net assets of a not-for-profit entity that is not subject to **donor-imposed restrictions**.*

**Noncash
contributions**

Contributions of property, tangible or intangible, other than money. Noncash contributions include, but aren't limited to, stocks, bonds, and other ***securities***; real estate; ***works of art***; stamps, coins, and other ***collectibles***; clothing and ***household goods***; vehicles, boats, and airplanes; inventories of food, medical equipment or supplies, books, or seeds; intellectual property, including patents, trademarks, copyrights, and trade secrets; donated items that are sold immediately after donation, such as publicly traded stock or used

cars; and items donated for sale at a charity auction.

*Noncash contributions don't include **volunteer** services performed for the reporting organization or donated use of materials, facilities, or equipment.*

**Nonexempt
charitable
trust**

A trust that meets the following conditions.

Isn't exempt from tax under section 501(a).

All of its unexpired interests are devoted to charitable purposes.

*A charitable deduction was allowed for **contributions** to the trust under section 170, section 545(b)(2), section 642(c), section 2055, section 2106(a)(2), or section 2522; or for amounts paid by or permanently set aside by the trust under section 642(c).*

**Nonqualified
deferred
compensation**

Deferred compensation
that is earned pursuant to a nonqualified plan or nongovernmental section 457 plan. Different rules can apply for purposes of identifying arrangements subject to sections 83, 409A, 457(f), and 3121(v). Earned but unpaid incentive compensation can be deferred pursuant to a nonqualified deferred compensation plan.

Officer

*Unless otherwise provided (for example, Signature Block, principal officer in Heading), a person elected or appointed to manage the organization's daily operations at any time during the **tax year**, such as a president, vice president, secretary, treasurer, and, in some cases, Board Chair. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For*

*purposes of Form 990, treat the organization's **top management official** and **top financial official** as officers.*

"On behalf of" issuer

*A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a state or local **governmental unit**. See Rev. Proc. 82-26, 1982-1 C.B. 476, for a description of the circumstances under which the IRS will ordinarily issue an advance ruling that the obligations of a nonprofit corporation were issued on behalf of a state or local governmental unit. See also Rev. Rul. 63-20, 1963-1 C.B. 24; Rev. Rul. 59-41, 1959-1 C.B. 13; and Rev. Rul. 54-296, 1954-2 C.B. 59. An "on behalf of" issuer also includes any*

*corporation organized by a state or local governmental unit specifically to issue **tax-exempt bonds** to further public purposes. See Rev. Rul. 57-187, 1957-1 C.B. 65.*

**Organization
manager**

*For purposes of section 4958, any **officer, director, or trustee** of an **applicable tax-exempt organization**, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.*

**Political
campaign
activities**

All activities that support or oppose candidates for elective federal, state, or local public office. It doesn't matter whether the candidate is elected. A candidate is one who offers himself or herself or is proposed by others for public office. Political campaign activity doesn't include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity doesn't directly or indirectly support or oppose any candidate.

**Political
subdivision**

*A division of any state or local **governmental unit** which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. Sovereign power includes the power to make and enforce laws.*

**Principal
officer**

*For purposes of the Heading on page 1 of Form 990 (but not for the purposes of the Signature Block or other parts of the Form 990), an officer of the organization who, regardless of title, has ultimate responsibility for implementing the decisions of the organization's **governing body**, or for supervising the management, administration, or operation of the organization.*

**Private
business use**

*For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, use by the organization or another 501(c)(3) organization in an **unrelated trade or business**. Private business use also generally includes any use by a nongovernmental person, other than a section 501(c)(3) organization, unless otherwise permitted through an exception or safe harbor provided under the regulations or a revenue procedure.*

Private foundation

*An organization described in section 501(c)(3) that isn't a **public charity**. Some private foundations are classified as operating foundations (also known as private operating foundations) under section 4942(j)(3) or exempt operating foundations under section 4940(d)(2). A private foundation retains its private foundation status until such status is terminated under section 507. Thus, a tax-exempt private foundation becomes a taxable private foundation if its section 501(c)(3) status is revoked.*

Proceeds

For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that aren't deposited in a reasonably required reserve or replacement fund). Proceeds also include any investment proceeds from investments that accrue during the project period (net of rebate amounts attributable to the project period). See Regulations section 1.141-1(b).

Professional fundraising services

*Services performed for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, preparation of materials (such as direct mail solicitation packages and applications for grants or other assistance), provision of advice and consulting regarding solicitation of **contributions**, and direct solicitation of **contributions**, such as soliciting restricted or unrestricted grants to provide services to the general public. However, professional fundraising doesn't include services*

*provided by the organization's **employees** in their capacity as employees (except as provided in the instructions for Part I, line 16a), nor does professional fundraising include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as services provided by a bank or caging service.*

**Program-
related
investment**

Investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples of program-related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization's exempt function.

Public charity *An organization described in section 501(c)(3) and that is excepted from private foundation status because it is described in section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi), and (ix)), 509(a)(2), 509(a)(3), or 509(a)(4).*

**Publicly
traded
securities**

Generally, include common and preferred stocks, bonds (including governmental obligations such as bonds and Treasury bills), mutual fund shares, and other investments listed and regularly traded in an over-the-counter market or an established exchange and for which market quotations are published or are otherwise readily available. (See further explanation in the instructions for Part X, line 11; and Schedule M (Form 990), Noncash Contributions, line 9).

Pull tabs

Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull tabs are "instant bingo," "mini bingo," and other similar scratch-off cards. Satellite, Internet, and progressive or event bingo are games conducted in many different places simultaneously and the winners aren't all present

*when the wagers are placed, the winners are determined, and the prizes are distributed. Revenue and expenses associated with satellite, Internet, and progressive bingo should be included under this category. However, certain bingo games within a hybrid gaming event (such as progressive or event bingo) can also qualify as bingo if the individual game meets the preceding definition of **bingo**.*

**Qualified
501(c)(3)
bond**

*A **tax-exempt bond**, the proceeds of which are used by a section 501(c)(3) organization to advance its charitable purpose.*

Requirements generally applicable to a qualified section 501(c)(3) bond under section 145 include the following.

*All property financed by the bond issue is to be owned by a section 501(c)(3) organization or a **governmental unit**.*

*At least 95% of net proceeds of the **bond issue** are used either by a **governmental unit** or a section 501(c)(3) organization in activities*

*that aren't **unrelated trades or businesses** (determined by applying section 513).*

**Qualified
conservation
contribution**

*Any **contribution** of a qualified real property interest to a qualified organization exclusively for conservation purposes. A "qualified real property interest" means any of the following interests in real property.*

The entire interest of the donor.

A remainder interest.

A restriction (such as an easement), granted in perpetuity, on the use which may be made of the real property.

*A "qualified organization" means an organization which is:*a. A

governmental unit

*described in section 170(c)(1),b. A publicly supported charitable organization described in sections 509(a)(1) and 170(b)(1)(A)(vi) or section 509(a)(2) (see the instructions for Parts II and III of Schedule A (Form 990)), or. A **supporting organization** described in sections 501(c)(3) and 509(a)(3) that is controlled by a governmental unit or a publicly supported charitable organization. In addition, a qualified organization must have a commitment to protect the conservation purposes of a qualified conservation contribution,*

and have the resources to enforce the restrictions.

A "conservation purpose" means:

The preservation of land areas for outdoor recreation by, or for the education of, the general public;

The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems;

The preservation of open space (including farm and forest land) where such preservation will yield a significant public benefit and is for the scenic enjoyment of the general public or is pursuant to a clearly delineated federal, state, or

*local governmental
conservation policy; or*

*The preservation of a
historically important land
area or a certified historic
structure.*

*See section 170(h) for
additional information,
including special rules about
the conservation purpose
requirement for buildings in
registered historic districts.
See also **Conservation
easement.***

**Qualified
state or local
political
organization**

A type of political organization that meets the following requirements.

It limits its exempt function to the selection process relating solely to any state or local public office or office in a state or local political organization.

It is required under a state law to report to a state agency (and does report) information that would otherwise be required to be reported on Form 8872, Political Organization Report of Contributions and Expenditures, or it is required to report under state law (and does report) at least the following

information. The name and address of every person who contributes a total of \$500 or more during the calendar year and the amount of each contribution.

The name and address of every person to whom the organization makes expenditures aggregating \$800 or more during the calendar year, and the amount of each expenditure.

Any additional information specified in section 527(j)(3), if state law requires the reporting of that information to the state agency.

The state agency makes the reports filed by the

organization publicly available.

The organization makes the reports filed with the state agency publicly available in the manner described in section 6104(d).

*No federal candidate or office holder controls or materially participates in the direction of the organization, solicits **contributions** to the organization, or directs any of the organization's disbursements.*

**Quasi-
endowment**

*Net assets without donor restrictions designated by an entity's governing board to be invested to provide income for generally a long but not necessarily specified period. A **board-designated endowment**, which results from an internal designation, is generally not donor-restricted and is classified as net assets without donor restrictions. The governing board has the right to decide at any time to expend such funds. Also referred to as a "**board-designated endowment**."*

**Reasonable
compensation**

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

**Reasonable
effort**

A reasonable amount of effort in information gathering that the organization is expected to undertake in order to provide information requested on Form 990. See the specific instructions for Part VI, lines 1b and 2; Part VII, Section A (compensation from related organizations); and Schedule L (Form 990), Parts III and IV, for examples of reasonable efforts.

**Refunding
escrow**

*One or more funds established as part of a single transaction or a series of related transactions, containing **proceeds** of a **refunding issue** and any other amounts to provide for payment of principal or interest on one or more prior issues. See Regulations section 1.148-1(b).*

Refunding issue

*An issue of obligations, the **proceeds** of which are used to pay principal, interest, or redemption price on another issue (a prior issue), including the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue. A current refunding issue is a refunding issue that is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue for the payment of principal or interest on the prior issue. An advance refunding issue is a refunding issue that*

isn't a current refunding issue. See Regulations sections 1.150-1(d)(1), 1.150-1(d)(3), and 1.150-1(d)(4).

**Related
organization**

*An organization, including a nonprofit organization, a stock corporation, a partnership or limited liability company, a trust, and a **governmental unit** or other government entity, that stands in one or more of the following relationships to the filing organization at any time during the **tax year**.*

*Parent: an organization that **controls** the filing organization.*

*Subsidiary: an organization **controlled** by the filing organization.*

*Brother/Sister: an organization **controlled** by the same person or persons that control the filing organization. However, if the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the other trust isn't a Brother/Sister related organization of the filing organization on the ground of common control by*

the bank or financial institution trustee.

*Supporting/Supported : an organization that claims to be at any time during the **tax year**, or that is classified by the IRS at any time during the tax year, as (i) a **supporting organization** of the filing organization within the meaning of section 509(a)(3), if the filing organization is a **supported organization** within the meaning of section 509(f)(3); or (ii) a supported organization, if the*

filing organization is a supporting organization.

Sponsoring Organization of a VEBA: an organization that establishes or maintains a section 501(c)(9) voluntary employees' beneficiary association (VEBA) during the tax year. A sponsoring organization of a VEBA also includes an employee organization, association, committee, joint board of trustees, or other similar group of representatives of the

parties which establish or maintain a VEBA. Although a VEBA must report a sponsoring organization as a related organization, a sponsoring organization shouldn't report a VEBA as a related organization, unless the VEBA is related to the sponsoring organization in some other capacity described in this definition.

Contributing Employer of a VEBA: an employer that makes a contribution or

contributions to the VEBA during the tax year. Although a VEBA must report a contributing employer as a related organization, a contributing employer shouldn't report a VEBA as a related organization, unless the VEBA is related to the contributing employer in some other capacity described in this definition.

The organization must determine its related organizations for purposes of completing Form 990,

Parts VI (Governance), VII (Compensation), VIII (Statement of Revenue), and X (Balance Sheet); Schedule D (Form 990); Schedule J (Form 990); and Schedule R (Form 990). See the instructions for those parts and schedules for related organization reporting requirements.

Religious order

An organization described in Rev. Proc. 91-20, 1991-1 C.B. 524.

Reportable compensation

*In general, the aggregate **compensation** that is reported (or required to be reported, if greater) in box 1 or 5 of Form W-2 (whichever amount is greater); in box 1 of Form 1099-NEC; and/or in box 6 of Form 1099-MISC, for the calendar year ending with or within the organization's **tax year**. For foreign persons who receive U.S. source income, reportable compensation includes the amount reportable in box 2 of Form*

*1042-S. For persons
for whom
compensation
reporting on Form W-
2, 1099-NEC, 1099-
MISC, or 1042-S isn't
required (certain
foreign persons,
institutional trustees,
and persons whose
compensation was
below the \$600
reporting threshold for
Form 1099-NEC or
1099-MISC),
reportable
compensation includes
the total value of the
compensation paid in
the form of cash or
property during the
calendar year ending
with or within the*

organization's tax year.

Review of financial statement

*An examination of an organization's financial records and practices by an independent accountant with the objective of assessing whether the **financial statements** are plausible, without the extensive testing and external validation procedures of an audit.*

School

An organization, the primary function of which is the presentation of formal instruction, and which has a regular faculty, a curriculum, an enrolled body of students, and a place where educational activities are regularly conducted.

Security/securities *Any bond, debenture, note, or certificate or other evidence of indebtedness issued by a corporation, government or **political subdivision**, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing.*

**Short
accounting
period**

*An accounting period of less than 12 months, which exists when an organization changes its annual accounting period, and which can exist in its initial or final year of existence (see **Tax year**).*

Short period

*See **Short accounting period**.*

Significant disposition of net assets

*A disposition of net assets, consisting of a sale, exchange, disposition, or other transfer of more than 25% of the **FMV** of the organization's net assets during the year, whether or not the organization received full or adequate consideration. A significant disposition of net assets involves:*

*One or more dispositions during the organization's **tax year**, amounting to more than 25% of the FMV of the organization's net assets as of the beginning of its tax year; or*

One of a series of related dispositions or events begun

in a prior year that, when combined, comprise more than 25% of the FMV of the organization's net assets as of the beginning of the tax year when the first disposition in the series was made. Whether a significant disposition of net assets occurred through a series of related dispositions depends on the facts and circumstances in each case.

Examples of the types of transactions that are "a significant disposition of net assets" required to be reported on Schedule N (Form 990), Liquidation, Termination, Dissolution, or Significant Disposition of Assets, Part II, include:

Taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (a social club described in section 501(c)(7) selling land or an exempt organization selling assets it had used to further its exempt purposes);

*Sales, **contributions**, or other transfers of assets to establish or maintain a partnership, **joint venture**, or corporation (for-profit or nonprofit) whether or not the sales or transfers are governed by section 721 or section 351, whether or not the transferor received an ownership interest in exchange for the transfer;*

Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest; and

Transfers of assets pursuant to a reorganization in which the organization is a surviving entity.

The following types of situations aren't considered significant dispositions of net assets for purposes of Schedule N, Part II.

*The change in composition of **publicly traded securities** held in an exempt organization's passive investment portfolio.*

Asset sales made in the ordinary course of the

organization's exempt activities to accomplish the organization's exempt purposes, for example, gross sales of inventory.

Grants or other assistance made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, for example, the regular charitable distributions of a United Way or other federated fundraising organization.

A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization.

*Transfers to a **disregarded entity** of which the organization is the sole member.*

Sponsoring organization

Any organization which is all of the following.

Described in section 170(c), other than governmental units described in section 170(c)(1) and without regard to section 170(c)(2)(A).

*Not a **private foundation** as defined in section 509(a).*

*Maintains one or more **donor advised funds**.*

State of legal domicile *For a corporation, the state of incorporation (country of incorporation for a foreign corporation formed outside the United States). For a trust or other entity, the state whose law governs the organization's internal affairs (the foreign country whose law governs for a foreign organization other than a corporation).*

Subordinate organization *One of the organizations, typically local in nature, that is recognized as exempt in a **group exemption** letter and subject to the general supervision and control of a **central organization**.*

**Supported
organization**

*A **public charity** described in section 509(a)(1) or 509(a)(2) supported by a **supporting organization** described in section 509(a)(3).*

**Supporting
organization**

*A public charity claiming status on Form 990 or otherwise under section 509(a)(3). A supporting organization is organized and operated exclusively to support one or more **supported organizations**. A supporting organization that is operated, supervised, or controlled by one or more supported organizations is a Type I supporting organization. The relationship of a Type I supporting organization with its supported organization(s) is comparable to that of a parent-subsidiary relationship. A supporting organization supervised or controlled in connection with*

one or more supported organizations is a Type II supporting organization. A Type II supporting organization is controlled or managed by the same persons that control or manage its supported organization(s). A supporting organization that is operated in connection with one or more supported organizations is a Type III supporting organization. A Type III supporting organization is further considered either functionally integrated with its supported organization(s) or not functionally integrated with its supported organization(s) (Type III other). Finally, a supporting

*organization can't be controlled directly or indirectly by one or more **disqualified persons** (as defined in section 4946), other than foundation managers and other than one or more public charities described in section 509(a)(1) or (2).*

**Tax-exempt
bond**

*An obligation issued by or on behalf of a **governmental issuer** on which the interest paid is excluded from the holder's gross income under section 103. For this purpose, a bond can be any form of indebtedness under federal tax law, including a bond, note, loan, or lease-purchase agreement.*

Tax year

*The annual accounting period for which the Form 990 is being filed, whether the calendar year ending December 31 or a fiscal year ending on the last day of any other month. The organization may have a short tax year in its first year of existence, in any year when it changes its annual accounting period (for example, from a December 31 year-end to a June 30 year-end), and in its last year of existence (for example, when it merges into another organization or dissolves). See also **Current year**, **Fiscal year**, and **Short period**.*

**Term
endowment**

An endowment fund established to provide income for a specified period.

**Territory of
the United
States**

Includes the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.

**Top financial
official**

The person who has ultimate responsibility for managing the organization's finances, for example, the treasurer or chief financial officer.

Top management official	<i>A person who has ultimate responsibility for implementing the decisions of the organization's governing body or for supervising the management, administration, or operation of the organization (for example, the organization's president, CEO, or executive director).</i>
Total assets	<i>The amount reported in column (B) of Form 990, Part X, line 16.</i>
Trustee	<i>See Director or trustee.</i>

United States *Unless otherwise provided, includes the 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the U.S. Virgin Islands.*

Unrelated business *See **Unrelated trade or business**.*

Unrelated business income *Income from an **unrelated trade or business** as defined in section 513.*

Unrelated business gross income *Gross income from an **unrelated trade or business** as defined in section 513.*

Unrelated organization *An organization that isn't a **related organization** to the filing organization.*

Unrelated trade or business *Any trade or business, the conduct of which isn't substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption. See Pub. 598 and the Instructions for Form 990-T for a discussion of what is an unrelated trade or business.*

U.S. territory *See **Territory of the United States.***

Volunteer

A person who serves the organization without compensation, for example, a member of the organization's governing body who serves the organization without compensation.

"Compensation" for this purpose includes tips and noncash benefits, except for:

Reimbursement of expenses under a reimbursement or other expense allowance arrangement in which there is adequate accounting to the organization,

Working condition fringe benefits described in section 132,

Liability insurance coverage for acts performed on behalf of the exempt organization, and

De minimis fringe benefits.

**Voting
member of
the
governing
body**

*A member of the organization's **governing body** with power to vote on all matters that may come before the governing body (other than a conflict of interest that disqualifies the member from voting).*

Works of art *Include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia, and other similar objects. Art doesn't include **collectibles**.*

Year of formation *The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).*

Appendix of Special Instructions to Form 990

Contents

- A Exempt Organizations Reference Chart
- B How To Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less
- C Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and Section 501(c)(15) Organizations
- D Public Inspection of Returns
- E Group Returns—Reporting Information on Behalf of the Group
- F Disregarded Entities and Joint Ventures—Inclusion of Activities and Items
- G Section 4958 Excess Benefit Transactions
- H Forms and Publications To File or Use

- I Use of Form 990 or 990-EZ To Satisfy
 State Reporting Requirements
- J Contributions

Appendix A. Exempt Organizations Reference Chart

Type of organization	Internal Revenue Code section
Corporations Organized Under Act of Congress	501(c)(1)
Title Holding Corporations	501(c)(2)
Charitable, Religious, Educational, Scientific, etc., Organizations	501(c)(3)
Civic Leagues and Social Welfare Organizations	501(c)(4)
Labor, Agricultural, and Horticultural Organizations	501(c)(5)

Business Leagues, Chambers of Commerce, etc.	501(c)(6)
Social and Recreation Clubs	501(c)(7)
Fraternal Beneficiary and Domestic Fraternal Societies and Associations	501(c)(8) & (c)(10)
Voluntary Employees' Beneficiary Associations	501(c)(9)
Teachers' Retirement Fund Associations	501(c)(11)
Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.	501(c)(12)
Cemetery Companies	501(c)(13)

State-Chartered Credit Unions, Mutual Reserve Funds	501(c)(14)
Insurance Companies or Associations Other Than Life	501(c)(15)
Cooperative Organizations to Finance Crop Operations	501(c)(16)
Supplemental Unemployment Benefit Trusts	501(c)(17)
Employee Funded Pension Trusts (created before June 25, 1959)	501(c)(18)
Organizations of Past or Present Members of the Armed Forces	501(c)(19) & (c)(23)
Black Lung Benefit Trusts	501(c)(21)
Withdrawal Liability Payment Funds	501(c)(22)

Trusts described in section 4049 501(c)(24)
of the Employer Retirement
Income Security

Act

Title Holding Corporations or 501(c)(25)
Trusts

State-Sponsored Organizations 501(c)(26)
Providing Health Coverage for
High-Risk Individuals

State-Sponsored Workmen's 501(c)(27)
Compensation and Insurance
and Reinsurance Organizations

National Railroad Retirement 501(c)(28)
Investment Trust

Qualified Nonprofit Health 501(c)(29)
Insurance Issuers

Religious and Apostolic Associations	501(d)
Cooperative Hospital Service Organizations	501(e)
Cooperative Service Organizations of Operating Educational Organizations	501(f)
Amateur Sports Organizations	501(j)
Child Care Organizations	501(k)
Charitable Risk Pools	501(n)
Political Organizations	527

Appendix B. How To Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less

To figure whether an organization has to file Form 990-EZ (or Form 990), apply the \$50,000 (or \$5,000) gross receipts test (below) using the following definition of gross receipts and information in *Figuring Gross Receipts* below.

Gross Receipts

Gross receipts are the total amounts the organization received from all sources during its annual tax year (including short years) without subtracting any costs or expenses.

Caution: Don't use the definition of gross receipts described in *Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations* to figure gross receipts for this

purpose. Those tests are limited to determining the exempt status of section 501(c)(7) and 501(c)(15) organizations.

Gross receipts when acting as an agent.

If a local chapter of a section 501(c)(8) fraternal organization collects insurance premiums for its parent lodge and merely sends those premiums to the parent without asserting any right to use the funds or otherwise deriving any benefit from them, the local chapter doesn't include the premiums in its gross receipts. The parent lodge reports them instead. The same treatment applies in other situations in which one organization collects funds merely as an agent for another.

Figuring Gross Receipts

Figure gross receipts for Forms 990 and 990-EZ as follows.

Form 990. Gross receipts are the sum of lines 6b(i), 6b(ii), 7b(i), 7b(ii), 8b, 9b, 10b, and 12 (column (A)) of Form 990, Part VIII.

Form 990-EZ. Gross receipts are the sum of lines 5b, 6c, 7b, and 9 of Form 990-EZ, Part I.

Example. Organization M reported \$50,000 as total revenue on line 9 of its Form 990-EZ. M added back the costs and expenses it had deducted on lines 5b (\$2,000), 6c (\$1,500), and 7b (\$500) to its total revenue of \$50,000 and determined that its gross receipts for the tax year were \$54,000.

\$50,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally \$50,000 or less, apply the following test. An organization's gross receipts are considered to be normally \$50,000 or less if the organization is:

Up to a year old and has received, or donors have pledged to give, \$75,000 or less during its first tax year;

Between 1 and 3 years old and averaged \$60,000 or less in gross receipts during each of its first 2 tax years; or

Three years old or more and averaged \$50,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

If the organization's gross receipts are normally \$50,000 or less, it must submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or 990-EZ, if it chooses not to file Form 990 or 990-EZ. In general, organizations excepted from filing Form 990 or 990-EZ because of low gross receipts must submit Form 990-N. See filing exceptions described under *General Instructions, Section B*, earlier.

\$5,000 Gross Receipts Test

To determine whether an organization's gross receipts are normally \$5,000 or less, apply

the following test. An organization's gross receipts are considered to be normally \$5,000 or less if the organization is:

- 1.** Up to a year old and has received, or donors have pledged to give, \$7,500 or less during its first tax year;
- 2.** Between 1 and 3 years old and averaged \$6,000 or less in gross receipts during each of its first 2 tax years; or
- 3.** Three years old or more and averaged \$5,000 or less in gross receipts for the immediately preceding 3 tax years (including the year for which the return would be filed).

Appendix C. Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and 501(c)(15) Organizations

Section 501(c)(7) organizations (social clubs) and section 501(c)(15) organizations (insurance companies) apply the same gross receipts test as other organizations to determine whether they must file Form 990 or 990-EZ. However, section 501(c)(7) and section 501(c)(15) organizations are also subject to separate gross receipts tests to determine whether they qualify as tax exempt for the tax year. The following tests use a special definition of gross receipts for purposes of determining whether these organizations are exempt for a particular tax year.

Section 501(c)(7). A section 501(c)(7) organization can receive up to 35% of its gross receipts, including investment income,

from sources outside its membership and remain tax exempt. Part of the 35% (up to 15% of gross receipts) can be from public use of a social club's facilities.

Gross receipts, for purposes of determining the tax-exempt status of section 501(c)(7) organizations, are the club's income from its usual activities and include:

- Charges;
- Admissions;
- Membership fees;
- Dues;
- Assessments; and
- • Investment income (dividends, rents, and similar receipts), and normal recurring capital gains on investments.

Gross receipts for this purpose don't include capital contributions (see Regulations section

1.118-1), initiation fees, or unusual amounts of income (the sale of the clubhouse).

Caution: College fraternities or sororities or other organizations that charge membership initiation fees, but not annual dues, must include initiation fees in their gross receipts.

Section 501(c)(15). If any section 501(c)(15) insurance company (other than life insurance) meets both parts of the following test, then the company can file Form 990 (or Form 990-EZ, if applicable).

1. The company's gross receipts must be equal to or less than \$600,000.
2. The company's premiums must be more than 50% of its gross receipts.

If the company didn't meet this test and the company is a mutual insurance company, then it must meet the *Alternate test* next to qualify to file Form 990 (or Form 990-EZ, if applicable). See Notice 2006-42, 2006-19 I.R.B. 878. Insurance companies that don't

qualify as tax exempt must file Form 1120-PC, U.S. Property and Casualty Insurance Company Income Tax Return, or (if the company isn't entitled to insurance reserves) Form 1120, U.S. Corporation Income Tax Return, as taxable entities for the year.

Alternate test. If any section 501(c) (15) insurance company (other than life insurance) is a mutual insurance company and it didn't meet the above test, then the company must meet both parts of the following alternate test.

1. The company's gross receipts must be equal to or less than \$150,000.
2. The company's premiums must be more than 35% of its gross receipts.

If the company doesn't meet either test, then it must file Form 1120-PC or Form 1120 (if the company isn't entitled to insurance reserves) instead of Form 990 or 990-EZ.

Caution: The alternate test doesn't apply if any employee of the mutual insurance company or a member of the employee's family is an employee of another company that is exempt under section 501(c)(15) (or would be exempt if this provision didn't apply).

Gross receipts. To determine whether a section 501(c)(15) organization satisfies either of the above tests described in *Appendix C*, figure gross receipts by adding:

1. Premiums (including deposits and assessments) without reduction for return premiums or premiums paid for reinsurance;
2. Gross investment income of a non-life insurance company (as described in section 834(b)); and
3. Other items that are included in the filer's gross income under subchapter B, chapter 1, subtitle A, of the Code.

This definition doesn't, however, include contributions to capital. For more information, see Notice 2006-42.

Premiums. Premiums consist of all amounts received as a result of entering into an insurance contract. They are reported on Form 990, Part VIII, line 2, or on Form 990-EZ, Part I, line 2.

Anti-abuse rule. The anti-abuse rule, found in section 501(c)(15)(C), explains how gross receipts (including premiums) from all members of a controlled group are aggregated in figuring the above tests.

Appendix D. Public Inspection of Returns

Some members of the public rely on Form 990, or 990-EZ, as the primary or sole source of information about a particular organization. How the public perceives an organization in those cases may be determined by the information presented on its returns.

An organization's completed Form 990 or 990-EZ is available for public inspection as required by section 6104. Schedule B (Form 990), Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or 990-EZ, the names and addresses of contributors listed on Schedule B aren't required to be made available for public inspection. All other information reported on Schedule B, including the amount of contributions, the description of noncash contributions, and any other information, is required to be made available for public inspection unless it clearly identifies the contributor. Form 990-T filed after August 17, 2006, by a section 501(c)(3) organization to report any unrelated business income is also available for public inspection and disclosure.

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