

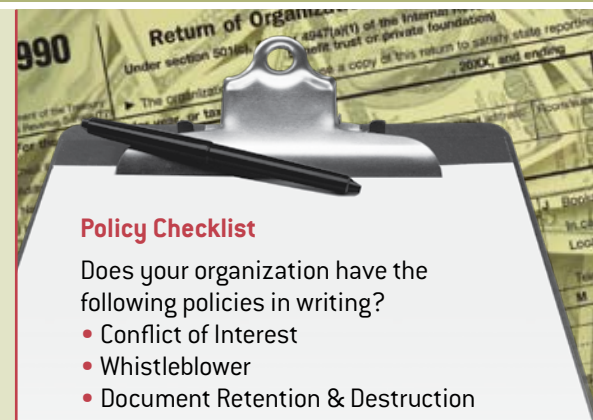
# The New IRS Form 990: Is your organization prepared?

In an effort to enhance transparency in the sector, the IRS has recently released a revised version of the Form 990, the annual information report filed by the majority of charitable organizations that aims to be the primary tool for the public to evaluate nonprofit organizations' transparency and governance. The IRS has included new reporting requirements in the areas of governance, management, fundraising and resource allocation that require organizations to not only disclose to the public if they have certain procedures in place, but also detail how those procedures are implemented. No longer simply an information return, the new Form 990 will be the platform by which the public will assess your organization's efficiency and effectiveness.

## New Disclosure Requirements to Consider

- What is the process by which your board of directors reviews the Form 990, prior to it being filed?
- What is your organization's current process for determining compensation for the top leadership positions? Does it include review and approval by independent persons, comparability data, and contemporaneous substantiation and deliberation?
- How does your organization monitor and enforce compliance with its conflict of interest policy?
- How many voting members of your board are "independent" i.e., not receiving direct or indirect compensation from the organization?
- Are all board and committee meetings documented in writing?
- Does your organization have a committee that is responsible for the oversight of the audit, review or compilation of your financial statements and selection of your independent auditors?
- Does your organization have any business relationships with current or former officers, directors, trustees, key employees, or their family members?
- Have management duties been delegated to a management company or outside individual?
- If your organization participates in a joint venture with a taxable entity, what steps has it taken to safeguard its exempt status?
- Did your organization cease conducting or make any significant changes in how it conducts any program services in the past year?

> Find more information at: [www.governancematters.org](http://www.governancematters.org)



## Policy Checklist

Does your organization have the following policies in writing?

- Conflict of Interest
- Whistleblower
- Document Retention & Destruction
- Compensation
- Gift Acceptance
- Accounting Procedures

## Documentation Availability

In what ways does your organization make the following documents available to the public?

- Form 990
- Form 1023
- Governing Documents
- Conflict of Interest Policy
- Financial Statements

## Other Areas of Disclosure

Consider these other areas requiring greater disclosure:

- Activities outside of the U.S.
- Professional fundraising expenses
- Gaming activities
- In-kind contributions in excess of \$25,000
- Significant changes to organizational documents
- Excess benefit transactions

*Need more information on strengthening your organization's governance?*

Download the *Panel on the Nonprofit Sector's Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations* convened by Independent Sector, October 2007.

## Governance Matters

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