

# Form 990 Basics – An Overview of the Required Information

*by Ashley Avena, Staff Associate II*

Posted on September 13, 2022



As the Form 990 is required to be available for public inspection, it may be the public's main source of information that is used to make determinations about your organization. Therefore, it is important that the information presented is kept up to date, accurate, and clear. It may be difficult to understand all the moving parts and definitions contained in the Form 990 without prior knowledge.

You've received a determination of your tax-exempt status from the IRS and don't know where to start? Presented below is a general overview of each part of the Form 990 along with a few of the more commonly required schedules:

## Part I – Summary:

- The organization can choose to highlight its mission or its most significant activity for the year. A high-level summary of the organization's financials is presented here as well.

## Part II – Signature Block:

- The Form 990 must be signed by the organization's principal officer, or it must be noted that the signing officer is different than the principal officer.

### Part III – Statement of Program Service Accomplishments:

- This section is used to describe the organization’s mission and its three largest program services that support the organization’s purpose. Expenses, including grants, and revenues that can be tied directly to the program service are reported. The organization should include specific output figures or metrics achieved in the description for each program service.

### Part IV – Checklist of Required Schedules:

- Part IV contains several yes or no questions that are used in determining the required schedules to be completed. The organization should refer to IRS definitions when unsure if a specific item is applicable.

### Part V – Statements Regarding Other IRS Filings and Tax Compliance:

- Questions in this section refer to information provided in other IRS forms and certain tax compliance information. Not every question in this section may be applicable to the organization. The organization should refer to its other IRS filings to ensure information being presented is accurate.

### Part VI – Governance, Management, and Disclosure:

- This part pertains to information concerning the organization’s governing body, adopted written policies, and important disclosures. Information provided in this section is useful to the public in making determinations about the organization’s governance and management structure.

### Part VII – Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors:

- In this part, the organization must list all current officers, directors, trustees, and key employees, regardless of compensation. It must also list the five highest compensated employees, if not one of the previously mentioned titles, that have received more than \$100,000 from the organization. Information regarding hours per week spent on the organization and reportable compensation is presented per person. In this part, the organization must also report the five highest paid independent contractors that received more than \$100,000 in the applicable calendar year.

Parts VIII, IX, X, and XI present a more in-depth summary of the organization’s revenues, functional expenses, balance sheet, and net assets. It is important that figures reported in these parts are accurate as the statements must agree to each other for the Form 990 to qualify for IRS filing.

## Part XII – Financial Statements and Reporting:

- Information regarding the accounting method used, independent accountants used, and required audits is presented in this part.

Answers to the questions outlined in Part IV will determine the required schedules that the organization must complete and submit with the Form 990. Below is a general overview of some of the more commonly required schedules:

### Schedule A – Public Charity Status and Public Support:

- This schedule is required for organizations that answered “yes” to Line 1 in Part IV. The organization should check only one box even if it believes it qualifies as a public charity under more than one reason. Information regarding public support as a part of total support is presented for the last five tax years. Information pertaining to supporting organizations is only applicable to organizations that checked the reason for public charity status as an organization organized and operated exclusively for the benefit of more publicly supported organizations.

### Schedule B – Schedule of Contributors:

- Organizations are required to complete Schedule B if they received \$5,000 or more from one contributor during the year or if another specific special rule is met regarding contributions. The most common special rule that organizations fall under is the 33 1/3 percent support test for public support percentage. Under this special rule, organizations report individual contributors for which they received the greater of \$5,000 or two percent of the total contributions, gifts, grants, and other similar accounts reported in line 1h in the Statement of Revenue (part VIII of the Form 990).

### Schedule D – Supplemental Financial Statements:

- Organizations are required to complete this schedule if they answered “yes” to certain questions in the Checklist of Required Schedules regarding donor advised funds, conservation easements, collections of art, escrow or custodial arrangements, endowments, and certain additional supplemental financial statements.

### Schedule O – Supplemental Information to Form 990 or 990-EZ:

- Certain responses to questions being asked in the Form 990 require additional narrative information that is to be presented in Schedule O. This schedule gives organizations the opportunity to provide supplemental information in a narrative form to help a user of the Form 990 and related schedules better understand the organization’s operations. Organizations also use this schedule if explanations in previous sections of the Form 990 do not fit in the space provided.

As a reminder, Form 990 is due five and a half months after year end with an automatic six-month extension using Form 8868. Hopefully, the above information will be useful in building a better understanding of the overall purpose of the Form 990 and its contents and aids your organization with completing the Form 990 more accurately and clearly.

**Related Articles:**

- [Form 990: Employee Compensation Disclosure](#)
- [Public Disclosure of Form 990](#)

*The content of this article is for general information purposes only and does not constitute advice. Heinfeld, Meech & Co., P.C. tries to provide content that is true and accurate as of the date of writing; however, we give no assurance or warranty regarding the accuracy, timeliness, or applicability of any of the contents.*