



Fred J. Toroni & Company

CERTIFIED PUBLIC ACCOUNTANTS

Non-Profit Tax Updates

Significant changes impacted filing Form 990, Return of Organization Exempt from Income Tax (here after referred to as Form 990). The sweeping changes substantially redesigned Form 990 and were the biggest changes made to the form in 30 years. The changes were transitional in nature as some of the filing requirements were gradually implemented over three years. Form 990 was changed from a number orientated tax return to an information return. New concepts introduced included – whistleblowers, conflict of interest, and record retention policies. Also missions, programs and governance moved to the forefront of the return. Returns filed subsequently will continue to be governance oriented.

Purpose of Form 990

Form 990, Return of Organization Exempt from Income Tax, is filed annually by tax-exempt organizations. It is the primary tool used by the Internal Revenue Service to gather information about tax-exempt organizations purpose, accomplishments, governance structure, and financial information. It is also used to educate organizations about tax law requirements and promote compliance with tax laws. This document will provide basic, useful information about filing requirements, information needed to prepare Form 990, and discuss general information now required in Form 990. The Internal Revenue Service's goals for Form 990 are, increased transparency, good governance, and increased accountability for filing organizations.

Purpose of the Changes to Form 990

The purpose of the changes to Form 990 is to promote the transparency of the nonprofit. A definition of nonprofit transparency is that the organization's finances, operations and programs are ethical and open to public inspections. From a donor standpoint, an important question to be asked, where is the money going? A questionnaire on governance, management, and compensation methods can assist the board and its members to review their organization as a whole and implement changes if needed.