

GOOD GOVERNANCE: POLICIES AND PRACTICES FOR THE IRS FORM 990

KATIE DAVIS
5 BRANCHES CONSULTING LLC
DECEMBER 6, 2022



**FRIENDS
GRASSROOTS
NETWORK**



**CONSERVATION
LANDS
FOUNDATION**

Grassroots Advocacy Program

Filling the GAP for Conservation

Harnessing the collective knowledge and passion of the Friends Grassroots Network and providing resources to build capacity and future success on our National Conservation Lands.

Modules of Learning

Grassroots Advocacy

Enhance organizational knowledge and capacity in policy and legal work.



Community Engagement

Enhance partners' abilities to communicate and interact with their communities in culturally relevant ways.



Leadership & Management

Invest in individuals to develop and refine their leadership capacity and organizational effectiveness.



Intended Outcomes

- Stronger, more capable, confident and diverse leaders working to protect National Conservation Lands
- A more powerful and resilient network of leaders
- A pipeline of effective, diverse, well-trained leaders in the conservation movement
- Individualized coaching of community-based, skillful change makers

TODAY'S TOPICS

- What is the 990?
- Why do I care?
- Which form my organization file?
- What should I know about the 990?
- Recommended Policies
 - Whistleblower Policy
 - Conflict of Interest Policy
 - Document Retention (Destruction) Policy
 - Gift Acceptance Policy
 - 990 Review Process by the Board of Directors



WHAT IS THE 990?

- Form 990 is the IRS' primary tool for gathering information about tax-exempt organizations, educating organizations about tax law requirements and promoting compliance
- Tells the nonprofit story
- Discloses conflicts of interest

WHY SHOULD I CARE?

- Donor and/or Funder Resource
- Highlights organization's good governance practices, financial integrity and accountability (or the lack thereof)

WHICH FORM SHOULD I FILE?

Form 990

☐ \$200,000 or more in
gross receipts

☐ \$500,000 or more in
total assets

If either of these boxes is checked,
you can't file Form 990-EZ

Form 990-EZ

☐ Less than \$200,000 in
gross receipts

☐ Less than \$500,000 in
total assets

If both of these boxes are checked,
you may file Form 990-EZ

WHICH FORM SHOULD MY ORGANIZATION FILE?

Form 990-N

The screenshot shows the Urban Institute e-Postcard interface for filing Form 990-N. The header includes the Urban Institute logo and the text "e-Postcard file your electronic IRS Form 990-N". A navigation bar contains links for "Quick Jump", "Form 990-II (e-Postcard)", and "Logout". The main heading is "Electronic Notice - Form 990-N (e-Postcard) Organization Information". Below this, there is a "Save Changes before jumping to another page." warning and a "Save Changes" button. The form fields are as follows:

- A For the tax year period beginning and ending
- B Has your organization terminated or gone out of business?
- Are your gross receipts normally \$50,000 or less?
- C Organization's legal name - Line 1
Organization's legal name - Line 2
- D Employer identification number (EIN)

At the bottom, there are "Save Changes" and "Next Page" buttons, and a note: "Click the ? image next to any field for help/instructions."

**Revenue
is less
than
\$50,000
annually**

WHAT SHOULD I KNOW ABOUT THE 990?

- Must be filed by the 15th day of the 5th month after the end of the Organization's Tax Year
- Can file for a 6-month extension if needed
- Complete all line items. No blanks. (use a 0 or N/A)
- Organization's that fail to file a Form 990 return for 3 consecutive years will lose tax-exempt status.



GOOD GOVERNANCE

IRS Best Practice Policy Recommendations

PART 6 SECTION B - POLICIES

- In this section the emphasis is on the **organization's operating policies and whether those policies are formalized and in writing and adopted throughout the organization.**
- IRS Disclaimer – “This Section B requests information about policies not required by the Internal Revenue Code.”
- Asks if you provide a complete copy of the Form 990 to the governing board before filing.
- Asks if you have written conflict of interest, whistleblower, document retention and destruction policies.
- Asks if you are using best practices in setting employee compensation.

I. WHISTLEBLOWER POLICY

// A whistleblower policy encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported. //

2. CONFLICT OF INTEREST POLICY

- A policy governing conflicts of interests is perhaps the most important policy a nonprofit board can adopt. To have the most impact, the policy should be in writing, and the board and staff should review the policy regularly.
- A policy on conflicts of interest should (a) require those with a conflict (or who think they may have a conflict) to **disclose** the conflict/potential conflict, and (b) **prohibit interested** board members **from voting** on any matter in which there is a conflict.

<https://www.councilofnonprofits.org/tools-resources/conflicts-of-interest>

3. GIFT ACCEPTANCE POLICY

- Helps to manage expectations of donors
- Establishes guidelines for gifts that may run counter to nonprofit's values
- Ensures your nonprofit doesn't end up accepting gifts they aren't ready to handle
- Policy should be adopted by the Board of Directors and updated annually as needed

<https://www.councilofnonprofits.org/tools-resources/gift-acceptance-policies>

4. DOCUMENT RETENTION AND DESTRUCTION POLICY



A document retention and destruction policy identifies the record retention responsibilities of staff, volunteers, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.



Source: Instructions to the Form 990 page 24

5. REVIEW PROCESS OF FORM 990

- Completed annually
- Identifies how copies will be distributed
- Outlines process from review to filing

Policy regarding Forms 990

ORG NAME engages **FIRM OR PERSON PREPARING 990** to prepare the federal Forms 990. The Executive Director, Board Chair and Treasurer thoroughly review the Draft Forms and discuss any changes or corrections. After any changes or corrections are made the Executive Committee votes to accept Forms 990.

All Board members are then provided with an electronic copy of Forms 990 before they are filed with the IRS. The Board of Directors votes to accept Forms 990 on the recommendation of the Executive Director, Board Chair and Treasurer. The finished Forms 990 will be signed by the Executive Director, dated, and submitted by the filing deadline.

ORG NAME makes the federal Forms 990 available to the public by request.

The following written **ORG NAME** policies will be reviewed and updated annually to remain in compliance with IRS filing requirements:

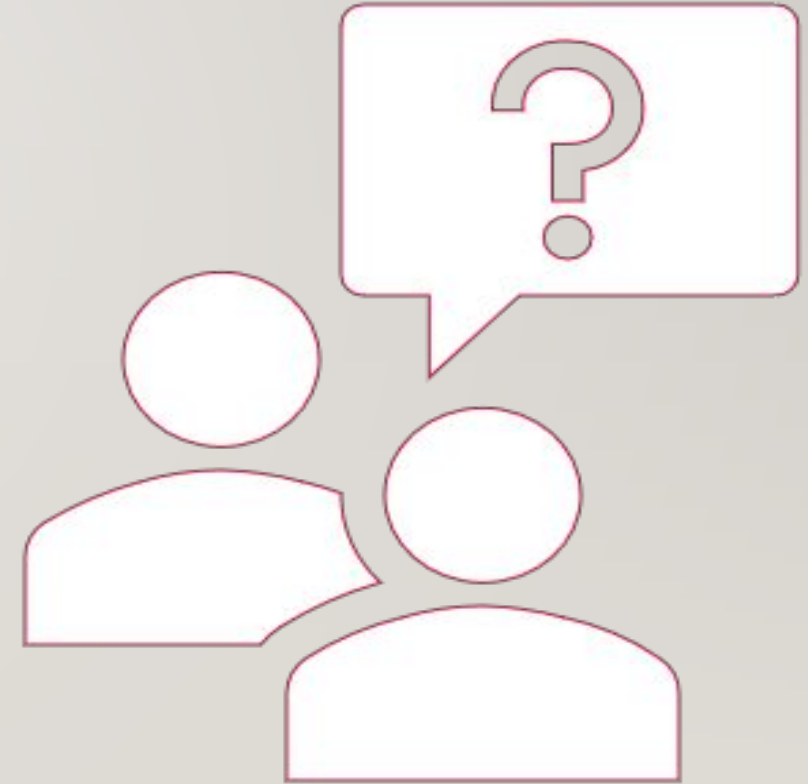
- Conflict of Interest Policy
- Whistleblower Policy
- Document Retention (Destruction) Policy
- Gift Acceptance Policy

WHAT SHOULD BOARD LOOK FOR WHEN REVIEWING THE 990?

- Changes in purpose or mission
 - Financial information
 - Compensation arrangements if applicable
 - Conflicts of interest
 - Organization's governance practices
- 

SUMMARY/QUESTIONS

- What is the 990?
- Why do I care?
- Which form my organization file?
- What should I know about the 990?
- Recommended Policies
 - Whistleblower Policy
 - Conflict of Interest Policy
 - Document Retention (Destruction) Policy
 - Gift Acceptance Policy
 - 990 Review Process by the Board of Directors



POLICY TEMPLATES

- Conflict of Interest Policy
- Document Retention Policy
- Form 990 Process
- Gift Acceptance Policy
- Whistleblower Policy



