



## "What Now!" 2009 Changes to 990

February 19, 2010

We all know that the 2008 Form 990 was extensively revised to promote transparency and compliance. Many of you survived the first filing season with the new form. Just to make it more fun, last week the IRS issued the 2009 version of Form 990, the schedules and instructions, modifying and clarifying certain reporting requirements.

Some questions in the checklist were simplified to give filers a better understanding of which schedules to complete. New questions were added, and questions in every major section of the core form were revised to clarify reporting requirements.

Clarification was provided regarding:

- particular IRS filings,
- governance,
- management and disclosure information, and
- compensation and financial data reporting.

New definitions were added to the glossary. Several of the supplemental schedules were modified with broader explanations and new examples to help filers understand what the IRS expects.

Specific changes/clarifications to the 2009 form include:

- Changes in program services are to be reported in Part III of the form (Statement of Program Service Accomplishments), rather than in a letter to the IRS' Exempt Organizations Determinations office.
- More-detailed trigger questions in Part IV to determine whether the filer needs to complete various parts of Schedule D, Supplemental Financial Statements.
- An explanation of how revenues or expenses from foreign investments affect the \$10,000 filing threshold for Schedule F, Statement of Activities Outside the United States.
- Clarification that the filers must report the number of its employees reported on Forms 1099, 1098, 5498, W-2G, and W-3 by its reporting agents.
- Clarification that when two officers, directors, trustees, or key employees of the filer serve in similar positions with another tax-exempt organization, that involvement does not create a reportable business relationship between the two.
- Significant changes to your organizational documents are to be reported on Form 990, Part VI, and in Schedule O, rather than in a letter to EO Determinations.
- Officers, directors, trustees, or key employees are not included in the current five highest compensated employees that must be reported.
- Clarification that the key employee responsibility test may be met at any time during the tax year and that if a person is a key employee for only part of the tax year, the filer must report that person's entire

compensation for the calendar year ending with or within the tax year.

- An explanation of how compensation paid by common paymasters and other reporting and payroll agents should be reported on the form.
- The glossary includes new definitions of "audit," "fair market value" and "principal officer," as well as other terms.
- Schedule B, Schedule of Contributors, explains that if the filer knows the donor's identity, the filer should specifically identify a donor.

The overall content of the 2009 form is fairly consistent with the 2008 version. The changes were made in an effort to increase the number of accurately filed returns.

If you have any questions about how these changes may impact your organization, a Moore Stephens Lovelace professional will be happy to assist. Please contact Karin Vickers [kvickers@mslcpa.com](mailto:kvickers@mslcpa.com), Kurt Alter [kalter@mslcpa.com](mailto:kalter@mslcpa.com), Ron Shuck [rshuck@mslcpa.com](mailto:rshuck@mslcpa.com), or call 800.683.5401.

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