February 2020

Highlights of IRS Form 990

Candid.
Deciphering the Form 990

IRS Form 990 contains a wealth of information—far too much to discuss in a quick overview. Here, however, is a review of the parts of the form as well as an introduction to several of the fields people find most useful and tips for deciphering the information you’ll find in the 990.

The header

Although it makes up a relatively small portion of the 990, the header contains information that can orient you before you review the form.

- **Identifies the type of 990.** If something in a 990 looks strange, check here to confirm that it is a 990 and not a 990-EZ or 990-PF.
- **Identifies the 990 as the first one the nonprofit has filed.**
- **Indicates the organization no longer exists (and therefore will not be filing any more 990s).**
- **Form year.** The IRS uses the beginning of the fiscal year covered by a 990 for the form year. It uses the end of the fiscal year for the fiscal year date. Thus, if the fiscal year began 7/1/18 and ended 6/31/19, the form year would be 2018, but the fiscal year would be 2019. Check line A to confirm the fiscal year start and end dates. Use the fiscal year to find 990s on GuideStar.
- **Indicates that the 990 includes information for affiliates under a group exemption.**
Part I—Summary

Part I is exactly what its title says it is—a summary of key information presented elsewhere in the form. It’s a snapshot of what is in the rest of the 990.

**Brief description of the nonprofit’s mission.** At Candid, we believe this is the most important part of the form, because everything a nonprofit does should flow from its mission.

People are often surprised that they can’t find donor lists in a 990. With two exceptions, donor information provided in a 990 is confidential; when either the IRS or the filing nonprofit releases a copy of a 990 to the public, they must redact—mask—all information that will identify the donors, whether a donor is an individual, corporation, 501(c)(3) private foundation, or 501(c)(3) public charity.

The exceptions are Forms 990-PF filed by 501(c)(3) private foundations and Forms 990 filed by Section 527 political organizations. For these nonprofits, donor information is public information.

Many of the lines in Part I end with parentheses indicating where in the form the information in a specific line came from. If you have questions about a line, go to the part and line(s) indicated in the parentheses. But remember: what you see on a 990 is what you get. If a line doesn’t indicate that more detail is provided in another section or on a schedule, then you probably won’t find additional information for that particular entry elsewhere in the form.

Part II—Signature block

Part II is located at the bottom of the first page of the 990 and shows the signature and title of the nonprofit official who approved the 990 and, if a paid preparer completed the form, who that person was.

The 990 is an official document, submitted to the IRS under penalties of perjury.
Part III—Mission and programs

Part III describes the nonprofit’s mission and its most significant activities carrying out that mission.

The mission—the most important information in the form.

Narrative and financial information on the three largest (by amount spent on them) activities to carry out the mission.

Here you can see what the nonprofit considers most important as well as begin evaluating it: Do the programs support the mission as stated in line 1? Are the program descriptions concrete, or are they merely vague generalizations? Did the nonprofit provide all of the data required?

Part IV—Checklist of required schedules

When the IRS released the current Form 990 at the end of 2007, it was the first time since 1979 that the form had been completely overhauled. As part of the redesign, the IRS created several schedules to provide more information on issues of concern to the public, Congress, and the IRS itself.

Part IV poses 38 questions on such topics as engagement in political activities, paid fundraiser expenses, gaming revenue, and loans made by exempt organizations to their board members and senior staff. Any organization answering “Yes” to any question in Part IV must file the schedule indicated on that line. Part IV takes up two full pages of the 990.
Part V—Statements regarding other IRS filings and tax compliance

Although not required to pay federal income tax, a tax-exempt organization may still need to file IRS forms related to employee wages and withholding, unrelated business income (income generated by activities that do not directly carry out the nonprofit’s mission), sponsorship of donor-advised funds, and even income received for indoor tanning services.

Part V comprises 14 questions addressing these additional filings and compliance issues.

Part VI—Governance, management, and disclosure

Part VI is another section added to the 990 as part of the revision released in December 2007. It contains questions about the filing organization’s governing body (i.e., its board); whether the nonprofit has conflict of interest, whistleblower, document retention/destruction, and other policies in place; the procedures it follows for establishing executive compensation; and how it makes its public documents (its three most current 990s and application for exemption) available to the public.

IRS officials believe that nonprofits that follow best practices in these areas are more likely to be in compliance with the Internal Revenue Code.
Part VII—Compensation

Unlike the old 990, which reported compensation partly in the main form and partly on a schedule, the current 990 presents all compensation data in Part VII.

All key employees must be listed. A key employee is someone who (1) received more than $150,000 in compensation from the nonprofit or the nonprofit + related organization(s) and (2) controls at least 10% of the nonprofit’s assets and activities and (3) is one of the top 20 most highly paid employees.

All current officers, directors, and trustees (board members) must be listed, even if they are not paid for their service. (Most nonprofit board members are not paid.)

The nonprofit must list the 5 most highly paid employees who (1) are not officers, directors, trustees, or key employees and (2) received more than $100,000 from the nonprofit or the nonprofit + related organizations.

Former officers, directors, trustees, and highest compensated employees may also need to be listed, depending on how much they were paid.

Part VII is also where the five highest paid independent contractors that received more than $100,000 must be reported.

Compensation from related nonprofits is reported here.
## Part VIII—Revenue

Here you can find details on the kinds of revenue the nonprofit received.

<table>
<thead>
<tr>
<th>Contributions, Gifts, Grants, and Other Similar Amounts</th>
<th>Total Revenue</th>
<th>Related or Unrelated Business Income</th>
<th>Unrelated Business Income Excluded from Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Federated campaigns</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b) Membership dues</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c) Fundraising events</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d) Related organizations</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e) Government grants (constitutional)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f) All other contributions, gifts, grants, and similar amounts not included above</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g) Noncash contributions included in lines 1a-1f $</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>h) Total, Add lines 1a-1f</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Service Revenue</th>
<th>Business Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td></td>
</tr>
<tr>
<td>d)</td>
<td></td>
</tr>
<tr>
<td>e)</td>
<td></td>
</tr>
<tr>
<td>f) All other program service revenue</td>
<td></td>
</tr>
<tr>
<td>g) Total, Add lines 7a-21</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment Income (including dividends, interest, and other similar amounts)</th>
<th>Total Revenue</th>
<th>Related or Unrelated Business Income</th>
<th>Unrelated Business Income Excluded from Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>3)</td>
<td></td>
<td></td>
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<tr>
<td>4) Income from investment of tax-exempt bond proceeds</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5) Royalties</td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross rents</th>
<th>Total Revenue</th>
<th>Related or Unrelated Business Income</th>
<th>Unrelated Business Income Excluded from Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>6a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6b) Less rental expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6c) Rental income or (loss)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6d) Net rental income or (loss)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross amount from sales of assets other than inventory</th>
<th>Total Revenue</th>
<th>Related or Unrelated Business Income</th>
<th>Unrelated Business Income Excluded from Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>7a)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7b) Less cost or other basis and sales expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7c) Gain or (loss)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7d) Net gain or (loss)</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Gross income from fundraising events (not including $ of contributions reported on line 1c)</th>
<th>Total Revenue</th>
<th>Related or Unrelated Business Income</th>
<th>Unrelated Business Income Excluded from Taxable Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>8a) Sum of lines 4a-4d, 5, 6a-6d</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>8b) Less: direct expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8c) Net income or (loss) from fundraising events</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Miscellaneous Income</th>
<th>Business Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>11a)</td>
<td></td>
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<tr>
<td>b)</td>
<td></td>
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<tr>
<td>c)</td>
<td></td>
</tr>
<tr>
<td>d) All other revenue</td>
<td></td>
</tr>
<tr>
<td>e) Total, Add lines 11a-1d</td>
<td></td>
</tr>
<tr>
<td>12) Total revenue, See instructions</td>
<td></td>
</tr>
</tbody>
</table>
Part IX—Expenses, Part X—Balance sheet

Part IX provides a breakdown of expenses, divided into program service expenses, management and general expenses, and fundraising expenses.

Part X compares financial indicators from the beginning of the fiscal year with the end of the fiscal year.

<table>
<thead>
<tr>
<th>Assets</th>
<th>Line 1</th>
<th>Line 2</th>
<th>Line 3</th>
<th>Line 4</th>
<th>Line 5</th>
<th>Line 6</th>
<th>Line 7</th>
<th>Line 8</th>
<th>Line 9</th>
<th>Line 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Cash—non-interest-bearing</td>
<td>1</td>
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<td>2 Savings and temporary cash investments</td>
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<tr>
<td>3 Pledges and grants receivable, net</td>
<td>3</td>
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<td></td>
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<td>4 Accounts receivable, net</td>
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</tr>
<tr>
<td>5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees, Complete Part II of Schedule L</td>
<td>5</td>
<td></td>
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<tr>
<td>6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(f)(3), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employee beneficiary organizations (see instructions). Complete Part II of Schedule L</td>
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<tr>
<td>7 Notes and loans receivable, net</td>
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<tr>
<td>8 Inventories for sale or use</td>
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<tr>
<td>9 Prepaid expenses and deferred charges</td>
<td>9</td>
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<tr>
<td>10 Land, buildings, and equipment: cost or other basis. Complete Part V of Schedule U</td>
<td>10a</td>
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<tr>
<td>11 Less: accumulated depreciation</td>
<td>10b</td>
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<td></td>
<td></td>
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<tr>
<td>12 Total assets. Add lines 1 through 15 (must equal line 54)</td>
<td>10c</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>13 Investments—publicly traded securities</td>
<td>11</td>
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<td></td>
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<tr>
<td>14 Investments—other securities. See Part IV, line 11</td>
<td>12</td>
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<tr>
<td>15 Other assets. See Part IV, line 11</td>
<td>13</td>
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<tr>
<td>16 Total assets. Add lines 1 through 15 (must equal line 54)</td>
<td>15</td>
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<td></td>
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<tr>
<td>17 Accounts payable and accrued expenses</td>
<td>17</td>
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<td></td>
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<tr>
<td>18 Grants payable</td>
<td>18</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>19 Deferred revenue</td>
<td>19</td>
<td></td>
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<td></td>
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<tr>
<td>20 Tax-exempt bond liabilities</td>
<td>20</td>
<td></td>
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<td></td>
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<td></td>
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</tr>
<tr>
<td>21 Escrow or custodial account liability. Complete Part IV of Schedule D</td>
<td>21</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L</td>
<td>22</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>23 Secured mortgages and notes payable to unrelated third parties</td>
<td>23</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>24 Unsecured notes and loans payable to unrelated third parties</td>
<td>24</td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24)</td>
<td>25</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>26 Total liabilities. Add lines 17 through 26</td>
<td>26</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities</th>
<th>Line 1</th>
<th>Line 2</th>
<th>Line 3</th>
<th>Line 4</th>
<th>Line 5</th>
<th>Line 6</th>
<th>Line 7</th>
<th>Line 8</th>
<th>Line 9</th>
<th>Line 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 Unrestricted net assets</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>28 Temporarily restricted net assets</td>
<td>28</td>
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<tr>
<td>29 Permanently restricted net assets</td>
<td>29</td>
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<td></td>
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<td></td>
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<tr>
<td>30 Capital stock or trust principal, or current funds</td>
<td>30</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>31 Paid-in capital surplus, or land, building, or equipment fund</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32 Retained earnings, endowment, accumulated income, or other funds</td>
<td>32</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33 Total net assets or fund balances</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34 Total liabilities and net assets or fund balances</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
</tbody>
</table>
### Part XI—Expenses, reconciliation of net assets

<table>
<thead>
<tr>
<th>Part XI</th>
<th>Reconciliation of Net Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total revenue (must equal Part VIII, column (A), line 12)</td>
</tr>
<tr>
<td>2</td>
<td>Total expenses (must equal Part IX, column (A), line 25)</td>
</tr>
<tr>
<td>3</td>
<td>Revenue less expenses. Subtract line 2 from line 1</td>
</tr>
<tr>
<td>4</td>
<td>Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))</td>
</tr>
<tr>
<td>5</td>
<td>Net unrealized gains (losses) on investments</td>
</tr>
<tr>
<td>6</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>7</td>
<td>Investment expenses</td>
</tr>
<tr>
<td>8</td>
<td>Prior period adjustments</td>
</tr>
<tr>
<td>9</td>
<td>Other changes in net assets or fund balances (explain in Schedule O)</td>
</tr>
<tr>
<td>10</td>
<td>Net assets or fund balances at end of year. Combine lines 9 through 9 (must equal Part X, line 33, column (B))</td>
</tr>
</tbody>
</table>

---

### Part XII—Financial statements and reporting

Check if Schedule O contains a response or note to any line in this Part XII.

<table>
<thead>
<tr>
<th>1</th>
<th>Accounting method used to prepare the Form 990. [ ] Cash [ ] Accrual [ ] Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a</td>
<td>Were the organization’s financial statements compiled or reviewed by an independent accountant? [ ] Yes [ ] No</td>
</tr>
<tr>
<td>2b</td>
<td>If “Yes,” check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: [ ] Separate basis [ ] Consolidated basis [ ] Both consolidated and separate basis</td>
</tr>
<tr>
<td>3a</td>
<td>As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act, and OMB Circular A-133? [ ] Yes [ ] No</td>
</tr>
<tr>
<td>3b</td>
<td>If “Yes,” did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits. [ ] Yes [ ] No</td>
</tr>
</tbody>
</table>
Schedules

As of January 2020:

A — Public Charity Status and Public Support
B — Schedule of Contributors
C — Political Campaign and Lobbying Activities
D — Supplemental Financial Statements
E — Schools
F — Statement of Activities Outside the United States
G — Supplemental Information Regarding Fundraising or Gaming Activities
H — Hospitals
I — Supplemental Information on Grants and Other Assistance to Organizations, Governments, and Individuals in the United States
J — Compensation Information
K — Supplemental Information on Tax-Exempt Bonds
L — Transactions with Interested Persons
M — Non-Cash Contributions
N — Liquidation, Termination, Dissolution, or Significant Disposition of Assets
O — Supplemental Information to Form 990
P — Related Organizations and Unrelated Partnerships

Where to get more information

Easily understand organizations’ results, finances, operations, and more with GuideStar Pro.

The Candid Learning Knowledge Base and the GuideStar Help Center—search “990.”

Form 990 instructions—downloadable from the IRS website. The 990 instructions provide a wealth of information, including a line-by-line section.

Charities & Non-Profits section of the IRS website—a treasure trove of information pertaining to tax-exempt organizations. The availability of forms for a new tax year, changes in filing requirements, and other topics related to the 990 are all announced in this section of the IRS website.

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