



# Instructions for Form 990-EZ

## Short Form Return of Organization Exempt From Income Tax Under Section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Section references are to the Internal Revenue Code unless otherwise noted.

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### Future Developments

For the latest information about developments related to Form 990, 990-EZ and the related instructions, such as legislation enacted after they were published, go to [www.irs.gov/form990ez](http://www.irs.gov/form990ez).

### What's New

We changed the "Terminated" checkbox to "Final return/terminated" in *Item B. Checkboxes*.

### Reminders

The *General Instructions*:

- Clarify that a short period return cannot be filed electronically unless it is an initial or final return for which the "Initial return" or

"Final return/terminated" checkbox is checked in *Item B*, of the Form 990-EZ Heading.

- Explain that if a Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required to File Form 990 or Form 990-EZ, filer changes its accounting period, it must report this change either on Form 990, Form 990-EZ or Form 1128, Application To Adopt, Change, or Retain a Tax Year, or by sending a letter to the IRS.

### Purpose of Form

Form 990, Return of Organization Exempt From Income Tax, and Form 990-EZ are used by tax-exempt organizations, nonexempt charitable trusts, and section 527 political organizations to provide the IRS with the information required by section 501(c)(3).

An organization's completed Form 990 or 990-EZ, and a section 501(c)(3) organization's Form 990-T, Exempt Organization Business Income Tax Return, generally are available for public inspection as required by section 6104. Schedule B (Form 990, 990-EZ, or 990-PF), Schedule of Contributors, is open for public inspection for section 527 organizations filing Form 990 or 990-EZ. For other organizations that file Form 990 or 990-EZ, parts of Schedule B can be open to public inspection. For more details, see *Appendix D, Public Inspection of Returns*, and the Instructions for Schedule B (Form 990, 990-EZ, or 990-PF).

Some members of the public rely on Form 990 or 990-EZ, as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return.

#### Other purposes of Form 990 and 990-EZ include:

1. Form 990-EZ can be filed by organizations with gross receipts of less than \$200,000 and total assets of less than \$500,000 at the end of their tax year.
2. Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)), organizations that operate a hospital facility, organizations recognized by the IRS as section 501(c)(29) nonprofit health insurance issuers, and certain controlling organizations defined in section 512(b)(13) must file Form 990 rather than Form 990-EZ regardless of the amount of their gross receipts and total assets. See instructions for lines 44 and 45, and *General Instruction A, Who Must File*, before completing this form.
3. Form 990-EZ cannot be used by a private foundation required to file Form 990-PF, Return of Private Foundation or Section 4947(a)(1) Trust Treated as a Private Foundation. A section 501(c)(3) or section 4947(a)(1) organization should refer to the Instructions for Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support, to determine whether it is a private foundation.
4. Form 990 must be used to file a group return, not Form 990-EZ. See *General Instruction A*.

## General Instructions

**Overview of Form 990-EZ.** The Form 990-EZ is an annual information return required to be filed with the IRS by many organizations exempt from income tax under section 501(a), and certain political organizations and nonexempt charitable trusts. Parts I through V of the form must be completed by all filing organizations (Part VI must be completed by section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts), and require reporting on the organization's exempt and other activities, finances, compliance with certain federal tax filings and requirements, and compensation paid to certain persons. Additional schedules are required to be completed depending on the activities and type of organization. The completed Form 990-EZ filed with the IRS, except for certain contributor information on Schedule B (Form 990, 990-EZ, or 990-PF), is required to be made available to the public by the IRS and the filing organization (see *Appendix D*). Also, the organization may be required to file the completed Form 990-EZ with state governments to satisfy state reporting requirements. See *Appendix G, Use of Form 990 and 990-EZ To Satisfy State Reporting Requirements*.

## Reminder: Do Not Include Social Security Number on Publicly Disclosed Forms

Because the filing organization and the IRS are required to publicly disclose the organization's annual information returns, social security numbers should not be included on this form. Documents subject to disclosure include schedules and attachments filed with the form. For more information, see *Appendix D*.



**Organizations that have total gross income from unrelated trades or businesses of at least \$1,000 also are required to file Form 990-T, in addition to any required Form 990, 990-EZ, or 990-N.**

**Helpful hints.** The following hints can help you more efficiently review these instructions and complete the form.

1. Throughout these instructions, “the organization” and the “filing organization” both refer to the organization filing the Form 990-EZ.
2. The examples appearing throughout these instructions are illustrative only and for the purpose of completing Form 990-EZ, but are not all-inclusive.
3. Instructions for the Form 990-EZ schedules are published separately from these instructions.
4. Unless otherwise specified, information should be provided for the organization's tax year. For instance, an organization should answer “Yes” to a question asking whether it conducted a certain type of activity only if it conducted that activity during the tax year.

## A. Who Must File

Most organizations exempt from income tax under section 501(a) must file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N), depending upon the organization's gross receipts and total assets.

If an organization has gross receipts less than \$200,000 and total assets at the end of the year less than \$500,000, it can file Form 990-EZ, instead of Form 990. See the instructions later for more information. But see the special rules later for *Sponsoring organizations of donor advised funds* (as defined in section 4966(d)(1)), *Organizations that operate one or more hospital*

*facilities, Section 501(c)(29) nonprofit health insurance issuers, Controlling organizations described in section 512(b)(13).*

Form 990 (not 990-EZ or 990-N) must be filed by an organization exempt from income tax under section 501(a) (including an organization that has not applied for recognition of exemption or whose application for recognition of exemption is pending) if it has either gross receipts greater than or equal to \$200,000 or total assets greater than or equal to \$500,000 at the end of the tax year (with exceptions described below for organizations eligible to submit Form 990-N and for certain organizations described in *General Instruction B, Organizations Not Required To File Form 990 or 990-EZ*, later). This includes the following:

- Organizations described in section 501(c)(3) (other than private foundations) and
- Organizations described in other section 501(c) subsections (other than black lung benefit trusts).

**Gross receipts.** Gross receipts are the total amounts the organization received from all sources during its annual accounting period, without subtracting any costs or expenses. See *Appendix B, How To Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less* for a discussion of gross receipts. Total assets is the amount reported by the organization on its balance sheet (Form 990-EZ, Part II, column (B), line 23) as of the end of the year, without reduction for liabilities.

For purposes of Form 990 or Form 990-EZ reporting, the term “section 501(c)(3)” includes organizations exempt under sections 501(e) and (f) (cooperative service organizations), 501(j) (amateur sports organizations), 501(k) (child care organizations), and 501(l) (charitable risk pools). In addition, any organization described in one of these sections is also subject to section 4952 if it obtains a determination letter from the IRS stating that it is described in section 501(c)(3).

**Form 990-N.** If an organization normally has annual gross receipts of \$50,000 or less, it must submit Form 990-N, Electronic Notice (e-Postcard) for Tax-Exempt Organizations Not Required To File Form 990 or 990-EZ, if it does not file Form 990 or Form 990-EZ (with exceptions described later for certain section 509(a)(3) supporting organizations and for certain organizations described in *General Instruction B*). If the organization chooses to file Form 990-EZ, be sure to file a complete return. See *Appendix B* for a discussion of gross receipts and *General Instruction H, Requirements for a Properly Completed Form 990-EZ* for a discussion of a complete return.

**Electronic filing.** Organizations can file Form 990-EZ electronically. See *General Instruction D, When, Where, and How To File*, for who must file electronically.

**Foreign and U.S. possession organizations.** Foreign organizations and U.S. possession organizations, as well as domestic organizations described above, must file Form 990 or 990-EZ unless specifically excepted under *General Instruction B*. Report amounts in U.S. dollars, and state what conversion rate the organization uses. Combine amounts from within and outside the United States, and report the total for each item. All information must be written in English.

**Sponsoring organizations of donor advised funds.** Sponsoring organizations of donor advised funds (as defined in section 4966(d)(1)) must file Form 990 and not Form 990-EZ. See line 44 and the related instructions.

**Organizations that operate one or more hospital facilities.** Organizations that operated one or more hospital facilities during the tax year must file Form 990 and not Form 990-EZ, and complete Schedule H, Hospitals. A *hospital facility* is a facility that is required to be licensed, registered, or similarly recognized

by a state as a hospital. See line 44b and the related instructions.

**Section 501(c)(29) nonprofit health insurance issuers.**

Nonprofit health insurance issuers described in section 501(c)(29) must file Form 990 and not Form 990-EZ.

**Controlling organizations described in section 512(b)(13).**

A controlling organization of one or more controlled entities, as described in section 512(b)(13), must file Form 990 and not Form 990-EZ if it is required to file an annual information return for the year and if there was a certain type of transfer of funds between the controlling organization and any controlled entity during the year. See line 45 and the related instructions.

**Section 509(a)(3) supporting organizations.** A section 509(a)(3) supporting organization must file Form 990 or 990-EZ, even if its gross receipts are normally \$50,000 or less, and even if it is described in Rev. Proc. 96-10, 1996-1 C.B. 577, or is an affiliate of a governmental unit described in Rev. Proc. 95-48, 1995-2 C.B. 418, unless it qualifies as one of the following:

1. An integrated auxiliary of a church, as described in Regulations section 1.6033-2(h),
2. The exclusively religious activities of a religious order, or
3. An organization whose gross receipts are normally not more than \$5,000 that supports a section 501(c)(3) religious organization.

If the organization is described in 3, then it must submit Form 990-N unless it voluntarily files Form 990 or Form 990-EZ.

**Section 501(c)(7) and 501(c)(15) organizations.** Section 501(c)(7) and 501(c)(15) organizations apply the same gross receipts test as other organizations to determine whether they must file a Form 990 or 990-EZ, but use a different definition of gross receipts to determine whether they qualify as tax-exempt for the tax year. See *Appendix C, Special Gross Receipts Tests for Determining Exempt Status of Section 501(c)(7) and Section 501(c)(15) Organizations*, for more information.

**Section 527 political organizations.** Tax-exempt political organizations must file Form 990 or 990-EZ unless their annual gross receipts are less than \$25,000 during the tax year or they are otherwise excepted under *General Instruction B*. A section 527 political organization that is a qualified state or local political organization must file Form 990 or 990-EZ only if it has gross receipts of \$100,000 or more. Political organizations are not required to submit Form 990-N.

**Section 4947(a)(1) non-exempt charitable trusts.** A non-exempt charitable trust described under section 4947(a)(1) (if it is not treated as a private foundation) is required to file Form 990 or Form 990-EZ unless excepted under *General Instruction B*. Such a trust is treated like an exempt section 501(c)(3) organization for purposes of completing the form. Section 4947(a)(1) trusts must complete all sections of the Form 990-EZ and schedules that 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990-EZ, schedules, and instructions include a section 4947(a)(1) trust (for instance, such a trust must complete Schedule A (Form 990 or 990-EZ)), unless otherwise specified. If such a trust does not have any taxable income under Subtitle A of the Code, it can file Form 990 or Form 990-EZ to meet its section 6012 filing requirement and does not have to file Form 1041, U.S. Income Tax Return for Estates and Trusts.

**Group returns.** A group return filed by the central or parent organization on behalf of the subordinates in a group exemption must be filed using Form 990, not Form 990-EZ.

**Returns when exempt status not established.** An organization is required to file Form 990 or 990-EZ in accordance with these instructions if the organization claims

exempt status under section 501(a) but has not established such exempt status by filing Form 1023, Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; Form 1023-EZ, Streamlined Application for Recognition of Exemption Under Section 501(c)(3) of the Internal Revenue Code; or Form 1024, Application for Recognition of Exemption under Section 501(a), and receiving an IRS determination letter recognizing exempt status. In such cases, the organization must check the "application pending" checkbox in Item B of the Form 990 or 990-EZ header (whether or not a Form 1023, 1023-EZ, or 1024 has been filed) to indicate that the Form 990 or 990-EZ is being filed in the belief that the organization is exempt under section 501(a).

To qualify for tax exemption retroactive to its date of organization or formation, an organization claiming tax-exempt status under section 501(c)(3), 501(c)(9), or 501(c)(17) generally must file Form 1023, 1023-EZ, or 1024 within 27 months of the end of the month in which it was legally organized or formed.

## B. Organizations Not Required To File Form 990 or 990-EZ

An organization described below does not have to file Form 990 or 990-EZ even if it has at least \$200,000 of gross receipts or \$500,000 total assets at the end of the tax year (except for section 509(a)(3) supporting organizations described in *General Instruction A*). See *General Instruction A* for determining whether the organization can file Form 990-EZ instead of Form 990. An organization described in item 10, 11, or 13 under *Certain organizations with limited gross receipts*, is required to submit Form 990-N unless it voluntarily files Form 990, 990-EZ, or 990-BL, Information and Initial Excise Tax Return for Black Lung Benefit Trusts and Certain Related Persons, as applicable.

### Certain religious organizations

1. A church, an interchurch organization of local units of a church, a convention or association of churches, or an integrated auxiliary of a church as described in Regulations section 1.6033-2(h) (such as a men's or women's organization, religious school, mission society, or youth group).
2. A church-affiliated organization that is exclusively engaged in managing funds or maintaining retirement programs and is described in Rev. Proc. 96-10. But see the filing requirements for section 509(a)(3) supporting organizations in *General Instruction A*.
3. A school below college level affiliated with a church or operated by a religious order, as described in Regulations section 1.6033-2(g)(1)(vii).
4. A mission society sponsored by, or affiliated with, one or more churches or church denominations, if more than half of the society's activities are conducted in, or directed at, persons in foreign countries.
5. An exclusively religious activity of any religious order described in Rev. Proc. 91-20, 1991-1 C.B. 524.

### Certain governmental organizations

6. A state institution whose income is excluded from gross income under section 115.
7. A governmental unit or affiliate of a governmental unit described in Rev. Proc. 95-48. But see the filing requirements for section 509(a)(3) supporting organizations in *General Instruction A*.
8. An organization described in section 501(c)(1). A section 501(c)(1) organization is a corporation organized under an act of Congress that is an instrumentality of the United States, and exempt from federal income taxes.

### Certain political organizations

9. A political organization that is:

- A state or local committee of a political party,
- A political committee of a state or local candidate,
- A caucus or association of state or local officials, or
- Required to report under the Federal Election Campaign Act of 1971 as a political committee (as defined in section 301(4) of such Act).

#### Certain organizations with limited gross receipts

10. An organization whose gross receipts are normally \$50,000 or less. Such organizations generally are required to submit Form 990-N if they choose not to file Form 990 or 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*.

11. Foreign organizations and organizations located in U.S. possessions, whose gross receipts from sources within the United States are normally \$50,000 or less, and which did not engage in significant activity in the United States (other than investment activity). Such organizations, if they claim U.S. tax exemption or are recognized by the IRS as tax-exempt, generally are required to submit Form 990-N if they choose not to file Form 990 or 990-EZ.

If a foreign organization or organization located in a U.S. possession is required to file a Form 990 or Form 990-EZ, then its worldwide gross receipts, as well as assets, are taken into account in determining whether it qualifies to file Form 990-EZ. To determine what an organization's gross receipts "normally" are, see *Appendix B*.

#### Certain organizations that file different kinds of annual information returns

12. A private foundation (including a private operating foundation) exempt under section 501(c)(3) and described in section 509(a). Use Form 990-PF for a taxable private foundation, a section 4947(a)(1) nonexempt charitable trust treated as a private foundation, and a private foundation terminating its status by becoming a public charity under section 507(b)(1)(B) for tax years within its 60-month termination period. If the section 507(b)(1)(B) organization successfully terminates, then it files Form 990 or 990-EZ in its final year of termination.

13. A black lung benefit trust described in section 501(c)(21) use Form 990-BL.

14. A religious or apostolic organization described in section 501(d). Use Form 1065, U.S. Return of Partnership Income.

15. A stock bonus, pension, or profit-sharing trust that qualifies under section 401. Use Form 5500, Annual Return/Report of Employee Benefit Plan.

**TIP** *Subordinate organizations in a group exemption which are included in a group return filed for the tax year by the central organization should not file a separate Form 990 or 990-EZ, or submit Form 990-N for the tax year.*

**TIP** *A public charity described in section 170(b)(1)(A)(iv) or (vi) or 509(a)(2) that is not within its initial five years of existence should first complete Part II or III of Schedule A to ensure that it continues to qualify as a public charity for the tax year. If it fails to qualify as a public charity, then it must file Form 990-PF rather than Form 990-EZ.*

## C. Accounting Periods and Methods

### Accounting Periods

**Calendar year.** Use the 2014 Form 990-EZ to report on the 2014 calendar year accounting period. A calendar year accounting period begins on January 1 and ends on December 31.

**Fiscal year.** If the organization has established a fiscal year accounting period, use the 2014 Form 990-EZ to report on the

organization's fiscal year that began in 2014 and ended 12 months later. A fiscal year accounting period should normally coincide with the natural operating cycle of the organization. Be certain to indicate in the heading of Form 990-EZ the date the organization's fiscal year began in 2014 and the date the fiscal year ended in 2015.

**Short period.** A short accounting period is a period of less than 12 months, which exists when an organization first commences operations, changes its accounting period, or terminates. If the organization's short year began in 2014 and ended before December 31, 2014 (not on or after December 31, 2014), it may use either 2013 Form 990-EZ or 2014 Form 990-EZ or Form 990 to file for such short year. The 2014 form may also be used for a short period beginning in 2015 and ending before December 31, 2015 (not on or after December 31, 2015). When doing so, provide the information for designated years listed on the return, other than the tax year being reported, as if they were updated on the 2015 form. For example, provide the information in Schedule A, Part II for the tax years 2011-2015, rather than for tax years 2010-2014. A short period return cannot be filed electronically unless it is an initial return for which the "Initial return" box is checked or is a final return for which the "Final return/terminated" box is checked in *Item B* of the Form 990-EZ Heading.

**Accounting period change.** If the organization changes its accounting period, it must file a Form 990-EZ for the short period resulting from the change. Enter "Change of Accounting Period" at the top of this short-period return.

If the organization has previously changed its annual accounting period at any time within the 10-calendar-year period that includes the beginning of the short period resulting from the current change in accounting period, and it had a Form 990 series or income tax return filing requirement at any time during that 10-year period, it must also file a Form 1128 with the short-period return. See Rev. Proc. 85-58, 1985-2 C.B. 740.

If an organization that submits Form 990-N changes its accounting period, it must report this change either on Form 990, 990-EZ, or 1128, or by sending a letter to:

Internal Revenue Service  
1973 N. Rulon White Blvd.  
Ogden, UT 84404

### Accounting Methods

Unless instructed otherwise, the organization should generally use the same accounting method on the return (including the Form 990-EZ and all schedules) to report revenue and expenses that it regularly uses to keep its books and records. To be acceptable for Form 990-EZ reporting purposes, however, the method of accounting must clearly reflect income.

**Accounting method change.** Generally, the organization must file Form 3115, Application for Change in Accounting Method, to change its accounting method. An exception applies where a section 501(c) organization changes its accounting method to comply with Statement of Financial Accounting Standards, No. 116 (SFAS 116) (ASC 958), Accounting for Contributions Received and Contributions Made. See Notice 96-30, 1996-1 C.B. 378. An organization that makes a change in accounting method, regardless of whether it files Form 3115, must report any adjustment required by section 481(a) on Form 990-EZ, line 20 (other changes in net assets or fund balances), as a net asset adjustment made during the tax year. The organization must explain in Schedule O, Supplemental Information to Form 990 or 990-EZ, the change and net asset adjustment. The adjustment must be identified as the effect of changing to the method provided in SFAS 116 (ASC 958). The beginning of year

statement of financial position (balance sheet) should not be restated to reflect any prior period adjustments.

**State reporting.** Many states that accept Form 990-EZ in place of their own forms require that all amounts be reported based on the accrual method of accounting. If the organization prepares Form 990-EZ for state reporting purposes, it can file an identical return with the IRS even though the return does not agree with the books of account, unless the way one or more items are reported on the state return conflicts with the instructions for preparing Form 990-EZ for filing with the IRS.

**Example 1.** The organization maintains its books on the cash receipts and disbursements method of accounting but prepares a Form 990-EZ return for the state based on the accrual method. It could use that return for reporting to the IRS.

**Example 2.** A state reporting requirement requires the organization to report certain revenue, expense, or balance sheet items differently from the way it normally accounts for them on its books. A Form 990-EZ prepared for that state is acceptable for the IRS reporting purposes if the state reporting requirement does not conflict with Form 990-EZ instructions.

An organization should keep a reconciliation of any differences between its books of account and the Form 990-EZ that is filed.



See Pub. 538, *Accounting Periods and Methods*, and instructions to Forms 1128 and 3115, about reporting changes to accounting periods and methods.

## D. When, Where, and How To File

File Form 990-EZ by the 15th day of the 5th month after the organization's accounting period ends (May 15 for a calendar-year filer). If the due date falls on a Saturday, Sunday, or legal holiday, file on the next business day. A business day is any day that is not a Saturday, Sunday, or legal holiday.

If the organization is liquidated, dissolved, or terminated, file the return by the 15th day of the 5th month after liquidation, dissolution, or termination.

If the return is not filed by the due date (including any extension granted), attach a statement giving the reason(s) for not filing on time.

Send the return to the:

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0027

**Foreign and U.S. possession organizations.** If the organization's principal business, office, or agency is located in a foreign country or U.S. possession, send the return to the:

Internal Revenue Service Center  
P.O. Box 409101  
Ogden, UT 84409

**Private delivery services.** The organization can use certain private delivery services designated by the IRS to meet the "timely mailing as timely filing/paying" rule for tax returns and payments. These private delivery services include only the following:

- DHL Express (DHL): DHL Same Day Service,
- Federal Express (FedEx): FedEx Priority Overnight, FedEx Standard Overnight, FedEx 2Day, FedEx International Priority, FedEx International First, and
- United Parcel Service (UPS): UPS Next Day Air, UPS Next Day Air Saver, UPS 2<sup>nd</sup> Day Air, UPS 2<sup>nd</sup> Day Air AM, UPS Worldwide Express Plus, and UPS Worldwide Express.

For the IRS mailing address to use if you are using a private delivery service, go to [IRS.gov](http://IRS.gov) and enter "private delivery service" in the search box.

The private delivery service can tell you how to get written proof of the mailing date.

- For private delivery services, deliver the return to:

Internal Revenue Submission Processing Center  
1973 Rulon White Blvd.  
Ogden, UT 84404



Private delivery services cannot deliver items to P.O. boxes. You must use the U.S. Postal Service to mail any item to an IRS P.O. Box.

**Electronic filing.** The organization can file Form 990-EZ or Form 990 and related forms, schedules, and attachments electronically. However, if an organization files at least 250 returns of any type during the calendar year ending with or within the organization's tax year and has total assets of \$10 million or more at the end of the tax year, it must file Form 990 electronically (and not Form 990-EZ). "Returns" for this purpose include information returns (for example, Forms W-2, Forms 1099), income tax returns, employment tax returns (including quarterly Forms 941, Employer's QUARTERLY Federal Tax Return) and excise tax returns.

If an organization is required to file a return electronically but does not, the organization is considered not to have filed its return, even if a paper return is submitted, unless it is reporting a name change, in which case it must file by paper and attach the documents described in Specific Instructions, *Item B*. See Regulations section 301.6033-4 for more information on required electronic filing of Form 990.

For additional information on the electronic filing requirement, visit [www.irs.gov/efile](http://www.irs.gov/efile).

The IRS may waive the requirements to file electronically in cases of undue hardship. For information on filing a waiver, see Notice 2011-13, 2010-4 I.R.B. 327, available at [www.irs.gov/irb/2010-04/IRB/ar14.html](http://www.irs.gov/irb/2010-04/IRB/ar14.html).

## E. Extension of Time To File

Use Form 8868, Application for Extension of Time To File an Exempt Organization Return, to request an automatic 3-month extension of time to file. Use Form 8868 also to apply for an additional (not automatic) 3-month extension if the original 3 months was not enough time. To obtain this additional extension of time to file, the organization must show reasonable cause for the additional time requested. See the Instructions for Form 8868.

## F. Amended Return/Final Return

To amend the organization's return for any year, file a new return including any required schedules. Use the version of Form 990-EZ applicable to the year being amended. The amended return must provide all the information called for by the form and instructions, not just the new or corrected information. Check the "Amended return" box in *Item B* of the heading of the return. Also, list in Schedule O (Form 990 or 990-EZ) which parts and schedules of the Form 990-EZ were amended and describe the amendments.

The organization can file an amended return at any time to change or add to the information reported on a previously filed return for the same period. It must make the amended return available for inspection for 3 years from the date of filing or 3 years from the date the original return was due, whichever is later.

If the organization needs a copy of its previously filed return, it can file Form 4506-A, Request for Public Inspection or Copy of

Exempt or Political Organization IRS Form. See IRS.gov for information on getting blank tax forms.

If the return is a final return, the organization must check the "Final return/terminated" box in *Item B* of the heading of the return and complete Schedule N (Form 990 or 990-EZ), Liquidation, Termination, Dissolution, or Significant Disposition of Assets.

**Amended returns and state filing considerations.** State law can require that the organization send a copy of an amended Form 990-EZ return (or information provided to the IRS supplementing the return) to the state with which it filed a copy of Form 990-EZ originally to meet that state's filing requirement. A state can require an organization to file an amended Form 990-EZ to satisfy state reporting requirements, even if the original return was accepted by the IRS.

## G. Failure-To-File Penalties

**Against the organization.** Under section 6652(c)(1)(A), a penalty of \$20 a day, not to exceed the smaller of \$10,000 or 5% of the gross receipts of the organization for the year, can be charged when a return is filed late, unless the organization can show that the late filing was due to reasonable cause. Organizations with annual gross receipts exceeding \$1 million are subject to a penalty of \$100 for each day failure continues (with a maximum penalty for any one return of \$50,000). The penalty applies on each day after the due date that the return is not filed.

Tax-exempt organizations which are required to file electronically but do not are deemed to have failed to file the return. This is true even if a paper return is submitted, unless the organization files by paper to report a name change.

The penalty can also be charged if the organization files an incomplete return, such as by failing to complete a required line item or a required part of a schedule. To avoid penalties and having to supply missing information later:

1. Complete all applicable line items;
2. Unless instructed to skip a line, answer each question on the return;
3. Make an entry (including a zero when appropriate) on all lines requiring an amount or other information to be reported; and
4. Provide required explanations as instructed.

Also, this penalty can be imposed if the organization's return contains incorrect information. For example, an organization that reports contributions net of related fundraising expenses may be subject to this penalty.

Use of a paid preparer does not relieve the organization of its responsibility to file a complete and accurate return.

**Against responsible person(s).** If the organization does not file a complete return or does not furnish correct information, the IRS will send the organization a letter that includes a fixed time to fulfill these requirements. After that period expires, the person failing to comply will be charged a penalty of \$10 a day. The maximum penalty on all persons for failures for any one return shall not exceed \$5,000.

There are also penalties (fines and imprisonment) for willfully not filing returns and for filing fraudulent returns and statements with the IRS (sections 7203, 7206, and 7207). States can impose additional penalties for failure to meet their separate filing requirements.

**Automatic revocation for nonfiling for three consecutive years.** The law requires most tax-exempt organizations, other than churches, to file an annual Form 990, 990-EZ, or 990-PF with the IRS, or to submit a Form 990-N to the IRS. If an

organization fails to file an annual return or submit an annual notice as required for 3 consecutive years, its tax-exempt status is automatically revoked on and after the due date for filing its third annual return or notice. Organizations that lose their exemption may need to file income tax returns and pay income tax, but may apply for reinstatement of exemption. For details, go to [www.irs.gov/efo](http://www.irs.gov/efo).

## H. Requirements for a Properly Completed Form 990-EZ

All organizations filing Form 990-EZ must complete Parts I through V of the Form 990-EZ, and any required schedules and attachments. Section 501(c)(3) organizations must also complete Part VI. If an organization is not required to file Form 990-EZ but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

**Public inspection.** In general, all information the organization reports on or with its Form 990-EZ, including schedules and attachments, will be available for public inspection. Note, however, the special rules for Schedule B, Schedule of Contributors, a required schedule for certain organizations that file Form 990-EZ. Make sure the forms and schedules are clear enough to photocopy legibly. For more information on public inspection requirements, see *Appendix D* and Pub. 557, *Tax-Exempt Status for Your Organization*.

**Signature.** A Form 990-EZ is not complete without a proper signature. For details, see the instructions to the *Signature Block* later.

**Recordkeeping.** The organization's records should be kept as long as they can be needed for the administration of any provision of the Internal Revenue Code. Usually, records that support an item of income, deduction, or credit must be kept a minimum of 3 years from the date the return is due or filed, whichever is later. Keep records that verify the organization's basis in property as long as they are needed to figure the basis of the original or replacement property. Applicable law and an organization's policies can require that the organization retain records longer than 3 years.

The organization should also keep copies of any returns it has filed. They help in preparing future returns and making computations when filing an amended return.

**Rounding off to whole dollars.** The organization must round off cents to whole dollars on the returns and schedules, unless otherwise noted for particular questions. To round, drop amounts under 50 cents and increase amounts from 50 to 99 cents to the next dollar. For example, \$1.49 becomes \$1 and \$2.50 becomes \$3. If the organization has to add two or more amounts to figure the amount to enter on a line, include cents when adding the amounts and round off only the total.

**Completing all lines.** Make an entry (including a -0- when appropriate) on all lines requiring an amount or other information to be reported. Do not leave any applicable lines blank, unless expressly instructed to skip that line. If answering a line is predicated on a "Yes" answer to the preceding line, and if the organization's answer to the preceding line was "No," then leave the "If Yes" line blank.

In general, answers can be explained or supplemented in Schedule O if the allotted space in the form or other schedule is insufficient, or if a "Yes" or "No" answer is required but the organization wishes to explain its answer.

Missing or incomplete parts of the form and/or required schedules may result in the IRS contacting you to obtain the missing information. Failure to supply the information may result

in a penalty being assessed to your account. For tips on filing complete returns, go to [www.irs.gov/charities](http://www.irs.gov/charities).

**Reporting proper amounts.** Some lines request information reported on other forms filed by the organization, such as Forms W-2, 1099, and 990-T. If the organization is aware that the amount actually reported on the other form is incorrect, it must report on Form 990-EZ the information that should have been reported on the other form (in addition to filing an amended form with the proper amount).

In general, do not report negative numbers, but report -0- in lieu of a negative number, unless the instructions provide otherwise. Report revenue and expenses separately and do not net related items, unless otherwise provided.

**Inclusion of activities and items of disregarded entities and joint ventures.** An organization must report in its Form 990-EZ all of the revenues, expenses, assets, liabilities, and net assets or funds of a disregarded entity of which it is the sole member, and must report in its Form 990-EZ its share of all such items of a joint venture or other investment or arrangement treated as a partnership for federal income tax purposes. This includes passive investments. In addition, the organization generally must report the activities of a disregarded entity or a joint venture as its own activities in the appropriate parts and schedules of the Form 990-EZ.

**TIP** A disregarded entity generally must use the EIN of its sole member. An exception applies to employment taxes. For wages paid to employees of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).

**List of required schedules and attachments.** An organization may be required to file one or more of Schedules A, B, C, E, G, L, N, or O, or various other attachments as described in the form or instructions. The following is a list of the Form 990-EZ schedules that the organization may have to complete.

- Schedule A, Public Charity Status and Public Support. See *Part V, Other Information*.
- Schedule B, Schedule of Contributors. See *General Instruction H, Requirements for a Properly Completed Form 990-EZ*, earlier.
- Schedule C, Political Campaign and Lobbying Activities, Part III. See *Line 35c (section 6033(e) notice and proxy tax requirements)*.
- Schedule C, Political Campaign and Lobbying Activities, Part I. See *Line 46 (political campaign activities)*.
- Schedule C, Political Campaign and Lobbying Activities, Part II. See *Line 47 (lobbying activities)*.
- Schedule E, Schools. See *Line 48 (schools)*.
- Schedule G, Supplemental Information Regarding Fundraising or Gaming Activities, Parts II and III. See *Lines 6a through 6d (gaming and fundraising events)*.
- Schedule L, Transactions with Interested Persons, Part I. See *Line 40b (section 4958 excess benefit transactions)*.
- Schedule L, Transactions with Interested Persons, Part II. See *Line 38 (loans to or from officers, directors, trustees, and key employees)*.
- Schedule N, Liquidation, Termination, Dissolution, or Significant Disposition of Assets, Parts I (liquidation, termination, or dissolution) and II (significant disposition of net assets). See *Line 36 (liquidation, dissolution, termination, or significant disposition of net assets)*.
- Schedule O, Supplemental Information to Form 990 or Form 990-EZ. See *Lines 8, 10, 16, 20, 24, 26, 31, 33, 34, 35, and 44*.

**Assembling Form 990-EZ, schedules, and attachments.** Before filing the Form 990-EZ, assemble the package of forms, schedules, and attachments in the following order:

1. Core form with all parts completed (Parts I–V, Part VI by section 501(c)(3) organizations, Signature Block),
2. Schedules A, B, C, E, G, L, N, and/or O, completed as applicable, filed in alphabetical order, and
3. Attachments, completed as applicable. These include (a) name change amendment to organizing document required by *Item B* of the heading on page 1 of the return; (b) reasonable cause explanation for a late-filed return; and (c) articles of merger or dissolution, resolutions, and plans of liquidation or merger required by Schedule N (Form 990 or 990-EZ).

Do not attach materials not authorized in the instructions, or not otherwise authorized by the IRS.



To facilitate the processing of your return, do not password protect or encrypt PDF attachments. Password protecting or encrypting a PDF file that is attached to an e-filed return prevents the IRS from opening the attachment.

## Specific Instructions for Form 990-EZ

### Completing the Heading of Form 990-EZ

#### Item A Accounting Period

File the 2014 return for calendar year 2014 and fiscal years that began in 2014 and ended in 2015. For a fiscal year return, fill in the tax year space at the top of page 1 of the return. See *General Instruction C, Accounting Periods and Methods* for additional information about accounting periods.

#### Item F Checkboxes

**Address change.** Check this box if the organization changed its address and has not reported such a change on its most recently filed Form 990, 990-EZ, or 990-N, or in correspondence to the IRS.

**Name change.** Check this box if the organization changed its legal name (not its “doing business as” name) and has not reported such change on its most recently filed Form 990 or 990-EZ or in correspondence to the IRS. If the organization changed its name, file Form 990-EZ by paper and attach the following documents (see line 34 instructions):

IF the organization is:	THEN attach:
A corporation	A copy of the amendment to the articles of incorporation, and proof of filing with the appropriate state authority.
A trust	A copy of the amendment to the trust instrument, or a resolution to amend the trust instrument, showing the effective date of the change of name and signed by at least one trustee.
An unincorporated association	A copy of the amendment to the articles of association, constitution, or other organizing document, showing the effective date of the change of name and signed by at least two officers, trustees, or members.

**Initial return.** Check this box if this is the first time the organization is filing a Form 990-EZ and it has not previously filed a Form 990, 990-PF, 990-T, or 990-N.

**Final return/terminated.** Check this box if the organization has terminated its existence or ceased to be a section 501(a) or

section 527 organization and is filing its final return as an exempt organization or section 4947(a)(1) trust. See the instructions for line 36 that discuss liquidations, dissolutions, terminations, or significant disposition of net assets. An organization that checks this box because it has liquidated, terminated, ceased operations, dissolved, merged into another organization, or has had its exemption revoked during the tax year must also attach Schedule N (Form 990 or 990-EZ).



**CAUTION** An organization must support any claim to have liquidated, terminated, dissolved, or merged by attaching a certified copy of its articles of dissolution or merger approved by the appropriate state authority. If a certified copy of its articles of dissolution or merger is not available, the organization may submit a copy of a resolution(s) of its governing body approving plans of liquidation, termination, dissolution, or merger.

**Amended return.** Check this box if the organization previously filed a return with the IRS for the same tax year and is now filing another return for the same tax year to amend the previously filed return. Explain in Schedule O (Form 990 or 990-EZ) which parts, schedules, or attachments of the Form 990-EZ were amended and describe the amendments. See *General Instruction F, Amended Return/Final Return* for more information.

**Application pending.** Check this box if the organization either has filed a Form 1023, 1023-EZ, or 1024 with the IRS and is awaiting a response, or claims tax-exempt status under section 501(a) but has not filed Form 1023, 1023-EZ, or 1024 to be recognized as tax-exempt by the IRS. If this box is checked, the organization must complete all parts of the Form 990-EZ and any required schedules. An organization that is required to file an annual information return (Form 990 or 990-EZ) or submit an annual electronic notice (Form 990-N) for a given tax year (see *General Instruction A*) must do so even if it has not filed a Form 1023, 1023-EZ, or 1024 with the IRS, if it claims tax-exempt status.

To qualify for tax exemption retroactive to the date of its organization or formation, an organization claiming tax-exempt status under section 501(c)(3), 501(c)(9), or 501(c)(17) generally must file Form 1023, 1023-EZ, or 1024 within 27 months of the end of the month in which it was legally organized or formed.

### Item C. Name and Address

Enter the organization's legal name in the "Name of organization" box. If the organization operates under a name different from its legal name, identify its alternate name. After the legal name, by writing "a.k.a." (also known as) and the alternate name of the organization. If multiple a.k.a. names will not fit in the box, list them in Schedule O. However, if the organization has changed its legal name, follow the instructions in *Item B* for reporting the name change.

Include the suite, room, or other unit number after the street address. If the Post Office does not deliver mail to the street address and the organization has a P.O. box, enter the box number instead of the street address.

If the organization receives its mail in care of a third party (such as an accountant or an attorney), enter on the street address line C/O followed by the third party's name and street address or P.O. box.

For foreign addresses, enter information in the following order: city or town, state or province, the name of the country, and the postal code. Please do not abbreviate the country name.

If a change of address occurs after the return is filed, use Form 8822-B, Change of Address or Responsible Party — Business, to notify the IRS of the new address.

### Item D. Employer Identification Number (EIN)

Use the employer identification number (EIN) provided to the organization for filing its Form 990-EZ and federal tax returns. The organization must have only one EIN. If the organization has more than one EIN and has not been advised which to use, notify the:

Department of the Treasury  
Internal Revenue Service Center  
Ogden, UT 84201-0027

State what EINs the organization has, the name and address to which each number was assigned, and the address of the organization's principal office. The IRS will advise the organization which number to use.



**TIP** A subordinate organization in a group exemption that is filing an individual Form 990-EZ return must use its own EIN, not that of the central organization or of the group return.



**TIP** A section 501(c)(9) voluntary employees' beneficiary association must use its own EIN and not the EIN of its sponsor.

### Item E. Telephone Number

Enter a telephone number of the organization that members of the public and government personnel can use during normal business hours to obtain information about the organization's finances and activities. If the organization does not have a telephone number, enter the telephone number of an organization official who can provide such information.

### Item F. Group Exemption Number

Enter the four-digit group exemption number if the organization is included in a group exemption. The group exemption number (GEN) is a number assigned by the IRS to the central/parent organization of a group that has a group exemption letter. Contact the central/parent organization to ascertain the GEN assigned.



**CAUTION** If the organization is covered by a group exemption letter as a subordinate organization, the organization should file Form 990-EZ only if the organization is not included in a group return filed by the central/parent organization for the tax year.



**CAUTION** The central/parent organization of a group ruling cannot file a group return with Form 990-EZ but must use Form 990.

### Item G. Accounting Method

Indicate the method of accounting used in preparing this return. See *General Instruction C*.

### Item H. Schedule B

Whether or not the organization enters any amount on line 1 of Form 990-EZ, the organization must either check the box in *Item H. Schedule B* or attach Schedule B (Form 990, 990-EZ, or 990-PF). Failure to either check the box in *Item H* or file Schedule B will result in a determination that the return is incomplete. Complete and file Schedule B if the organization met any of the following conditions during the tax year:

- It is a section 501(c)(3) organization and met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), checks the box on Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and received from any one contributor, during the tax year, contributions of the greater of



\$5,000 (in money or property) or 2% of the amount on Form 990-EZ, Part I, line 1 (contributions, gifts, grants, and similar amounts received). An organization filing Schedule B can limit the contributors it reports on Schedule B using this greater than \$5,000 or 2% threshold only if it checks the box on Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b;

- It is a section 501(c)(3) organization that did not meet the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and received during the tax year contributions of \$5,000 or more from any one contributor;
- It is a section 501(c)(7), 501(c)(8), or 501(c)(10) organization that received, during the tax year, (a) contributions of any amount for use exclusively for religious, charitable, scientific, literary, or educational purposes, or (b) contributions of \$5,000 or more not exclusively for such purposes from any one contributor; or
- It is not a section 501(c)(3), 501(c)(7), 501(c)(8), or 501(c)(10) organization and it received during the tax year contributions of \$5,000 or more from any one contributor. See the instructions to Schedule B for more information.



*Do not attach substitutes for Schedule B. Parts I, II, and III of Schedule B may be photocopied as needed to provide adequate space for listing all contributors.*



*For purposes of Schedule B, contributors include individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. For organizations described in section 170(b)(1)(A)(iv) or (vi) or section 509(a)(2), contributors also include governmental units.*

## Guidelines for Meeting the Requirements of Schedule B

### Section 501(c)(3) Organization Meeting the 33 1/3% Support Test of 170(b)(1)(A)(vi)

<b>If</b>	A section 501(c)(3) organization that met the 33 1/3% support test of the regulations under section 509(a)(1) and section 170(b)(1)(A)(vi) did not receive a contribution of the greater of \$5,000 or 2% of the amount on line 1 of Form 990-EZ from any one contributor.*
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

### Section 501(c)(7), (8), or (10) Organizations

<b>If</b>	A section 501(c)(7), (8), or (10) organization received neither (1) any contribution or bequest for use <i>exclusively</i> for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals, nor (2) any contribution of \$5,000 or more not exclusively for such purposes from any one contributor,
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

## All Other Form 990-EZ Organizations (General Rule)

<b>If</b>	The organization did not receive a contribution of \$5,000 or more from any one contributor* (reportable on line 1 of the Form 990-EZ),
<b>Then</b>	The organization should check the box in <i>Item H</i> to certify that it is not required to attach Schedule B.
<b>Otherwise</b>	Complete and attach Schedule B.

\* To determine if the organization received a contribution of \$5,000 or more from a contributor during the year, add all direct and indirect gifts, grants, or contributions of \$1,000 or more in cash or property that a contributor made to the organization during the year. Do not include smaller gifts, grants, or contributions. See Instructions for Schedule B for more information.

### Item I. Website

Enter the organization's current address for its primary website, as of the date of filing this return. If the organization does not maintain a website, enter "N/A" (not applicable).

### Item J. Tax-Exempt Status

Check the applicable box to show the organization's tax-exempt status. If the organization is exempt under section 501(c) (other than 501(c)(3)), check the 501(c) box and insert the appropriate subsection number within the parentheses (for example, "4" for a 501(c)(4) organization). See the chart in *Appendix A: Exempt Organizations Reference Chart*. The term section 501(c)(3) includes organizations exempt under sections 501(e), (f), (k), and (n).

### Item K. Form of Organization

Check the box describing the organization's legal entity form or status under state law in its state of legal domicile. Legal entity forms include corporations, trusts, unincorporated associations, and other types of entities (for example, partnerships and limited liability companies).



*Section 527 political organizations have different gross receipts thresholds for Form 990-EZ filing, and are not required to submit Form 990-N. See Section 527 political organizations instructions, earlier, for more information.*



*Section 501(c)(7) and 501(c)(15) organizations use different definitions of gross receipts to determine whether they qualify for tax exemption for the year. Appendix C defines gross receipts for the purpose of determining the exempt status of organizations described in sections 501(c)(7) and 501(c)(15). Do not use the definition of gross receipts in Appendix C to determine whether the organization's gross receipts are normally \$50,000 or less.*

### Item L. Determining Gross Receipts

Add lines 5b, 6c, and 7b to line 9 to determine gross receipts. See *Appendix B* and *Appendix C* for a discussion of gross receipts.

Only those organizations with gross receipts of less than \$200,000 and total assets of less than \$500,000 at the end of the tax year can use the Form 990-EZ. If the organization does not meet these requirements, it must file Form 990, unless excepted under *General Instruction B*.



Do not use the definition of gross receipts for section 501(c)(7) or 501(c)(15) exemption purposes (discussed in Appendix C) to determine the amount to enter here.

## Part I. Revenue, Expenses, and Changes in Net Assets or Fund Balances

All organizations filing Form 990-EZ with the IRS or any state must complete Part I. Some states that accept Form 990-EZ in place of their own forms may require additional information. See Appendix G.

Check the box in the heading of Part I if Schedule O (Form 990 or 990-EZ) contains any information pertaining to this part.

Neither Form 5500 nor DOL Forms LM-2 or LM-3 should be substituted for the Form 990-EZ, lines 1-17.

### Revenue:

#### Line 1. Contributions, Gifts, Grants, and Similar Amounts Received

##### A. What is included on line 1?

- Report amounts received as voluntary contributions; for example, payments, or the part of any payment, for which the payer (donor) does not receive fair market value (FMV) from the recipient (donee) organization. Contributions are reported on line 1 regardless of whether they are deductible by the contributor.
- Enter the gross amounts of contributions, gifts, grants, and bequests that the organization received from individuals, trusts, corporations, estates, affiliates, foundations, public charities, and other exempt organizations, or raised by an on-site professional fundraiser.
- Report the value of noncash contributions at the time of the donation. For example, report the gross value of a donated car as of the time the car was received as a donation.
- Report all related expenses on lines 12 through 16. Enter on line 13 professional fundraising fees relating to the gross amounts of contributions collected in the charity's name by fundraisers.

Reporting line 1 amounts in accordance with SFAS 116 (ASC 958) generally is acceptable (though not required) for Form 990 and 990-EZ purposes, but the value of donated services or use of materials, equipment, or facilities may not be reported. However, state law may require it. An organization that receives a grant to be paid in future years should, according to SFAS 116 (ASC 958), report the grant's present value on line 1. Accruals of present value increments to the unpaid grant should also be reported on line 1 in future years.

The organization must report any contributions of conservation easements and other qualified conservation contributions consistently with how it reports revenue from such contributions in its books, records, and financial statements.

Report assets contributed to the organization by another entity in the course of the entity's liquidation, dissolution, or termination.

Do not net losses from uncollectible pledges, refunds of contributions and service revenue, or reversal of grant expenses on line 1. Rather, report any such items as *Other changes in net assets or fund balances* on Part I, line 20, and explain in Schedule O.

##### A1. Contributions can arise from fundraising events when an excess payment is received for items offered.

Fundraising activities relate to soliciting and receiving contributions. However, fundraising activities such as dinners, door-to-door sales of merchandise, carnivals, and bingo games can produce both contributions and revenue. Report as a contribution, both on line 1 and on line 6b (within the parentheses), any amount received through such a fundraising event that is greater than the FMV (retail value) of the merchandise or services furnished by the organization to the contributor. Report all gross income from gaming activities on line 6a.

This situation usually occurs when organizations seek support from the public through solicitation programs that are in part fundraising events or activities and are in part solicitations for contributions. The primary purpose of such solicitations is to receive contributions and not to sell the merchandise at its retail value, even though this might produce a profit.

**Example.** An organization holds a dinner, charging \$400 per person for the meal. The dinner has a retail value of \$160. A person who purchases a ticket is really purchasing the dinner for \$160 and making a contribution of \$240. The contribution of \$240, which is the difference between the buyer's payment and the retail value of the dinner, is reported on line 1 and again on line 6b (within the parentheses). The revenue received (\$160 retail value of the dinner) is reported on line 6b. Expenses directly related to the dinner are reported on line 6c. Fundraising expenses relating to the contribution of \$240 are reported on lines 12 through 16.

If a contributor gives more than \$160, that person would be making a contribution for the difference between the dinner's retail value of \$160 and the amount actually given. Rev. Rul. 67-246, 1967-2 CB 104, as distinguished from Rev. Rul. 74-348 1974-2 CB 80, explains this principle in detail. See also the instructions for line 6 and Pub. 526, Charitable Contributions.



At the time of any solicitation or payment, organizations that are eligible to receive tax-deductible contributions should advise patrons of the amount deductible for federal tax purposes. See Pub. 1771, Charitable Contributions - Substantiation and Disclosure Requirements.

##### A2. Contributions can arise from fundraising events when items of only nominal or insubstantial value are given or offered.

If an organization offers goods or services of only nominal or insubstantial value through a fundraising event, or distributes free, unordered, low-cost items to patrons, report the entire amount received for such benefits as a contribution on line 1. See also the instruction for *Line 6, B1*, later, regarding nominal or insubstantial value. Report all related expenses on lines 12 through 16.

Benefits have a nominal or insubstantial value if the organization informs patrons how much of their payment is a deductible contribution, and either:

1. The FMV of all of the benefits received in connection with the payment is not more than 2% of the payment or \$104, whichever is less, or

2. The payment is \$52 or more and the only benefits received in connection with the payment are token items (bookmarks, calendars, key chains, mugs, posters, T-shirts, etc.) bearing the organization's name or logo. The cost to the organization (as opposed to FMV) of all benefits received by a donor must, in the aggregate, be \$10.40 or less.

##### A3. Contributions in the form of membership dues.

Include on line 1 membership dues and assessments to the extent they are contributions and not payments for benefits received. (See the instruction for *Line 3, C1*, later.)

##### A4. Grants equivalent to contributions.

Grants made to encourage an organization receiving the grant to carry on

programs or activities that further the grant recipient's exempt purposes are grants that are equivalent to contributions. Report them on line 1. The grantor can specify which of the recipient's activities the grant may be used for, such as an adoption program or a disaster relief project.

A grant is still equivalent to a contribution if the grant recipient performs a service, or produces a work product, that benefits the grantor incidentally (but see the instruction for *Line 1. B1*, later).

#### **A5. Contributions or grants from governmental units.**

Whether a payment from a governmental unit is labeled a "grant" or a "contract" does not determine whether the payment should be reported on line 1. Rather, a grant or other payment from a governmental unit is treated as a grant equivalent to a contribution if its primary purpose is to enable the recipient to provide a service to, or maintain a facility for, the direct benefit of the public rather than to serve the direct and immediate needs of the grantor (even if the public pays part of the expense of providing the service or facility). (See the instruction for *Line 2. D*, later.)

The following are examples of governmental grants and other payments that are treated as contributions and reported on line 1:

- Payments by a governmental unit for the construction or maintenance of library or museum facilities open to the public,
- Payments by a governmental unit to nursing homes to provide health care to their residents (but not Medicare, Medicaid, and other similar payments on behalf of specific individuals under the line 2 instructions), and
- Payments by a governmental unit to child placement or child guidance organizations under government programs to better serve children in the community.

The following examples illustrate the distinction between government payments reportable on lines 1 and 2.

- A payment by a governmental agency to a medical clinic to provide vaccinations to the general public is a contribution reported on line 1. A payment by a governmental agency to a medical clinic to provide vaccinations to employees of the agency is program service revenue reported on line 2.
- A payment by a governmental agency to an organization to provide job training and placement for disabled individuals is a contribution reported on line 1. A payment by a governmental agency to the same organization to operate the agency's inter-city mail delivery system is program service revenue reported on line 2.

**A6. Contributions received through other fundraising organizations.** Contributions received indirectly from the public through solicitation campaigns of federated fundraising agencies (United Way) are included on line 1.

**A7. Contributions received from associate organizations.** Include on line 1 amounts contributed by other organizations closely associated with the filing organization. This includes contributions received from a parent organization, subordinate, or another organization having the same parent.

**A8. Contributions from a commercial co-venture.** Include amounts contributed by a commercial co-venture on line 1. These contributions are amounts received by the organization for allowing an outside organization (donor) or individual to use the recipient organization's name in a sales promotion campaign, such as where the outside organization agrees to contribute 2% of all sales proceeds to the organization.

## **B. What is not included on line 1?**

**B1. Grants that are payments for services are not contributions.** A grant is a payment for services, and not a contribution, when the terms of the grant provide the grantor with a specific service, facility, or product, rather than providing a benefit to the general public or that part of the public served by

the grant recipient. The recipient organization would report such a grant as income on line 2 (program service revenue).

**B2. Donations of services or use of property.** Do not include the value of services donated to the organization (such as the value of donated advertising space, broadcast air time (including donated public service announcements), or discounts on services), or of the free use of property (materials, equipment, or facilities) as contributions on line 1. However, for the optional reporting of those amounts, see the instructions for donated services in Part III.

**B3. Unreimbursed expenses.** Any unreimbursed expenses of officers, employees, or volunteers do not belong on the Form 990-EZ. See the explanations of charitable contributions and employee business expenses in Pub. 526, and Pub. 463, Travel, Entertainment, Gift, and Car Expenses.

**B4. Section 501(c)(9), (17), and (18) organizations.** Section 501(c)(9) organizations provide participants with life, sick, accident, or other similar benefits. Section 501(c)(17) organizations provide participants with supplemental unemployment benefits, and sickness and accident benefits subordinate to supplemental unemployment benefits. Section 501(c)(18) organizations provide participants with pension(s) and similar benefits. When such an organization receives payments from participants, or their employers, to provide these benefits, report the payments on line 2 as program service revenue, rather than on line 1 as contributions.

**C. How to value noncash contributions.** Report noncash contributions on line 1 at FMV. If FMV cannot be readily determined, use an appraised or estimated value. See also the instructions for Part II of Schedule B.

**D. Schedule of contributors.** Attach Schedule B if required. See the Specific Instructions for *Item H*.

**TIP** *The information on Form 1099-K, Payment Card and Third Party Network Transactions, may be useful in helping you to prepare your return but you are not required to report the information on any specific line of your return. An organization that receives a Form 1099-K reporting a gross amount of payment card or third party network payments received in the tax year should consider these amounts when reporting contributions and revenue on lines 1 through 8, according to the instructions for preparing the return. You should retain all Forms 1099-K with your other records.*

**TIP** *Section 501(c)(3) organizations must figure the amount of contributions according to the above instructions in preparing the support schedule in Part II or III of Schedule A (Form 990 or 990-EZ).*

## **Line 2. Program Service Revenue Including Government Fees and Contracts**

Enter the total program service revenue (exempt function income). Program services are primarily those that form the basis of an organization's exemption from tax.

**A. Examples.** A clinic would include on line 2 all of its charges for medical services (whether to be paid directly by the patients or through Medicare, Medicaid, or other third-party reimbursement), laboratory fees, and related charges for services.

Program service revenue also includes tuition received by a school; revenue from admissions to a concert or other performing arts event or to a museum; royalties received as author of an educational publication distributed by a commercial publisher; payments received by a section 501(c)(9) organization from participants or employers of participants for health and welfare benefits coverage; and registration fees received in connection with a meeting or convention.

**B. Program-related investment income.** Program service revenue also includes income from program-related investments. These investments are made primarily to accomplish an exempt purpose of the investing organization rather than to produce income. Examples of program-related investments are scholarship loans and low-interest loans to charitable organizations, indigents, or victims of a disaster. See also the instructions for line 4.

Rental income received from an exempt function is another example of program-related investment income (below-market rents from housing leased to low-income persons). For purposes of this return, report all rental income from an affiliated organization on line 2.

**C. Unrelated trade or business activities.** Unrelated trade or business activities (other than fundraising activities that are not regularly carried on) that generate fees for services can also be program service activities. A social club, for example, should report as program service revenue the fees it charges both members and nonmembers for the use of its tennis courts and golf course.

**D. Government fees and contracts.** Program service revenue includes income earned by the organization for providing a government agency with a service, facility, or product that benefited that government agency directly rather than benefiting the public as a whole. See line 1, instruction A5, for reporting guidelines when payments are received from a government agency for providing a service, facility, or product for the primary benefit of the general public.

### Line 3. Membership Dues and Assessments

Enter members' and affiliates' dues and assessments that are not contributions.

#### A. What is included on line 3?

**A1. Dues and assessments received that compare reasonably with the benefits of membership.** When the organization receives dues and assessments the value of which compare reasonably with the value of benefits provided to members (whether or not the members receive benefits as used by the members), report such dues and assessments on line 3.

**A2. Organizations that generally match dues and benefits.** Organizations described in section 501(c)(5), (6), or (7) generally provide benefits with a reasonable relationship to dues, although benefits to members can be in excess.

**B. Examples of membership benefits.** These include subscriptions to publications; newsletters (other than one about the organization's activities only); free or reduced-rate admissions to events sponsored by the organization; use of the organization's facilities; and discounts on articles or services that both members and nonmembers can buy. In figuring the value of membership benefits, disregard such intangible benefits as the right to attend meetings, vote, or hold office in the organization, and the distinction of being a member of the organization.

#### C. What is not included on line 3?

**C1. Dues or assessments received that exceed the value of available membership benefits.** Dues received by an organization, to the extent they exceed the monetary value of the membership benefits available to the dues payer, are a contribution that should be reported on line 1.

**C2. Dues received primarily for the organization's support.** If a member pays dues primarily to support the organization's activities, and not to obtain benefits of more than nominal or insubstantial monetary value, those dues are a contribution to the organization includible on line 1.

**Example.** M is an organization whose primary purpose is to support the local symphony orchestra. Members have the privilege of purchasing subscriptions to the symphony's annual concert series before they go on sale to the general public, but must pay the same price as any other member of the public. They also are entitled to attend a number of rehearsals each season without charge. Under these circumstances, M's receipts from members are contributions reported on line 1.

### Line 4. Investment Income

#### A. What is included on line 4?

**A1. Interest on savings and temporary cash investments.** Include the amount of interest received from interest-bearing checking accounts, savings, and temporary cash investments, such as money market funds, commercial paper, certificates of deposit, and U.S. Treasury bills or other governmental obligations that mature in less than one year. So-called dividends or earnings received from mutual savings banks, money market funds, etc., are actually interest and should be included on this line.

**A2. Dividends and interest from securities.** Include dividends from equity securities (stocks), and interest income from debt securities and notes and loans receivable, other than program-related investments. Include amounts received from payments on securities loans, as defined in section 512(a)(5).

**A3. Gross rents.** Include gross rental income received during the year from investment property and any other real property rented by the organization (other than program-related investments reported on line 2).

**A4. Other investment income.** Include, for example, the organization's share of investment income from a joint venture, limited liability company, or other entity treated as a partnership for federal tax purposes. Also include royalties received by the organization from licensing the ongoing use of its property to others (other than royalties generated as part of the organization's exempt function, such as royalties received from a publisher for an educational work authored by the organization, which should be reported on line 2 as program service revenue). Typical royalties are received for the use of intellectual property (copyrights, patents, and trademarks). Royalties also include payments to the owner of property for the right to exploit natural resources on the property, such as oil, natural gas, or minerals.

Do not deduct investment management fees from the amount of investment income reported on this line, but report these fees on line 13.

#### B. What is not included on line 4?

**B1. Capital gains dividends and unrealized gains and losses.** Do not include on this line any capital gains dividends. They are reported on line 5. Also do not include unrealized gains and losses on investments carried at market value. See the instructions for line 20.

**B2. Exempt function revenue (program service).** Do not include on line 4 amounts that represent income from an exempt function (program service). Report these amounts on line 2 as program service revenue. Report expenses related to this income on lines 12 through 16.

**Exempt function rental income.** An organization whose exempt purpose is to provide low-rental housing to persons with low income receives exempt function income from such rentals. An organization receives exempt function income if it rents or sublets rental space to a tenant whose activities are related to the filing organization's exempt purpose. Report rental income received in these instances on line 2 and not on line 4. Only for purposes of completing this return, treat income from renting property to affiliated exempt organizations as exempt function

income and include that income on line 2 as program service revenue.

**Other program-related investments.** Investment income from program-related investments should be reported on line 2. See the line 2 instructions for a discussion of program-related investments. Gains or losses from the sale of program-related investment assets are reported on line 5.

## Lines 5a through 5c. Gains (or Losses) From Sale of Assets Other Than Inventory

### A. What is included on line 5?

Report on line 5a all sales of securities and sales of all other types of investments (real estate, royalty interests, or partnership interests) as well as sales of all other non-inventory assets (program-related investments and fixed assets used by the organization in its related and unrelated activities). Also report capital gains dividends, the organization's share of capital gains and losses from a joint venture, limited liability company, or other entity treated as a partnership for federal tax purposes, and capital gains distributions from trusts.

Total the cost or other basis (less depreciation) and selling expenses and enter the result on line 5b. On line 5c, enter the net gain or loss.

For reporting sales of securities on Form 990-EZ, the organization can use the more convenient way to figure the organization's gain or loss from sales of securities by subtracting from the sales price the average-cost basis of the particular security sold. However, the average-cost basis is not used to figure the gain or loss from sales of securities reportable on Form 990-T.

### B. What is not included on line 5?

Do not include on line 5 any unrealized gains or losses on securities that are carried in the books of account at market value. See the instructions for line 20.

### C. Books and records

The organization should maintain books and records to substantiate information regarding any securities or other assets sold for which market quotations were not published or were not readily available. The recorded information should include:

- A description of the asset,
- Date acquired,
- Whether acquired by donation or purchase,
- Date sold and to whom sold,
- Gross sales price,
- Cost, other basis, or if donated, value at time acquired,
- Expense of sale and cost of improvements made after acquisition, and
- Depreciation since acquisition, if depreciable property.

## Line 6a. Gaming

Report gross income from gaming in line 6a if the organization conducted directly, or through a promoter, any amount of gaming during the year. Report the gross income from all gaming activities (other than gaming that is incidental to a fundraising event such as a dinner/dance), whether or not regularly carried on, in line 6a.

Gaming includes (but is not limited to) bingo, pull tabs, instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets,

casino nights/Las Vegas nights (other than events not regularly carried on in which participants can play casino-style games but the only prizes or auction items provided to participants are noncash items that were donated to the organization, which events are fundraising events), and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.

Many games of chance are taxable. Income from bingo games is generally not subject to the tax on unrelated business income if the games meet the legal definition of bingo. For a bingo game to meet the legal definition of bingo, wagers must be placed, winners must be determined, and prizes or other property must be distributed in the presence of all persons placing wagers in that game.

A wagering game that does not meet the legal definition of bingo does not qualify for the exclusion from unrelated business income, regardless of its name. For example, "instant bingo," in which a player buys a pre-packaged bingo card with pull-tabs that the player removes to determine if he or she is a winner, does not qualify. See Pub. 598, Tax on Unrelated Business Income of Exempt Organizations; Pub. 3079, Tax-Exempt Organizations and Gaming; and Form 990-T.

**Line 6b. Fundraising events.** Enter the gross income from all fundraising events and activities, such as dinners, dances, carnivals, concerts, sports events, auctions, and door-to-door sales of merchandise.

Fundraising events and activities only incidentally accomplish an exempt purpose. Their sole or primary purpose is to raise funds to finance the organization's exempt activities. They do not include events or activities that substantially further the organization's exempt purpose even if they also raise funds. They do not include activities regularly carried on. Fundraising events do not include gaming, gross income from which is reported on line 6a.

**Example.** An organization formed to promote and preserve folk music and related cultural traditions holds an annual folk music festival featuring concerts, handicraft demonstrations, and similar activities. Because the festival directly furthers the organization's exempt purpose, income from ticket sales should be reported on line 2 as program service revenue.

Fundraising events and activities raise funds by offering goods or services that have more than a nominal or insubstantial value (compared to the price charged) for a payment that is more than the direct cost of those goods or services. See instructions for *Line 1. A1* and *A2* earlier for a discussion on contributions reportable on line 1 and revenue reportable on line 6b.

The fact that tickets, advertising, or solicitation materials refer to a required payment as a donation or contribution does not control how these payments should be reported on Form 990-EZ.

The gross income from fundraising events must be reported in the right-hand column on line 6b without reduction for cash or noncash prizes, cost of goods sold, compensation, fees, or other expenses.

### A. What is included on line 6b?

**Gross revenue/contributions.** When an organization receives payments for goods or services offered through a fundraising event, enter:

1. As gross revenue, on line 6b (in the right-hand column), the retail value of the goods or services,
2. As a contribution, on both line 1 and line 6b (within the parentheses), any amount received that exceeds the retail value of the goods or services given.

**Example.** At a fundraising event, an organization received \$100 in gross receipts for goods valued at \$40. The organization entered gross revenue of \$40 on line 6b and entered a contribution of \$60 on both line 1 and within the parentheses on line 6b. The contribution was the difference between the gross revenue of \$40 and the gross receipts of \$100.

## B. What is not included on line 6b?

**B1. Sales or gifts of goods or services of only nominal or insubstantial value.** If the goods or services offered at the fundraising event have only nominal or insubstantial value, include all of the receipts as contributions on line 1 and all of the related expenses on lines 12 through 16.

**B2. Sweepstakes, raffles, and lotteries.** Report gross income from gaming on line 6a. Report as a contribution, on line 1, the proceeds of solicitation campaigns in which the names of contributors and other respondents (who were not required to make a minimum payment) are entered in a drawing for prizes.

Where a minimum payment is required for each raffle or lottery entry and prizes of only nominal or insubstantial value are awarded, report any amount received as a contribution. Report the related expenses on lines 12 through 16.

**B3. Activities that generate only contributions are not fundraising events.** An activity that generates only contributions, such as a solicitation campaign by mail, is not a fundraising event. Any amount received should be included on line 1 as a contribution. Related expenses are reportable on lines 12 through 16.

## C. Attach Schedule G, Parts II and III

If the organization reports more than \$15,000 on line 6a, then it must complete Part III (Gaming) of Schedule G (Form 990 or 990-EZ). If the sum of the organization's gross income and contributions from fundraising events (including the amounts reported on line 6b and in the parentheses for line 6b) is greater than \$15,000, then it must complete Schedule G, Part II (Fundraising Events). Organizations filing Form 990-EZ are not required to complete Schedule G, Part I (Fundraising Activities).

**Lines 6c-d. Direct expenses and net income or (loss) from gaming and fundraising events.** Report on line 6c direct expenses related to gaming activities and direct expenses attributable to the organization's provision of goods or services from which it derived gross income at a fundraising event. Do not report fundraising expenses attributable to contributions reported on line 1. These expenses are reportable on lines 12 through 16. If an expense is included on line 6c, do not report it again on line 7b.

To calculate net income or (loss) on line 6d, add lines 6a and 6b, then subtract line 6c.

## Lines 7a through 7c. Gross Sales of Inventory

**Line 7a. Sales of inventory.** Include on line 7a the gross sales (less returns and allowances) of inventory items, whether the sales activity is an exempt function or an unrelated trade or business. Inventory items are goods the organization makes to sell to others, or that it buys for resale. Include all inventory sales except sales of goods at fundraising events, which are reportable on line 6. Do not include on line 7 sales of investments on which the organization expected to profit by

appreciation and sale; report sales of these investments on line 5.

**Line 7b. Cost of goods sold.** On line 7b, report the cost of goods sold related to sales of such inventory. The usual items included in cost of goods sold are direct and indirect labor, materials and supplies consumed, freight-in, and a proportion of overhead expenses. For purposes of Part I, the organization may include as cost of donated goods their fair market value at the time of acquisition. Marketing and distribution expenses are not includible in cost of goods sold but are reported on lines 12 through 16.

## Line 8. Other Revenue

Enter the total income from all sources not covered by lines 1 through 7. Examples of line 8 income are interest on notes receivable not held as investments or as program-related investments (defined in the line 2 instructions); interest on loans to officers, directors, trustees, key employees, and other employees; and royalties that are not investment income or program service revenue.

## Expenses:


### Line 10. Grants and Similar Amounts Paid

#### A. What is included on line 10?

Enter the amount of actual grants and similar amounts paid to individuals and organizations selected by the filing organization. Include scholarship, fellowship, and research grants to individuals.

**A1. Specific assistance to individuals.** Include on this line the amount of payments to, or for the benefit of, particular clients or patients, including assistance by others at the organization's expense.

**A2. Payment, voluntary awards, or grants to affiliates.** Include on line 10 certain types of payments to organizations affiliated with (closely related to) the filing organization. These payments include predetermined quota support and dues payments by local organizations to their state or national organizations.

 *If the organization uses Form 990-EZ for state reporting purposes, distinguish on Schedule O between payments to affiliates and awards and grants. See Appendix G.*

#### B. What is not included on line 10?

**B1. Administrative expenses.** Do not include on this line expenses made in selecting recipients or monitoring compliance with the terms of a grant or award. Enter those expenses on lines 12 through 16.

**B2. Purchases of goods or services from affiliates.** Do not report the cost of goods or services purchased from affiliates on line 10. Report these expenses on lines 12 through 16.

**B3. Membership dues paid to another organization.** Report membership dues that the organization pays to another organization (other than an affiliated organization) for general membership benefits, such as regular services, publications, and materials, on line 16.

#### C. Grantee list on Schedule O

List on Schedule O each grantee organization or individual to whom the organization made grants (or paid similar amounts) in excess of \$5,000 during the organization's tax year. For each grantee, list:

- Each class of activity,

- The grantee's name and address (for grantee organizations, not grantee individuals),
- The amount given (aggregate amount of grants and payments to or for the benefit of the grantee during the organization's tax year), and
- The relationship of the grantee (for grants to individuals), if the relationship is by blood, marriage, adoption, or employment (including employees' children), control, or ownership, to any person or corporation with an interest in the organization, such as a creator, donor, director, trustee, officer, key employee, related organization, etc.



**CAUTION** *If the individual grantee is related to a grantor or contributor to the organization, then do not provide the name of the grantor or contributor. Instead, identify such persons generically as "grantee" and as "grantor" or "contributor."*

If any related organization (see line 49 instructions for definition of "related organization") received a payment reported on line 10, then so indicate, and specify the purpose of the payment.

Classify activities on this schedule in more detail than by using broad terms such as charitable, educational, religious, or scientific. For example, identify payments to affiliates; payments for nursing services; fellowships; and payments for food, shelter, or medical services for indigents or disaster victims.

Colleges, universities, and primary and secondary schools reporting scholarships or other financial assistance can instead include a statement in Schedule O that (a) groups each type of financial aid provided; (b) indicates the number of individuals who received the aid; and (c) specifies the aggregate dollar amount.

If an organization gives property other than cash and measures an award or grant by the property's FMV, also show on this schedule:

- A description of the property,
- The book value of the property,
- How the book value was determined,
- How the FMV was determined, and
- The date of the gift.

Any difference between a property's FMV and book value should be recorded in the organization's books or account and on line 20.

### Line 11. Benefits Paid to or for Members

For an organization that gives benefits to members or dependents (such as organizations exempt under section 501(c)(8), (9), or (17)), enter the amounts paid for or paid to obtain insurance that provides:

- Death, sickness, hospitalization, or disability benefits;
- Unemployment compensation benefits; and
- Other benefits, including patronage dividends paid by 501(c)(12) organizations to their members.

Report on line 12, rather than line 11, the cost of employment-related benefits (such as health insurance) that the organization gives its officers and employees.

### Line 12. Salaries, Other Compensation, and Employee Benefits

Enter the total salaries and wages paid to all officers and employees and payments made to directors and trustees, including compensation reported on Forms W-2 and 1099. Include all other forms of income and benefits received from the

organization during the year, such as the employer's share of deferrals (for unfunded plans) and contributions the organization paid to qualified and nonqualified pension and deferred compensation plans, and the employer's share of contributions to employee benefit programs (such as insurance, health, and welfare programs) that are not an incidental part of a pension plan.



**TIP** *Complete Form 5500 if the organization is required to file it.*

Also include in the total on line 12 the amount of federal, state, and local payroll taxes for the year that are imposed on the organization as an employer. This includes the employer's share of social security and Medicare taxes, Federal unemployment tax (FUTA), state unemployment compensation tax, and other state and local payroll taxes. Taxes withheld from employees' salaries and paid over to the various governmental units (such as Federal and state income taxes and the employees' share of social security and Medicare taxes) are part of the employees' salaries included on line 12. Report expenses paid or incurred for employee events such as a picnic or holiday party on this line.



**TIP** *Compensation for line 12 is reported based on the accounting method and tax year used by the organization, whereas compensation for Part IV, List of Officers, Directors, Trustees, and Key Employees, and Part VI, Lines 50 and 51 (compensation of highest compensated employees and independent contractors), is reported for the calendar year ending with or within the organization's fiscal year.*

### Line 13. Professional Fees and Other Payments to Independent Contractors

Enter the total amount of legal, accounting, auditing, other professional fees (such as fees for fundraising or investment services) and related expenses charged by outside firms and individuals who are not employees of the organization.

Do not include any penalties, fines, or judgments imposed on the organization as a result of legal proceedings; report and identify those expenses on line 16. Report on line 12 fees paid to directors and trustees. Also report on line 12 compensation to employees that provide fundraising, legal, accounting, or other professional services as part of their employment. Report broker fees/commissions as sales expenses on line 5b.

If the organization is able to distinguish between fees paid for independent contractor services and expense payments or reimbursements to the contractor(s), report the fees paid for services on line 13 and the expense payments or reimbursements on lines 14-16, as applicable. If the organization is unable to distinguish between service fees and expense payments or reimbursements to independent contractors, report all such amounts on line 13.



**TIP** *In some cases the organization can be required to report payments to an independent contractor on Form 1099-MISC, Miscellaneous Income.*

### Line 14. Occupancy, Rent, Utilities, and Maintenance

Enter the total amount paid or incurred for the use of office space or other facilities, including rent; mortgage interest; heat, light, power, and other utilities; outside janitorial services; real estate taxes and property insurance attributable to rental property; and similar expenses.

These expenses relate to real property actually occupied by the organization, whether as tenant or owner, or used in the conduct of exempt functions (such as low-income rental housing). Report on line 16 expenses relating to real property used for investment purposes. If the organization occupies part of the property and leases a part to others, then expenses must be reasonably allocated between occupancy-related and investment-related expenses, and reported accordingly on lines 14 and 16.

If the organization records depreciation on property it occupies, enter the total for the year. For an explanation of acceptable methods for computing depreciation, see Pub. 946, *How To Depreciate Property*.

Report on line 14 or 16 rental expenses for rental income reported on lines 2 and 4. Do not decrease rental expenses reported on line 14 or 16 by any rental income received from renting or subletting rented space. See the instructions for lines 2 and 4 to determine if the income is reportable as exempt function income or investment income.

### Line 15. Printing, Publications, Postage, and Shipping

Enter the printing and related costs of producing the filing organization's own newsletters, leaflets, films, and other informational materials as well as the cost of outside mailing services on line 15. Also include the cost of any purchased publications as well as postage and shipping costs not reportable on line 5b, 6c, or 7b. Do not include any expenses, such as salaries, for which a separate line is provided.

### Line 16. Other Expenses

Report expenses here that are not reportable on lines 10 through 15. Include here such expenses as penalties, fines, and judgments; unrelated business income taxes; insurance, interest, depreciation, and real estate taxes not reported as occupancy expenses; travel and transportation costs; and expenses for conferences, conventions, and meetings. Do not report on this line payments made by organizations exempt under section 501(c)(8), (9), or (7) to obtain insurance benefits for members. Report those expenses on line 11.

Some states that accept Form 990-EZ in satisfaction of their filing requirements may require that certain types of miscellaneous expenses be itemized. See *Appendix C*.

### Net Assets:

### Line 18. Excess or (Deficit) for the Year

Enter the difference between lines 9 and 17. If line 17 is more than line 9, enter the difference in parentheses or as a negative number with a minus sign.

### Line 19. Net Assets or Fund Balances at Beginning of Year

Enter on line 19 the end-of-year amount from the balance sheet on the prior year's return.

### Line 20. Other Changes in Net Assets or Fund Balances

Explain in Schedule O any changes in net assets or fund balances between the beginning and end of the organization's tax year that are not accounted for by the amount on line 18. Include items here such as:

- Adjustments of earlier years' activity (such as losses on uncollectible pledges, refunds of contributions and program service revenue, and reversal of grant expenses);
- Unrealized gains and losses on investments carried at market value;
- Any difference between FMV and book value of property given as an award or grant.

See *General Instruction C* regarding the reporting of a section 481(a) adjustment to conform to SFAS 116 (ASC 958).

## Part II. Balance Sheets

Every organization that files Form 990-EZ must complete columns (A) and (B) of Part II of the return and cannot submit a substitute balance sheet. Failure to complete Part II can result in penalties for filing an incomplete return. If there is no amount to report in column (A), *Beginning of year*, enter a zero in that column.

Check the box in the heading of Part II if Schedule O (Form 990 or 990-EZ) contains any information pertaining to this part.

Some states require more information. See *Appendix G* for more information about completing a Form 990-EZ to be filed with any state or local government agency.

### Line 21. Cash, Savings, and Investments

Include all interest and non-interest bearing accounts (petty cash funds, checking accounts, savings accounts, money market funds, commercial paper, certificates of deposit, U.S. Treasury bills, and other government obligations). Also include the book value of securities held as investments, and all other investment holdings including land and buildings held for investment. Report the income from these investments on line 4; report income from program-related investments on line 2.

### Line 22. Land and Buildings

Enter the book value (cost or other basis less accumulated depreciation) of all land and buildings owned by the organization and not held for investment.

### Line 24. Other Assets

Enter total of other assets such as accounts receivable, inventories, prepaid expenses, and the organization's share of assets in any joint ventures, limited liability companies, and other entities treated as a partnership for federal tax purposes. Also, include a description of the assets in Schedule O.

### Line 25. Total Assets

Enter amount of total assets. If the end-of-year total assets entered in column (B) are \$500,000 or more, Form 990 must be filed instead of Form 990-EZ.

### Line 26. Total Liabilities

Liabilities include such items as accounts payable, grants payable, mortgages or other loans payable, and deferred revenue (revenue received but not yet earned).

### Line 27. Net Assets or Fund Balances

Subtract line 26 (total liabilities) from line 25 (total assets) to determine net assets. Enter this net asset amount on line 27. The amount entered in column (B) must agree with the net asset or fund balance amount on line 21.

States that accept Form 990-EZ as their basic report form may require a separate statement of changes in net assets. See *Appendix G*.



## Part III. Statement of Program Service Accomplishments

Check the box in the heading of Part III if Schedule O (Form 990 or 990-EZ) contains any information relating to this part.

A program service is a major (usually ongoing) objective of an organization, such as adoptions, recreation for the elderly, rehabilitation, or publication of journals or newsletters.

Step	Action
1	Enter the organization's primary exempt purpose.
2	All organizations must describe their program service accomplishments for each of their three largest program services (as measured by total expenses incurred). <ul style="list-style-type: none"> <li>Describe program service accomplishments through measurements such as clients served, days of care, number of sessions or events held, or publications issued.</li> <li>Describe the activity's objective, for both this time period and the longer-term goal, if the output is intangible, such as in a research activity.</li> <li>Give reasonable estimates for any statistical information if exact figures are not readily available. Indicate that this information is estimated.</li> <li>Be clear, concise, and complete in the description. Avoid attaching brochures, newsletters, newspaper articles about the organization, etc.</li> </ul>
3	<b>Public interest law firm.</b> A public interest law firm exempt under section 501(c)(3) or 501(c)(4) must list in Schedule O all the cases in litigation or that have been litigated during the year. For each case, describe the matter in dispute and explain how the litigation will benefit the public generally. Also enter the fees sought and recovered in each case. See Rev. Proc. 92-51, 1992-2 C.B. 411.
4	<b>Expenses and grants.</b> For each program service reported on lines 28–31, section 501(c)(3) and 501(c)(4) organizations must enter in the "Expenses" column, the total expenses included on line 17 for that program service. These organizations also must enter, in the "Grants" space for each program service, the total grants and similar amounts reported on line 10 for that program service. If the amount of grants entered includes foreign grants, check the box to the left of the "Expense" column. For all other organizations, entering expenses and grants and checking the foreign grants box is optional.
5	Describe in Schedule O the organization's other program services. <ul style="list-style-type: none"> <li>The detailed information required for the three largest services is not necessary for this schedule.</li> <li>However, section 501(c)(3) and (4) organizations must show the expenses and grants attributable to their program services.</li> </ul>
6	The organization can report the amount of any donated services, or any donated use of materials, equipment, or facilities it received or utilized for a specific program service. <ul style="list-style-type: none"> <li>Disclose the applicable amounts of any donated services, etc., on the lines for the narrative description of the appropriate program service.</li> </ul>

### Step

### Action

- Do not include these amounts in the expense column in Part III.
- See the instruction for *Line 1, B2*, regarding donations of services or use of property.

## Part IV. List of Officers, Directors, Trustees, and Key Employees

Check the box in the heading of Part IV if Schedule O (Form 990 or 990-EZ) contains any information relating to this part.

List each person who was an officer, director, trustee, or key employee (defined below) of the organization at any time during the organization's tax year, even if they did not receive any compensation from the organization.

**Officer.** An officer is a person elected or appointed to manage the organization's daily operations, such as a president, vice-president, secretary, or treasurer. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, but at a minimum include those officers required by applicable state law.

**Director or trustee.** A director or trustee is a member of the organization's governing body, but only if the member has voting rights. The governing body is the group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of directors (sometimes referred to as board of trustees) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee, if only one trustee).

**Key employee.** A key employee is any person having responsibilities or powers similar to those of officers, directors, or trustees. The term includes the chief management and administrative officials of an organization (such as an executive director or chancellor). A chief financial officer and the officer in charge of the administration or program operations are both key employees if they have the authority to control the organization's activities, its finances, or both.

Enter a zero in columns (c), (d), and (e) if no reportable compensation or other compensation was paid during the year or deferred for payment to a future year.

Enter all forms of cash and noncash compensation received by each listed officer, director, trustee, and key employee, whether paid currently or deferred.

If the organization pays any other person, such as a management services company, for the services provided by any of the organization's officers, directors, trustees, or key employees, report the compensation and other items in Part IV as if the organization had paid the officers, directors, trustees, and key employees directly.

A failure to fully complete Part IV can subject both the organization and the individuals responsible for such failure to penalties for filing an incomplete return. See *General Instruction G*. In particular, entering the phrase on Part IV, "Information available upon request," or a similar phrase, is not acceptable.

Form 941 must be filed to report income tax withholding and social security and Medicare taxes. The organization must also file Form 940, Employer's Annual Federal Unemployment (FUTA) Tax Return, to report Federal unemployment tax, unless the organization is not subject to these taxes. See Pub. 15 (Circular E), Employer's Tax Guide for more information.

**Amounts paid or accrued by certain other organizations treated as paid or accrued by the filing organization.** Treat

as paid, accrued, or held directly by the organization any amounts paid or accrued under a deferred compensation plan, or held by a deferred compensation trust, that is established, sponsored, or maintained by the organization.

**Common paymaster or payroll/reporting agent.** Treat amounts paid by a common paymaster (as defined in Regulations section 31.3121(s)-1(b)(2)) or a payroll or reporting agent (which is or should be appointed by the organization on Form 2678, Employer/Payer Appointment of Agent, or authorized by the organization on Form 8655, Reporting Agent Authorization, to perform certain employment tax services on behalf of the organization) for services performed for the organization as if the organization had paid such amounts directly, and report these amounts in the appropriate columns in Part IV.

### Column (a)

For each person required to be listed, enter the name in the top of each row and the person's title or position with the organization in the bottom of the row. If the person had more than one title or position, list all (for instance, president and director). List persons in the following order: individual trustees or directors, institutional trustees, officers, and key employees.

Up to 12 persons can be reported on the Form 990-EZ, Part IV table. If more space is needed to enter additional persons, use as many duplicates of the Part IV table as are needed.

### Column (b)

For each person listed in column (a), report an estimate of the average hours per week the person devoted to the organization during the year. Entry of a specific number of hours per week is required for a complete answer. Enter "-0-" if applicable. Do not include statements such as "as needed," "as required," or "40+." If the average is less than one hour per week, then the organization can enter a decimal rounded to the nearest tenth (for example, 0.2 hours per week).

### Columns (c)–(e)

All compensation reporting is based on the calendar year ending with or within the organization's tax year. For example, if a fiscal-year organization's tax year is the 12-month period beginning July 1, 2014, and ending June 30, 2015, the organization must report compensation for the calendar year ending December 31, 2014.

**Note.** Do not report the same item of compensation in more than one column of Part IV for the calendar year ending with or within the tax year.

**Column (c).** Enter the person's reportable compensation. Reportable compensation is:

- For officers and other key employees – amounts required to be reported in box 1 or 5 of Form W-2 (whichever amount is greater);
- For directors and individual trustees – amounts required to be reported in box 7 of Form 1099-MISC for director services and other independent contractor services to the organization, plus box 1 or 5 of Form W-2 (whichever amount is greater) if also compensated as an officer or employee; and
- For institutional trustees (such as banks or trust companies) – fees for services paid under a contractual agreement or statutory entitlement.

If the organization did not file a Form 1099-MISC because the amounts paid were below the threshold reporting requirement, then include and report the amount actually paid.



**Corporate officers are considered employees for purposes of Form W-2 reporting, unless they perform no services as officers, or perform only minor services**

*and neither receive nor are entitled to receive, directly or indirectly, any compensation. Corporate directors are considered independent contractors, not employees, and director compensation, if any, generally is required to be reported on Form 1099-MISC. See Regulations section 31.3401(c)-1(f).*

For employees, such as certain members of the clergy and religious workers who are not subject to social security and Medicare taxes as employees, box 5 of Form W-2 can be zero or less than the amount in Form W-2, box 1. In those cases, the amount required to be reported in box 1 of Form W-2 must be reported as reportable compensation in column (c).

**Column (d).** Report the following deferred compensation and benefits:

1. Tax-deferred contributions by the employer to a qualified defined-contribution retirement plan;
2. The annual increase or decrease in actuarial value of a qualified defined benefit plan, whether or not funded or vested;
3. The value of health benefits provided by the employer, or paid by the employee with pre-tax dollars, that is not included in reportable compensation, including the value of:
  - Payments for health benefit plan premiums,
  - Medical reimbursement and flexible spending programs, and
  - Health coverage (rather than actual benefits paid) provided by an employer's self-insured or self-funded arrangement.Health benefits include medical, dental, optical, drug, and medical equipment benefits. They do not include disability or long-term care insurance premiums or allocated benefits for this purpose;
4. Tax-deferred contributions by the employer and employee to a funded nonqualified defined contribution plan, and deferred under a unfunded nonqualified defined contribution plan, whether or not such plans are vested or subject to a substantial risk of forfeiture; and
5. The annual increase or decrease in actuarial value of a non-qualified defined benefit plan, whether or not funded, vested, or subject to a substantial risk of forfeiture.

Reasonable estimates can be used if precise cost figures are not readily available to determine column (d) amounts.

**Column (e).** Enter both taxable and nontaxable fringe benefits, but do not include compensation reported in columns (c) or (d) or the following:

1. Working condition fringe benefits described in section 132(d),
2. Expense reimbursements and allowances under an accountable plan described in Regulations section 1.62-2(c)(2), and
3. De minimis fringe benefits described in section 132(e).

Include amounts that the recipients must report as income on their separate income tax returns. Examples include amounts for which the recipient did not account to the organization or allowances that were more than the payee spent on serving the organization. Include payments made under indemnification arrangements, the value of the personal use of housing, automobiles, or other assets owned or leased by the organization (or provided for the organization's use without charge), as well as any other taxable and nontaxable fringe benefits. See Pub. 525, Taxable and Nontaxable Income, for more information.

**\$10,000-per-item exception.** The organization may exclude from reporting in column (e) any item of "other compensation" given to a person listed in Part IV if its total value is less than \$10,000 for the calendar year ending with or within the organization's tax year.

**Short year and final returns.** For a short year return in which there is no calendar year that ends with or within the short year, leave columns (c), (d), and (e) blank and do not report any highest compensated employees or highest compensated independent contractors (because such persons are determined according to compensation received in the calendar year ending with or within the tax year for which the return is filed), unless the return is a final return. If the return is a final return, report in column (c) the compensation that is reportable compensation on Forms W-2 and Forms 1099 for the short year, from both the filing organization and related organizations, whether or not Forms W-2 or Forms 1099 have been filed yet to report such compensation. Report health benefits, contributions to employee benefit plans, and other deferred compensation for the short year in column (d), and other compensation for the short year in column (e).

## Part V. Other Information

### Required Statements

1. **Schedule A.** Section 501(c)(3) organizations must complete and attach Schedule A (Form 990 or Form 990-EZ).

2. **Statement regarding personal benefit contract.** If, in connection with a transfer to or for the use of the organization, the organization directly or indirectly pays premiums on any *personal benefit contract*, or there is an understanding or expectation that any person will directly or indirectly pay such premiums, the organization must do the following:

- Attach a statement describing the organization's involvement with the *personal benefit contract(s)*;
- Report on Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, the premiums that the organization paid, and the premiums paid by others but treated as paid by the organization; and
- Report and pay an excise tax, equal to premiums paid on Form 4720, Return of Certain Excise Taxes Under Chapter 41 and 42 of the Internal Revenue Code.

A *personal benefit contract* is generally any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor's family, any other person designated by the transferor (other than an organization described in section 170(c)). See section 170(f)(10); Notice 2000-24, 2000-1 C.B. 552; and Announcement 2000-82, 2000-2 C.B. 385.

### Line 33. Change in Activities

Describe in Schedule O any significant activities that the organization conducted prior to the end of the tax year that it has not previously reported to the IRS on Form 990-EZ or Form 990. Also describe significant activities that were discontinued. If the organization has never filed a Form 990 or 990-EZ, answer "No."



**TIP** An organization must report new, significant program services or significant changes in how it conducts program services in Part III of Form 990-EZ and in Schedule O (Form 990 or 990-EZ), rather than in a letter to the IRS Exempt Organization Determinations Office ("EO Determinations"). EO Determinations no longer issues letters confirming the tax-exempt status of organizations that report such new services or significant changes.

### Line 34. Changes in Organizing or Governing Documents

The organization must report significant changes to its organizing or enabling document by which it was created (articles of incorporation, association, or organization; trust instrument; constitution; or similar document), and to its rules governing its affairs (bylaws, regulations, operating agreement,

or similar document). Report changes made since the prior Form 990-EZ was filed, or that were not reported on any prior Form 990, and that were made before the end of the tax year.

Examples of significant changes to the organizing or governing documents include changes to:

- The organization's name;
- The organization's exempt purposes or mission;
- The number, composition, qualifications, authority, or duties of the governing body's voting members;
- The number, composition, qualifications, authority, or duties of the organization's officers or key employees;
- The role of the organization's members in governance;
- The distribution of assets upon dissolution;
- The provisions to amend the organizing or enabling document or bylaws;
- The quorum, voting rights, or voting approval requirements of the governing body members or the organization's stockholders or membership;
- The policies or procedures contained within the organizing documents or bylaws regarding compensation of officers, directors, trustees, or key employees, conflicts of interest, whistleblowers, or document retention or destruction; and
- The composition or procedures of an audit committee contained within the organizing document or bylaws.

Examples of insignificant changes made to organizing or governing documents that are not required to be reported here include changes to the organization's registered agent with the state and to the required or permitted number or frequency of governing body or member meetings.

Describe significant changes on Schedule O (Form 990 or 990-EZ), but do not attach a copy of the amendments or amended document to Form 990-EZ (or recite the entire amended document verbatim), unless such amended documents reflect a change in the organization's name. See the instructions for *Item B*, earlier, regarding attachments required in the event of a change in the organization's name, which attachments must be conformed copies of the original documents.

A conformed copy is one that agrees with the original document and all amendments to it. If the copies are not signed, they must be accompanied by a written declaration signed by an officer authorized to sign for the organization, certifying that they are complete and accurate copies of the original documents. Photocopies of articles of incorporation showing the certification of an appropriate state official need not be accompanied by such a declaration. See Rev. Proc. 68-14, 1968-1 C.B. 768, for details.

If the exempt organization changes its legal structure, such as from a trust to a corporation, the new legal entity must file a new exemption application to establish that it qualifies for exemption.

### Lines 35 a–b. Unrelated Business Income

#### Unrelated Business Income

Political organizations described in section 527 are not required to answer this question.

Check "Yes" on line 35a if the organization's total gross income from all of its unrelated trades and businesses is \$1,000 or more for the tax year. See Pub. 598 for a description of unrelated business income, and see Instructions for the Form 990-T for the filing requirements of Form 990-T.

If the organization answered "Yes" to line 35a but answered "No" to line 35b because it did not file a Form 990-T for the tax year, then explain in Schedule O why the organization did not file a Form 990-T.

If the organization had income from business activities, such as those reported on lines 2, 6a, and 7a (among others), but not reported on Form 990-T, explain in Schedule O the reasons for not reporting the income on Form 990-T.

Neither Form 990-T nor Form 990-EZ is a substitute for the other. Items of income and expense reported on Form 990-T must also be reported on Form 990-EZ (and vice versa) when the organization is required to file both forms.



*All tax-exempt organizations must pay estimated taxes on their unrelated business income if they expect their tax liability to be \$500 or more. Use Form 990-W, Estimated Tax on Unrelated Business Taxable Income for Tax-Exempt Organizations, to compute these amounts.*

## Line 35c. Section 6033(e) Tax for Lobbying Expenditures

If the organization checks "No" to line 35c, it is certifying that it was not subject to the notice and reporting requirements of section 6033(e) and that the organization had no lobbying and political expenditures potentially subject to the proxy tax.

**Section 6033(e) notice and reporting requirements and proxy tax.** Section 6033(e) requires certain section 501(c)(4), 501(c)(5), and 501(c)(6) organizations to tell their members the portion of their membership dues that were allocable to the political or lobbying activities of the organization. If an organization does not give its members this information, then the organization is subject to a proxy tax. The tax is reported on Form 990-T.

If the organization checks "Yes" on line 35c to declare that it had reportable section 6033(e) lobbying and political expenses in the tax year (and potential liability for the proxy tax):

1. Complete Part III of Schedule C (Form 990 or 990-EZ) (see instructions); and
2. Attach this schedule to Form 990-EZ.

Only the following tax-exempt organizations are subject to the section 6033(e) notice and reporting requirements, and a potential proxy tax:

- Section 501(c)(4) social welfare organizations,
- Section 501(c)(5) agricultural and horticultural organizations, and
- Section 501(c)(6) organizations.

**If the organization is not tax-exempt under sections 501(c)(4), 501(c)(5), or 501(c)(6), check "No" on line 35c.**

If the organization meets *Exception 1 or 2* below, it is excluded from the notice, reporting, and proxy tax requirements of section 6033(e), and it should check "No" to line 35c. See also Rev. Proc. 98-19, 1998-1 C.B. 547.

### Exception 1. Section 6033(e)(3) exception for nondeductible dues.

1. All organizations exempt from tax under section 501(a), other than section 501(c)(4), 501(c)(5), and 501(c)(6) organizations;
2. Local associations of employees' and veterans' organizations described in section 501(c)(4), but not section 501(c)(4) social welfare organizations;
3. Labor unions and other labor organizations described in section 501(c)(5), but not section 501(c)(5) agricultural and horticultural organizations;
4. Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations that receive more than 90% of their dues from:
  - a. Section 501(c)(3) organizations,
  - b. State or local governments,

- c. Entities whose income is exempt from tax under section 115, or
  - d. Organizations described in 1 through 3, above;
5. Section 501(c)(4) and (5) organizations that receive more than 90% of their annual dues from:
    - a. Persons,
    - b. Families, or
    - c. Entities

that each paid annual dues of \$110 or less in 2014 (adjusted annually for inflation). See Rev. Proc. 2013-35, 2013-47 I.R.B. 537.

6. Any organization that receives a private letter ruling from the IRS stating that the organization satisfies the section 6033(e)(3) exception;

7. Any organization that keeps records to substantiate that 90% or more of its members cannot deduct their dues (or similar amounts) as business expenses whether or not any part of their dues are used for lobbying purposes; or

8. Any organization that is not a membership organization.



*Special rules treat affiliated social welfare organizations, agricultural and horticultural organizations, and business leagues as parts of a single organization for purposes of meeting the nondeductible dues exception. See Rev. Proc. 98-19.*

**Exception 2. Section 6033(e)(1) \$2,000 in-house lobbying exception.** An organization satisfies the \$2,000 in-house lobbying exception if it:

1. Did not receive a waiver for proxy tax owed for the prior year;
2. Did not make any political expenditures or foreign lobbying expenditures during the current tax year; and
3. Incurred lobbying expenses during the current tax year consisting only of in-house direct lobbying expenses totaling \$2,000 or less, but excluding:
  - a. Any allocable overhead expenses, and
  - b. All direct lobbying expenses of any local council regarding legislation of direct interest to the organization or its members.

## Definitions

**Grassroots lobbying.** Refers to attempts to influence any segment of the general public regarding legislative matters or referendums.

**Direct lobbying includes attempting to influence:**

- Legislation through communication with legislators and other government officials, and
- The official actions or positions of covered executive branch officials through direct communication.

**Direct lobbying does not include attempting to influence:**

- Any local council on legislation of direct interest to the organization or its members, and
- The general public regarding legislative matters (grassroots lobbying).

**Other lobbying includes:**

- Grassroots lobbying,
- Foreign lobbying,
- Third-party lobbying, and
- Dues paid to another organization that were used to lobby.

**In-house expenditures include:**

- Salaries, and
- Other expenses of the organization's officials and staff (including amounts paid or incurred for the planning of legislative activities).

***In-house expenditures do not include:***

- Any payments to other taxpayers engaged in lobbying or political activities as a trade or business.
- Any dues paid to another organization that are allocable to lobbying or political activities.

**Line 36. Liquidation, Dissolution, Termination, or Significant Disposition of Net Assets**

If there was a liquidation, dissolution, termination, or significant disposition of net assets, enter "Yes" and complete and attach the applicable parts of Schedule N (Form 990 or 990-EZ).

For a complete liquidation, dissolution, termination, or cessation of operations, also check the *Final return/terminated* box in the heading of the return.

A *significant disposition of net assets* is a sale, exchange, disposition or other transfer of more than 25% of the FMV of the organization's net assets during the year, regardless of whether the organization received full or adequate consideration. A significant disposition of net assets may result from either an expansion or contraction of operations. A significant disposition of net assets involves:

1. One or more dispositions during the organization's tax year amounting to more than 25% of the FMV of the organization's assets as of the beginning of its tax year; or
2. One of a series of related dispositions or events commenced in a prior year, that when combined comprise more than 25% of the FMV of the organization's assets as of the beginning of the tax year when the first disposition of net assets occurred. Whether a series of related dispositions is a significant disposition of net assets depends on the facts and circumstances in each case.

Examples of the types of transactions that are *significant dispositions of net assets* required to be reported in Part II of Schedule N (Form 990 or 990-EZ) include:

- Taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (such as a social club described in section 501(c)(7) selling land, or an exempt organization selling assets it had used to further its exempt purposes);
- Sales, contributions, or other transfers of assets to establish or maintain a partnership, joint venture, or corporation (for-profit or nonprofit), regardless of whether such sales or transfers are governed by section 721 or section 331, whether or not the transferor receives an ownership interest in exchange for the transfer;
- Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest;
- Transfers of assets under a reorganization in which the organization is a surviving entity; and
- A contraction of net assets resulting from a grant or charitable contribution of assets to another organization described in section 501(c)(3).



**An organization filing Form 990-EZ need not complete Part II of Schedule N for a transaction that is not a significant disposition of net assets.**

The following are not considered significant dispositions of net assets for purposes of Schedule N, Part II:

- The change in composition of publicly traded securities held in an exempt organization's passive investment portfolio;
- Asset sales made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, such as gross sales of inventory;
- Grants or other assistance made in the ordinary course of the organization's exempt activities to accomplish the organization's exempt purposes, such as the regular charitable distributions of a United Way or other federated fundraising organization;

- A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization; and
- Transfers to a disregarded entity of which the organization is the sole member.

**Line 37. Expenditures for Political Purposes**

**Political organizations described in section 527 are not required to answer this question.**

A political expenditure is one intended to influence the selection, nomination, election, or appointment of anyone to a federal, state, or local public office, or office in a political organization, or the election of Presidential or Vice-Presidential electors. It does not matter whether the attempt succeeds.

An expenditure includes a payment, distribution, loan, advance, deposit, or gift of money, or anything of value. It also includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable.

**All section 501(c) organizations.** An exempt organization that is not a political organization must file Form 1120-POL, U.S. Income Tax Return for Certain Political Organizations, if it is treated as having political organization taxable income under section 527(f)(1).

If a section 501(c) organization establishes and maintains a section 527(f)(3) separate segregated fund, it is the fund's responsibility to file its own Form 1120-POL if the fund meets the Form 1120-POL filing requirements. Do not include the segregated fund's receipts, expenditures, and balance sheet items on the Form 990-EZ of the section 501(c) organization that establishes and maintains the fund. When answering question 37 on its Form 990-EZ, the section 501(c) organization should disregard the political expenses and Form 1120-POL filing requirement of the segregated fund. However, when a section 501(c) organization transfers its own funds to a separate segregated section 527(f)(3) fund for use as political expenses, the section 501(c) organization must report the transferred funds as its own political expenses on its Form 990-EZ.

**Section 501(c)(3) organizations.** A section 501(c)(3) organization will lose its tax-exempt status if it engages in political activity.

A section 501(c)(3) organization must pay a section 4955 excise tax for any amount paid or incurred on behalf of, or in opposition to, any candidate for public office. The organization must pay an additional excise tax if it fails to correct the expenditure timely.

A manager of a section 501(c)(3) organization who knowingly agrees to a political expenditure must pay a section 4955 excise tax, unless the agreement is not willful and there is reasonable cause. A manager who does not agree to a correction of the political expenditure may have to pay an additional excise tax.

When an organization promotes a candidate for public office (or is used or controlled by a candidate or prospective candidate), amounts paid or incurred for the following purposes are political expenditures:

- Remuneration to such individual (a candidate or prospective candidate) for speeches or other services;
- Travel expenses of such individual;
- Expenses of conducting polls, surveys, or other studies, or preparing papers or other material for use by such individual;
- Expenses of advertising, publicity, and fundraising for such individual; and
- Any other expense that has the primary effect of promoting public recognition or otherwise primarily accruing to the benefit of such individual.

An organization is effectively controlled by a candidate or prospective candidate only if such individual has a continuing,

substantial involvement in the day-to-day operations or management of the organization.

A determination of whether the primary purpose of an organization is promoting the candidacy or prospective candidacy of an individual for public office is made on the basis of all the facts and circumstances. See section 4955 and Regulations section 53.4955.

Use Form 4720 to figure and report these excise taxes.

### Line 38. Loans to or from Officers, Directors, Trustees, and Key Employees

Enter the end-of-year unpaid balance of secured and unsecured loans made to or received from officers, directors, trustees, and key employees (as defined in Part IV earlier). For example, if the organization borrowed \$1,000 from one officer and loaned \$500 to another, none of which has been repaid, report \$1,500 on line 38b.

For loans outstanding at the end of the year, complete and attach Part II of Schedule L (Form 990 or 990-EZ). See the Schedule L instructions.

Report any interest expense paid to an officer, director, trustee, or key employee on line 16 (except for mortgage interest reportable on line 14) and any interest income paid by an officer, director, trustee, or key employee on line 8.

### Line 39. Section 501(c)(7) Organizations

**Gross receipts test.** See *Appendix C* for a discussion of the gross receipts test for purposes of determining exemption under section 501(c)(7). This definition of gross receipts differs from the definition for purposes of header item *L* and determining whether the organization must file Form 990 or 990-EZ.

**Line 39a.** Include capital contributions, initiation fees, and unusual amounts of income not included in calculating gross receipts for the purpose of determining the exempt status of section 501(c)(7) organizations, as discussed in *Appendix C*.

**Line 39b.** Gross receipts for public use of club facilities are gross receipts (as defined above for 501(c)(7) exemption purposes) derived from the use of the organization's facilities by persons other than members, spouses of members, dependent members, or guests of members.

**Investment income and Form 990-T.** If a section 501(c)(7) organization qualifies as tax-exempt under the gross receipts test described in *Appendix C*, then include the amount entered on line 39b of Form 990-EZ on the club's Form 990-T. The club is required to file Form 990-T. Investment income earned by a section 501(c)(7) organization is not tax-exempt income unless it is set aside for one or more of the following purposes: religious, charitable, scientific, literary, educational purposes, or prevention of cruelty to children or animals.

If the combined amount of an organization's gross investment income and other unrelated business income exceeds \$1,000, it must report the investment income and other unrelated business income on Form 990-T.

**Nondiscrimination policy.** A section 501(c)(7) organization is not exempt from income tax if any written policy statement, including the governing instrument and bylaws, allows discrimination on the basis of race, color, or religion.

However, section 501(i) allows social clubs to retain their exemption under section 501(c)(7) even though their membership is limited (in writing) to members of a particular religion, if the social club:

1. Is an auxiliary of a fraternal beneficiary society exempt under section 501(c)(8), and

2. Limits its membership to the members of a particular religion; or the membership limitation is:

- a. A good-faith attempt to further the teachings or principles of that religion, and
- b. Not intended to exclude individuals of a particular race or color.

### Line 40a. Section 501(c)(3) Organizations: Disclosure of Excise Taxes Imposed under Section 4911, 4912, or 4955

Section 501(c)(3) organizations must disclose any excise tax imposed during the year under section 4911 (excess lobbying expenditures), 4912 (disqualifying lobbying expenditures), or, unless abated, 4955 (political expenditures). See sections 4962 and 6033(b).

### Line 40b. Section 501(c)(3), 501(c)(4), and 501(c)(29) Organizations: Disclosure of Section 4958 Excess Benefit Transactions and Excise Taxes

Answer "Yes" if the organization became aware, prior to filing this return, that it engaged in an excess benefit transaction with a disqualified person in the current tax year or in a prior year, and if the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ.

Sections 6033(b) and 6033(f) require section 501(c)(3) and 501(c)(4) organizations to report the amount of taxes imposed under section 4958 (excess benefit transactions) involving the organization, unless abated, as well as any other information the Secretary may require concerning those transactions.

If the organization answers "Yes," then complete and attach Part I of Schedule L (Form 990 or 990-EZ).

**IRIP**  
*An excess benefit transaction can have serious implications for the disqualified person that entered into the transaction with the organization, any organization managers that knowingly approved of the transaction, and the organization itself. A section 501(c)(3), 501(c)(4), or 501(c)(29) organization that becomes aware that it may have engaged in an excess benefit transaction should obtain competent advice regarding section 4958, pursue correction of any excess benefit, and take other appropriate steps to protect its interests with regard to such transaction and the potential impact it could have on the organization's continued exempt status. See Appendix E, Section 4958 Excess Benefit Transactions, for a discussion of section 4958, and Schedule L, Part I, about reporting excess benefit transactions.*

### Line 40c. Taxes Imposed on Organization Managers or Disqualified Persons

Enter the amount of taxes imposed on organization managers and/or disqualified persons under sections 4912, 4955, and 4958, unless abated.

### Line 40d. Taxes Reimbursed by the Organization

Enter the amount of tax on line 40c that was reimbursed by the organization. Any reimbursement of the excise tax liability of a disqualified person or organization manager will be treated as an excess benefit unless:

1. The organization treats the reimbursement as compensation during the year the reimbursement is made, and
2. The total compensation to that person, including the reimbursement, is reasonable.

## Line 40e. Tax on Prohibited Tax Shelter Transactions

Answer "Yes" if the organization was a party to a prohibited tax shelter transaction as described in section 4965(e) at any time during the organization's tax year. An organization that files Form 990-EZ (other than a section 527 political organization) and that is a party to a prohibited tax shelter transaction must file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction, and may also have to file Form 4720 and pay excise tax imposed by section 4965. For more information, see the instructions to Forms 8886-T and 4720.

## Line 41. List of States

List each state where the organization is filing a copy of this return in full or partial satisfaction of state filing requirements.

## Line 42a. Location of Books and Records

Provide the name of the person who possesses the organization's books and records. The organization is not required to provide the address or telephone number for the personal residence of an individual. The organization's address and phone number can be used instead, or the business address and telephone number of such individual.

## Line 42b. Foreign Financial Accounts

Answer "Yes" if either item 1 or 2 below applies:

1. At any time during the calendar year ending with or within the organization's tax year, the organization had an interest in, or signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account); and

- The combined value of the accounts was more than \$10,000 at any time during the calendar year; and
- The accounts were not with a U.S. military banking facility operated by a U.S. financial institution.

2. The organization owns more than 50% of the stock in any corporation that would answer "Yes" to item 1 above.

If "Yes," enter the name of the foreign country or countries. Continue on Schedule O if more space is needed.

If "Yes," file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), electronically, by June 30, 2015, with the Department of the Treasury using FinCEN's BSA E-Filing System. Because FinCEN Form 114 is not a tax form, do not file with Form 990-EZ. See [www.fincen.gov](http://www.fincen.gov) for more information.

## Line 43. Section 4947(a)(1) Nonexempt Charitable Trusts

A section 4947(a)(1) nonexempt charitable trust that has no taxable income under Subtitle A can use Form 990-EZ to meet its section 6012 filing requirement by checking the box on line 43 (in which case Form 1041 is not required). In such case, enter on line 43 the total of exempt-interest dividends received or accrued (if reporting under the accrual method of accounting) during the tax year. Such tax-exempt interest includes exempt-interest dividends received from a mutual fund or other regulated investment company as well as tax-exempt interest received directly.

Section 4947(a)(1) nonexempt charitable trusts must complete all sections of the Form 990-EZ and schedules that 501(c)(3) organizations must complete. All references to a section 501(c)(3) organization in the Form 990-EZ, schedules, and instructions include a section 4947(a)(1) trust (for instance,

such a trust must complete Schedule A (Form 990 or 990-EZ)), unless expressly excepted.

**Trust fund recovery penalty.** If certain excise, income, social security, and Medicare taxes that must be collected or withheld are not collected or withheld, or these taxes are not paid to the IRS, a trust fund recovery penalty may apply. The trust fund recovery penalty may be imposed on all persons (including volunteers) who the IRS determines were responsible for collecting, accounting for, and paying over these taxes, and who acted willfully in not doing so.

This penalty does not apply to volunteer unpaid members of any board of trustees or directors of a tax-exempt organization, if these members are solely serving in an honorary capacity, do not participate in the day-to-day or financial activities of the organization, and do not have actual knowledge of the failure to collect, account for, and pay over these taxes. However, the preceding sentence does not apply if it results in no person being liable for the penalty.

The penalty is equal to the unpaid trust fund tax. See Pub. 15 (Circular E) for more details, including the definition of responsible persons.

## Line 44a. Donor Advised Funds



A sponsoring organization of a donor advised fund must file Form 990 rather than Form 990-EZ, regardless of the amount of its gross receipts or net assets.

A sponsoring organization is any of the following types of organizations if it maintains one or more donor advised funds:

- A section 501(c)(3) public charity described in section 509(a)(1), (2), or (3).
- A veterans' organization, organized in the United States or any of its possessions, no part of the net earnings of which inures to the benefit of any private shareholder or individual, that meets the requirements to receive deductible contributions under section 170(c)(3).
- A domestic fraternal organization described in section 501(c)(3) or (10) that uses charitable contributions exclusively for charitable purposes.
- A cemetery company described in section 501(c)(13).

A "donor advised fund" is a fund or account:

- That is separately identified by reference to contributions of a donor or donors,
- That is owned and controlled by a sponsoring organization, and
- Over which the donor or donor advisor has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised fund or account because of the donor's status as a donor.

A donor advised fund does not include any fund or account:

- That makes distributions only to a single identified organization or governmental entity, or
- For which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes, if:
  - The donor or donor advisor's advisory privileges are performed exclusively by such person in his or her capacity as a committee member in which all of the committee members are appointed by the sponsoring organization;
  - No combination of donors or donor advisors directly or indirectly control the committee; and
  - All grants from the fund or account are awarded on an objective and nondiscriminatory basis following a procedure approved in advance by the board of directors of the sponsoring























































