Preparing to Use IRS Revised Form 990 for Exempt Organization Returns

- **Draft form of IRS Form 990 Revised – Issued December 2007**

  The most significant revisions in thirty years, with special focus on the mission statement, programs, policies, related organizations and public records. This packet of information applies to the redesigned Form 990 (released in December 2007) that organizations will file in 2009 for the 2008 tax year. Visit [www.irs.gov](http://www.irs.gov) and click on “charities & non-profits” for the most accurate information.

- **Glossary of Terms for the 990 – Issued April 2008**

  The glossary provides insights into the meaning of the questions on the new form.

- **Governance and Related Topics – Issued February 2008**

  This is the second draft of the non-profit governance document. While identifying 501(c)(3) organizations in the title, the revised draft states, “…other exempt organizations should also consider these topics.”

- **Table of Form 990 Policy Questions – Recap by Bob Harris, CAE**

  Table of the new policy questions with suggestions for adoption. Be sure to rely on accounting and legal professionals.

- **Policy Adoption Mistakes – by Bob Harris, CAE**

  Avoid the common mistakes in adopting and archiving policies.

- **Policy Samples Packet – Supplemental Examples of Policies**

  Samples of various policies. Be sure to rely on accounting and legal professionals when adopting or amending policies.
NOTES: Words in italics within a definition are defined elsewhere within the Glossary. All section references are to the Internal Revenue Code (Title 26 of U.S. Code) or regulations under Title 26, unless otherwise specified.

accountable plan A reimbursement or other expense allowance arrangement that satisfies the requirements of section 62(c) by meeting the requirements of business connection, substantiation, and returning amounts in excess of substantiated expenses. See Regulations section 1.62-2(c)(2).

accumulated depreciation The amount of depreciation accrued over a period of time.

activities conducted outside the United States For purposes of Schedule F, include grantmaking, fundraising, unrelated trade or business, program services, or maintaining offices, employees, or agents (excluding volunteers) in particular regions outside the United States for the purpose of conducting program services.

affiliated groups For purposes of Schedule C, Part II-A, members of an affiliated group are treated as a single organization to measure lobbying expenditures and permitted lobbying expenditures. Two organizations are affiliated if one is bound by the other organization’s decisions on legislative issues (control) or if enough representatives of one belong to the other organization’s governing board to cause or prevent action on legislative issues (interlocking directorate). If the organization is not sure whether its group is affiliated, it may ask the IRS for a ruling letter. There is a fee for this ruling. For information on requesting rulings, see annual revenue procedure. Members of an affiliated group measure both lobbying expenditures and permitted lobbying expenditures on the basis of the affiliated group’s tax year. If all members of the affiliated group have the same tax year, that year is the tax year of the affiliated group. However, if the affiliated group’s members have different tax years, the tax year of the affiliated group is the calendar year, unless all the members of the group elect otherwise. See Regulations section 56.4911-7(e)(3).

allowance for doubtful accounts An account established to allow for accounts receivable that will not be paid.

applicable tax-exempt organization A section 501(c)(3) or a section 501(c)(4) organization that is tax exempt under section 501(a), or was such an organization at any time during a 5-year period ending on the day of the excess benefit transaction.[IRC 4958(e)]

archeological artifact Any object (other than a work of art, historical treasure, or historical artifact) that is over 250 years old, normally discovered as a result of scientific excavation, clandestine or accidental digging for exploration on land or under water. See also ethnological artifacts.

art See works of art.

audit of financial statement A formal explanation of an organization’s financial records and practices by an independent, certified public accountant with the objective of assessing the accuracy and reliability of the organization’s financial statements.

audit committee A committee, generally established by the governing body of an organization, with the responsibilities to oversee the organization’s financial reporting process, monitor choice of accounting policies and principles, monitor internal control processes, and oversee hiring and performance of any external auditors.
board-designated endowment

See quasi-endowment.

bingo

A game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a pre-selected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the pre-selected pattern wins the game. To be a “bingo” game, the game must be of the type described in which wagers are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game. Certain consolation bingo games within a progressive bingo game may also qualify as Bingo.

bond issue

An issue of two or more bond denominations which are:
1. sold at substantially the same time;
2. sold pursuant to the same plan of financing; and
3. payable from the same source of funds.

See Treasury Regulations section 1.150-1(c).

business relationship

Business relationships between two persons include the following:

1) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.

2) One person is transacting business with the other, directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of $5000 in the aggregate during the tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner.

3) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

cash contributions

Contributions received in the form of cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization.

CEO, executive director, or top management official

A person who, regardless of title, has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization. “CEO” stands for chief executive officer.

certified historic structure

Any building or structure listed in the National Register as well as any building certified as being of historic significance to a registered historic district. See section 170(h)(4)(B) for special rules that apply to contributions made after August 17, 2006.

church

Publication 1828, Tax Guide for Churches and Religious Organizations, provides the following description of a church. Certain characteristics are generally attributed to churches. These attributes of a church have been developed by the IRS and by court decisions. They include: distinct legal existence; recognized creed and form of
welfare; definite and distinct ecclesiastical government; formal code of doctrine and discipline; distinct religious history; membership not associated with any other church or denomination; organization of ordained ministers; ordained ministers selected after completing prescribed courses of study; literature of its own; established places of worship; regular congregations; regular religious services; Sunday schools for the religious instruction of the young; schools for the preparation of its ministers. The IRS generally uses a combination of these characteristics, together with other facts and circumstances, to determine whether an organization is considered a church for federal tax purposes. A convention or association of churches is generally treated like a church for federal tax purposes.

closely held stock
Shares of stock issued by a corporation that is not publicly traded.

collections of works of art and similar assets
Include works of art, historical treasures, and similar items.

collectibles
Include autographs, sports memorabilia, dolls, stamps, coins, books, gems, jewelry (other than costume jewelry reportable on line 5), sports memorabilia, and dolls, etc., but not works of art or historical artifacts.

communication with members
For purposes of Schedule C, Part II-A and section 4911, expenditures for certain communications between an organization and its members are treated more leniently than are communications to nonmembers. Expenditures for a communication that refers to, and reflects a view on, specific legislation are not lobbying expenditures if the communication satisfies the following requirements:

1. The communication is directed only to members of the organization,
2. The specific legislation the communication refers to, and reflects a view on, is of direct interest to the organization and its members,
3. The communication does not directly encourage the member to engage in direct lobbying (whether individually or through the organization), and
4. The communication does not directly encourage the member to engage in grassroots lobbying (whether individually or through the organization).

Expenditures for a communication directed only to members that refers to, and reflects a view on, specific legislation and that satisfies the requirements of paragraphs 1, 2, and 4, but does not satisfy the requirements of paragraph 3, are treated as expenditures for direct lobbying.

Expenditures for a communication directed only to members that refers to, and reflects a view on, specific legislation and satisfies the requirements of paragraphs 1 and 2, but does not satisfy the requirements of paragraph 4, are treated as grassroots lobbying expenditures, whether or not the communication satisfies the requirements of paragraph 3. See Regulations section 56.4911-5 for details.

There are special rules regarding certain paid mass media advertisements about highly publicized legislation; allocation of mixed purpose expenditures; certain transfers treated as lobbying expenditures and special rules regarding lobbying on referenda, ballot initiatives, and similar procedures (see Regulations sections 56.4911-2 and -3).

compensation
All forms of cash and non-cash payments or benefits provided in exchange for services, including salary and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family
educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization’s property. See also “deferred compensation,” “nonqualified deferred compensation,” and “reportable compensation”

**compilation (compiled financial statements)**
A compilation is a presentation of financial statements and other information that is the representation of the management or owners of an organization and which has not been reviewed or audited by independent accountants.

**conflict of interest policy**
A policy that defines conflict of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person is in a position of authority over an organization, such as an officer, director or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person’s competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that do not involve a material financial interest of, or benefit to, such person.

**conservation easement**
A restriction on the use that may be made of, or changes made to, real property that is granted in perpetuity to a qualified organization exclusively for conservation purposes. Conservation purposes include protection of natural habitat, the preservation of open space; or the preservation of property for historic, educational, or recreational purposes. Qualified organizations include governmental units and certain 501(c)(3) organizations that have a commitment to protect the conservation purposes of the easement and the resources to enforce the restrictions. For more information see Notice 2004-41, 2004-28 I.R.B. 31. See also qualified conservation contribution.

**contributions**
See “cash contributions” and “noncash contributions.”

**control (for related organization test)**
In the case of nonprofit organizations, whether taxable or tax-exempt, control means:

- power to remove and replace a majority of a nonprofit organization’s directors or trustees, or
- management overlap where a majority of the controlled entity’s directors or trustees are trustees, directors, officers, employees, or agents of the controlling organization.

In the case of stock corporations and other organizations with owners, whether taxable or tax-exempt, “control” means:

- ownership of more than 50% of the stock (by voting power or value) of a corporation,
- ownership of more than 50% of the profits or capital interest in a partnership,
- ownership of more than 50% of the profits or capital in a limited liability company, regardless of whether the entity is treated as a corporation or a partnership for federal tax purposes or the designation of the interests as stock, membership interests, or otherwise under state law,
- being a managing partner or managing member in a partnership or limited liability company which has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control),
- being a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control),
• being the sole member of a disregarded entity, or
• ownership of more than 50% of the beneficial interest in a trust.

See Regulations sections 301.7701-2, 3, and 4 for more information on classification of corporations, partnerships, disregarded entities, and trusts.

Control may be indirect. In other words, if the organization controls Organization A which in turn controls (under the definition of control above) Organization B, the organization will be treated as controlling Organization B. Rules similar to section 318 (relating to constructive ownership of stock) shall apply for purposes of determining constructive ownership of a corporation or other entity.

controlling organization under section 512(b)(13)
An exempt organization that receives payments of interest, annuity, royalty, or rent from an organization that it controls. Section 512(b)(13) treats such payments as unrelated business taxable income under certain circumstances. For the definition of control in this context, see section 512(b)(13)(C) and Regulations section 1.512(c)-1(L)(4).

correction of excess benefit
A disqualified person corrects an excess benefit transaction by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be in if the disqualified person were dealing under the highest fiduciary standards. The organization is not required to rescind the underlying agreement; however the parties may need to modify an ongoing contract with respect to future payments.

A disqualified person corrects an excess benefit by making a payment in cash or cash equivalents equal to the correction amount to the tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit; the interest rate may be no lower than the applicable Federal rate.

Exception. For a correction of an excess benefit transaction described in Donor Advised Funds, no amount repaid in a manner proscribed by the Secretary may be held in a donor advised fund.

Property. With the agreement of the applicable tax-exempt organization, a disqualified person may make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of the property is considered a payment of cash (or cash equivalent) equal to the lesser of:
• The fair market value of the property on the date the property is returned to the organization, or
• The fair market value of the property on the date the excess benefit transaction occurred.

covered executive branch official
For purposes of Schedule C, Part III, the President, Vice-President, White House Office of the Executive Office of the President officers and employees, the two senior level officers of each of the other agencies in the Executive Office, individuals in level I positions of the Executive Schedule and their immediate deputies, and individuals designated as having Cabinet level status and their immediate deputies.

current year
The tax year for which the Form 990 is being filed.

defeasance escrow
An irrevocable escrow established to redeem the bonds on their earliest call date in an amount that, together with investment earnings, is sufficient to pay all the principal of, and interest and call premiums on, bonds from the date the escrow is established to the earliest call date. See Regulations section 1.141-12(d)(5).
deferred compensation
Compensation that is earned or accrued in, or is attributable to, one year but deferred to a future year for any reason, whether or not funded, vested, or subject to a substantial risk of forfeiture. Deferred compensation may or may not be included in reportable compensation for the current year.

direct contact lobbying
For purposes of Schedule C, Part III, a
- Meeting
- Telephone conversation,
- Letter, or
- Similar means of communication that is with a
  - Legislator (other than a local legislator), or
  - Covered executive branch official and that otherwise qualifies as a lobbying activity.

direct lobbying
See lobbying.

direct lobbying communications (direct lobbying expenditures)
For purposes of Schedule C, Part II-A, any attempt to influence any legislation through communication with any:
- Member or employee of a legislative or similar body, or
- Government official or employee (other than a member or employee of a legislative body) who may participate in the formulation of the legislation, but only if the principal purpose of the communication is to influence legislation.

A communication with a legislator or government official will be treated as a direct lobbying communication, if, but only if, the communication:
- Refers to specific legislation, and
- Reflects a view on such legislation.

director or trustee
A member of the organization’s governing body, but only if the member has any voting rights. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees.

disqualified person
Unless otherwise provided, any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. See Section 4958 and the related regulations for rules regarding the determination of who is a disqualified person.

A disqualified person includes:
- A disqualified person’s family member.
- A 35% controlled entity of a disqualified person.
- A donor or donor advisor to a donor advised fund
- An investment advisor of a sponsoring organization

The disqualified persons of a supported organization include the disqualified persons of a section 509(a)(3) supporting organization that supports the supported organization.

disregarded entity
An entity wholly owned by the organization that is not a separate entity for Federal tax purposes. See Regulations sections 301.7701-2 and -3.
**document retention and destruction policy**

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

**doing business with**

A person is doing business with another person if they have engaged in a commercial transaction, other than under an employment relationship, pursuant to which one of them transfers goods or provides services to the other in consideration for money, goods or services.

**domestic organization**

A corporation or partnership is domestic if created or organized in the U.S. or under the law of the U.S. or of any State or possession. A trust is domestic if a court within the U.S. or a U.S. possession is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in possessions of the U.S.) have the authority to control all substantial decisions of the trust.

**donor advised fund**

Generally, a fund or account:

1. That is separately identified by reference to contributions of a donor or donors;
2. That is owned and controlled by a sponsoring organization; and
3. For 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 funds or accounts because of the donor’s status as a donor.

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

1. That makes distributions only to a single identified organization or governmental entity, or
2. In which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes, if:
   a. 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;
   b. No combination of donors or donor advisors (and related persons as defined below) directly or indirectly control the committee;
   c. 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 organization. The procedure must be designed to ensure that all grants meet the requirements of sections 4945(g)(1), (2), or (3); or
3. That the Secretary exempts from being treated as a donor advised fund because either such fund or account is advised by a committee not directly or indirectly controlled by the donor or donor advisor or such fund benefits a single identified charitable purpose. For example, see Notice 2006-109, 2006-51 I.R.B. 1121, and any future related guidance.

**donor advisor**

Any person appointed or designated by a donor to advise a sponsoring organization on the distribution or investment of amounts held in the donor’s fund or account.

**EIN**

Employer identification number, a nine-digit number. Use Form SS-4 to apply for an EIN.

**employment tax returns (Federal)**

IRS Form 940, Employer's Federal Unemployment (FUTA) Tax Return, and Form 941, Employer's Quarterly Federal Tax Return.

**endowment**

See “term endowment,” “permanent endowment,” and “quasi endowment.” See also SFAS 117.

**ethnographical artifacts**

Objects (other than works of art, historical treasures, or historical artifacts) which are
the product of a tribal or non-industrial society, and important to the cultural heritage of a people because of their distinctive characteristics, comparative rarity, or contribution to the knowledge of the origins, development or history of that people. See also archeological artifacts.

**events**

For purposes of Schedule G, includes dinners/dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, and casino nights that are not regularly carried on. Events do not include sales of gifts or goods or services of only nominal value, sweepstakes, lotteries or raffles where the names of contributors or other respondents are entered in a drawing for prizes, raffle or lotteries where prizes have only nominal value or solicitation campaigns that generate only contributions.

**exceptions to lobbying**

For purposes of Schedule C, Part II-A, in general, engaging in nonpartisan analysis, study, or research and making its results available to the general public or segment or members thereof, or to governmental bodies, officials, or employees is not considered either a direct lobbying communication or a grassroots lobbying communication. Nonpartisan analysis, study, or research may advocate a particular position or viewpoint as long as there is a sufficiently full and fair exposition of the pertinent facts to enable the public or an individual to form an independent opinion or conclusion.

A communication that responds to a governmental body’s or committee’s written request for technical advice is not a direct lobbying communication.

A communication is not a direct lobbying communication if the communication is an appearance before, or communication with, any legislative body concerning action by that body that might affect the organization’s existence, its powers and duties, its tax-exempt status, or the deductibility of contributions to the organization, as opposed to affecting merely the scope of the organization’s future activities.

**excess benefit transaction**

In the case of an applicable tax-exempt organization, any transaction in which an excess benefit is provided by the organization, directly or indirectly to, or for the use of, any disqualified person. Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person. See the Appendix for more information.

**Donor advised fund.** For a donor advised fund, an excess benefit transaction also includes a grant, loan, compensation, or similar payment from the fund to a:

- Donor or donor advisor
- Family member of a donor, or donor advisor
- 35% controlled entity of a donor, or donor advisor
- 35% controlled entity of a family member of a donor or donor advisor.

The excess benefit in this transaction is the amount of the grant, loan, compensation, or similar payments. For additional information see the Instructions for Form 4720.

**Supporting organization.** For any supporting organization, defined in section 509(a)(3), an excess benefit transaction also includes grants, loans, compensation, or similar payments provided by the supporting organization to a:

- Substantial contributor
- Family member of a substantial contributor
- 35% controlled entity of a substantial contributor
- 35% controlled entity of a family member of a substantial contributor.

The excess benefit in this transaction is the amount of the grant, loan, compensation, or similar payments. Additionally, an excess benefit transaction includes any loans provided by the supporting organization to a disqualified person (other than an...
organization described in section 509(a)(1), (2), or (4)).

For more information see the Instructions for Form 4720.

exempt bond

See tax-exempt bond.

exempt purpose expenditures

For purposes of Schedule C, Part II-A, the amount an electing public charity may spend on lobbying (without incurring tax) is a scaled percentage of the organization’s exempt purpose expenditures. In general, an exempt purpose expenditure is paid or incurred by an electing public charity to accomplish the organization’s exempt purpose.

In general, exempt purpose expenditures are:

1. The total amount paid or incurred for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or to foster national or international amateur sports competition (not including providing athletic facilities or equipment, other than by qualified amateur sports organizations described in section 501(j)(2)),
2. The allocable portion of administrative expenses paid or incurred for the above purposes,
3. Amounts paid or incurred to try to influence legislation, whether or not for the purposes described in 1 above,
4. Allowance for depreciation or amortization, and
5. Fundraising expenditures, except that exempt purpose expenditures do not include amounts paid to or incurred for either the organization’s separate fundraising unit or other organizations, if the amounts are primarily for fundraising.

See Regulations section 56.4911-4(c) for a discussion of excluded expenditures.

expenditure test

For purposes of Schedule C, Part II-A, there are limits both upon the amount of the organization’s grassroots lobbying expenditures and upon the total amount of its direct lobbying and grassroots lobbying expenditures. If the electing public charity does not meet this expenditure test, it will owe a section 4911 excise tax on its excess lobbying expenditures. Moreover, if over a 4-year averaging period the organization’s average annual total lobbying or grassroots lobbying expenditures are more than 150% of its dollar limits, the organization will lose its exempt status.

family member, family relationship

Unless specified otherwise, the family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.

farm

Land used for the production of crops, fruits, or other agricultural products or for the maintenance of livestock. A farm includes the improvements located on the farm property.

filing organization

See the organization.

FIN 48

Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109. The organization may be required to provide in Schedule D the text of the footnote to its financial statements regarding the organization’s liability for uncertain tax positions under FIN 48.
financial statements
The statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.

fiscal year
An annual accounting period ending on the last day of a month other than December. See also tax year.

fixed formula
May generally incorporate an amount that depends upon future specified events or contingencies, as long as no one has discretion when calculating the amount of a payment or deciding whether to make a payment (such as a bonus).

fixed payment
An amount of cash or other property specified in the contract, or determined by a fixed formula that is specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property.

foreign government
A governmental unit or entity that is not classified as a United States government agency.

foreign individual
A person who lives or resides outside the United States, including a U.S. citizen or resident.

foreign organization
A foreign estate or trust, nonprofit or other non-governmental organization, partnership, corporation, or other business entity that is not created or organized in the United States or under the laws of the United States or of any State or U.S. territory or possession. A foreign organization includes an affiliate that is separately organized from the organization, but does not include any branch office, account, or employee of the organization located outside the United States.

fundraising activities
Activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting fundraising events, preparing and distributing fundraising manuals, instructions, and other materials; and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others. “Fundraising activities” do not include gaming (other than gaming that is incidental to a fundraising activity) or the conduct of any trade or business that is regularly carried on.

GAAP or generally accepted accounting principles
The accounting principles set forth by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that guide the work of the accountants in reporting financial information and preparing audited financial statements for organizations.

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, 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.

gaming manager
The person with overall supervision and management of the gaming operations. This person has responsibilities that may include record keeping, money counting, hiring and firing or workers and making the bank deposits for the gaming operation.

governing body
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).

government official
A federal, state or local official described within section 4946(c).

governmental issuer
A State or local governmental unit which issues a tax-exempt bond.

governmental unit
A State, a possession of the United States, a political subdivision of a State or U.S. possession, the United States, or the District of Columbia. Section 170(c)(1).

grantmaking, or grants and other assistance
For purposes of Schedule F and Schedule I, includes awards, prizes, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year. It does not include salaries or other compensation to employees.

grassroots lobbying
See lobbying.

grassroots lobbying communication (grassroots expenditure)
For purposes of Schedule C, Part II-A, any attempt to influence any legislation through an attempt to affect the opinions of the general public or any part of the general public.

A communication is generally not a grassroots lobbying communication unless (in addition to referring to specific legislation and reflecting a view on that legislation) it encourages recipients to take action about the specific legislation.

A communication encourages a recipient to take action when it:
1. States that the recipient should contact legislators;
2. States a legislator’s address, phone number, etc.;
3. Provides a petition, tear-off postcard, or similar material for the recipient to send to a legislator; or
4. Specifically identifies one or more legislators who:
   a. Will vote on legislation;
   b. Opposes the communication’s view on the legislation;
   c. Is undecided about the legislation;
   d. Is the recipient’s representative in the legislature; or
   e. Is a member of the legislative committee that will consider the legislation.

A communication described in (4) above generally is grassroots lobbying only if, in addition to referring to and reflecting a view on specific legislation, it is a communication that cannot meet the full and fair exposition test as nonpartisan analysis, study, or research.

gross proceeds
For purposes of Schedule K, generally any sale proceeds, investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations section 1.148-1(b),(c).

gross receipts
See Appendix B (How to Determine Whether an Organization’s Gross Receipts Are Normally $25,000 (or $5,000) or Less) and Appendix C (Section 501(c)(15) Organizations and Gross Receipts).

gross revenue
For purposes of Schedule G, gross receipts less contributions.

group exemption
Tax exemption of a group of organizations all exempt under the same Code section, applied for and obtained by a central or parent organization on behalf of the subordinate or local organizations under its general supervision or control. See Rev. Proc. 80-27 for more information.
group return
A Form 990 filed by the central or parent organization of a group exemption for two or more of the subordinate or local organizations that are in the group at the close of the central organization’s tax year. See General Instruction I for more information.

highest compensated employee
One of the five highest compensated employees of the organization (including employees of a disregarded entity of the organization) other than officers or listed key employees. The five highest are determined by the amounts reported on box 5 of Forms W-2 for the calendar year ending with or within the organization’s tax year.

historical artifact
Furniture, fixtures, textiles and household items of an historic nature, other than works of art, historical treasures, or archeological artifacts.

historical treasure
A building, structure, area, or property (real or personal) with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archeology, or culture of a country, state, or city.

hospital
A facility that is, or is required to be, licensed or certified as a hospital under state licensing or certification laws. This includes a hospital that is operated through a disregarded entity or a joint venture taxed as a partnership, but does not include a hospital that is located outside the United States or is operated by a separate organization that is tax-exempt or treated as an association taxable as a corporation for federal tax purposes.

hospital facility
A campus (or component thereof), building, structure or other physical location or address at which the organization provides medical or hospital care, including a hospital, outpatient facility, surgery center, urgent care clinic, or rehabilitation facility, whether operated directly by the filing organization or indirectly through a disregarded entity or joint venture taxed as a partnership.

household goods
Include furniture, furnishings, electronics, appliances, linens, and other similar items. They do not include (1) food, (2) paintings, antiques, and other objects of art, (3) jewelry and gems (other than costume jewelry reportable on this line), and other collectibles.

independent contractor
A person who provides services to the organization but who is not treated as an employee for employment tax purposes.

independent member of governing body
A member of the governing body, if all four of the following circumstances applied at all times during the organization’s tax year:

1. The member was not compensated as an officer or other employee of the organization or of a related organization (except for the religious exception discussed below).
2. The member did not receive total compensation or other payments exceeding $10,000 for the year from the organization or from related organizations as an independent contractor, other than reimbursement of expenses or reasonable compensation for services provided in the capacity as a member of the governing body. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a director of the organization does not cease to be independent merely because he or she also received payments of $7,500 from the organization for other arrangements.
3. The member did not otherwise receive, directly or indirectly, material financial benefits from the organization or from a related organization. Transactions reportable in Schedule L with respect to a member of the governing body, or which would be reportable but for the large board exception (see Schedule L
instructions), are deemed material financial benefits to the member for this purpose, except for a loan to the organization on arm’s length or more favorable terms for the organization. In any case, a transaction with an amount greater than $50,000 is a per se material financial benefit for this purpose.

4. The member did not have a family member that received compensation or other material financial benefits from the organization or from a related organization.

A member of the governing body is not considered to lack independence merely because of the following circumstances:

1. The member is a major donor to the organization.
2. The member receives officer or employee compensation as an agent of a religious order or a 501(d) religious or apostolic organization and has taken a bona fide vow of poverty, but only under circumstances in which the member does not receive taxable income (see, e.g., Rev. Ruls. 77-290, 80-332).
3. The member receives financial benefits from the organization solely in the capacity of being a member of the charitable or other class served by the organization in the exercise of its exempt function, such as being a member of a section 501(c)(6) organization, so long as the financial benefits comply with the organization’s terms of membership.

See Reg. 53.4958-6(c)(1)(iii).

**in-house expenditures**

For purposes of Schedule C, Part III, include:

- Salaries,
- 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.

**initial contract**

A binding written contract between an applicable tax-exempt organization and a person who was not a disqualified person immediately prior to entering into the contract.

**instant bingo**

See pull tabs.

**institutional trustee**

A trustee that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

**intellectual property**

Any patent, copyright (other than a copyright described in section 1221(a)(3) or 1231(b)(1)(C)), trademark, trade name, trade secret, know-how, software (other than software described in section 197(e)(3)(A)(i)), or similar property. See also qualified intellectual property.

**key employee**

For purposes of Form 990 reporting, a key employee is an employee of the organization (other than an officer, director, or trustee) who has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors, or trustees; (2) manages a discrete segment or activity of the organization that represents 5% or more of the activities, assets, income, or expenses of the
organization, as compared to the organization as a whole; or (3) has or shares
authority to control or determine 5% or more of the organization’s capital expenditures,
operating budget, or compensation for employees. An individual that is not an
employee of the organization (or of a disregarded entity of the organization) is treated
as a key employee if he or she serves as a director or similar fiduciary of a disregarded
entity of the organization and otherwise meets the standards of a key employee set
forth above. See below for the treatment of certain employees of a disregarded entity
as a key employee of the organization. Exclude any person whose reportable
compensation from the organization and related organizations does not exceed
$150,000. Management companies and similar entities that are independent
contractors should not be reported as key employees.

legislation
Includes action by Congress, any state legislature, any local council, or similar
governing body with respect to acts, bills, resolutions, or similar items or by the public
in referenda, ballot initiatives, constitutional amendments or similar procedures. It does
not include actions by executive, judicial or administrative bodies.

limited control
For purposes of Schedule C, Part II-A, two organizations that are affiliated because
their governing instruments provide that the decisions of one will control the other only
on national legislation are subject to the following provisions:

• Charge the controlling organization with its own lobbying expenditures
  and the national legislation expenditures of the affiliated organizations.
• Do not charge the controlling organization with other lobbying
  expenditures (or other exempt-purpose expenditures) of the affiliated
  organizations, and
• Treat each local organization as though it were not a member of an
  affiliated group. For example, the local organization should account
  for its own expenditures only and not any of the national legislation
  expenditures deemed as incurred by the controlling organization.

lobbying
All activities intended to influence foreign, national, state or local legislation. Such
activities include direct lobbying (attempting to influence the legislators) and grassroots
lobbying (attempting to influence legislation by influencing the general public).

lobbying and political expenditures
For purposes of Schedule C, Part III, lobbying and political expenditures do not include
direct lobbying expenditures made to influence local legislation. Nor do they include
any political campaign expenditures for which the tax under section 527(f) was paid.
(see Schedule C, Part I-C). They do include any expenditures for communications with
a covered executive branch official in an attempt to influence the official actions or
positions of that official.

lobbying expenditures
For purposes of Schedule C, Part II-A, expenditures paid or incurred for the
purpose of attempting to influence legislation:

• Through communication with any member or employee of a legislative or
  similar body, or with any government official or employee who may participate
  in the formulation of the legislation, and
• By attempting to affect the opinions of the general public.

To determine if an organization has spent excessive amounts on lobbying, the
organization must know which expenditures are lobbying expenditures and which are
not lobbying expenditures. An electing public charity’s lobbying expenditures for a year
are the sum of its expenditures during that year for (1) direct lobbying communications
(direct lobbying expenditures) plus (2) grassroots lobbying communications (grassroots
expenditures).
Maintaining offices, employees or agents
For purposes of Schedule F, includes principal, regional, district, or branch offices, and such offices maintained by agents, and persons situated at those offices paid wages for services performed. “Agent” is defined under traditional agency principles (but excludes volunteers).

medical research
For purposes of a medical research organization operated in conjunction with a hospital (see Schedule A), medical research means investigations, studies and experiments performed to discover, develop, or verify knowledge relating to physical or mental diseases and impairments and their causes, diagnosis, prevention, treatment, control.

medical research organization operated in conjunction with a hospital
For purposes of Schedule A, an organization whose principal purpose or function of which is to engage in medical research, and that is engaged in the continuous active conduct of medical research in conjunction with a hospital that is described in section 501(c)(3) or that is operated by the Federal government, a state or its political subdivision, a U.S. possession or its political subdivision, or the District of Columbia. If the organization primarily gives funds to other organizations (or grants and scholarships to individuals) for them to do the research, the organization is not a medical research organization.
The organization is not required to be an affiliate of the hospital, but there must be a joint effort by the organization and the hospital to maintain close and continuous cooperation in the active conduct of medical research.

Assets test/Expenditure test. An organization qualifies as a medical research organization if its principal purpose is medical research, and it devotes more than half its assets, or spends at least 3.5% of the fair market value of its endowment, in conducting medical research directly. Either test may be met based on a computation period consisting of the immediately preceding tax year or the immediately preceding four tax years.

If an organization does not satisfy either the assets test or the expenditure test, it may still qualify as a medical research organization, based on the circumstances involved.

These tests are discussed in Regulations sections 1.170A-9(c)(2)(v) and (vi). Value the organization’s assets as of any day in its tax year but use the same day every year.

value the endowment at fair market value, using commonly accepted valuation methods. See Regulations section 20.2031.

member of governing body
A person who serves on the governing body, including a director, trustee, or co-trustee, but not if the person lacks voting power.

noncash contributions
Contributions of property, tangible or intangible, other than money. Noncash contributions include, but are not limited to, stocks, bonds, and other securities; real estate; works of art; stamps, coins, and other collectibles; clothing and household goods; vehicles, boats, and airplanes; inventories of food, medical equipment or supplies, books, or seeds; intellectual property, including patents, trademarks, copyrights, and trade secrets; donated items that are sold immediately after donation, such as publicly traded stock or used cars; and items donated for sale at a charity auction. Non-cash contributions do not include volunteer services performed for the reporting organization.

nonexempt charitable trust
A trust that meets the following conditions:

- it is not exempt from tax under section 501(a),
- all of its unexpired interests are devoted to charitable purposes, and
a charitable deduction was allowed for contributions to the trust under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, or amounts paid or permanently set aside by the trust under section 642(c). A nonexempt charitable trust must file Form 990 if it is treated as a public charity rather than a private foundation and meets the threshold filing requirements.

**nonqualified deferred compensation**

Deferred compensation that is earned pursuant to a nonqualified plan or nongovernmental section 457(b) plan. Different rules may apply for purposes of identifying arrangements subject to section 409A. Earned but unpaid incentive compensation may be deferred pursuant to a nonqualified deferred compensation plan.

**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 may be determined by reference to its organizing document, bylaws, or resolutions of its governing body, but in all cases include those officers required by applicable state law. For purposes of Form 990 reporting, treat the organization’s top management official as an officer.

**“on behalf of” issuer**

A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a State or local governmental unit. See Rev. Proc. 82-26 for a description of the circumstances under which the Service will ordinarily issue an advance ruling that the obligations of a nonprofit corporation were issued on behalf of a State or local governmental unit. See also Rev. Rul. 63-20, 1963-1 C.B. 24; Rev. Rul. 59-41, 1959-1 C.B. 13; and Rev. Rul. 54-296, 1954-2 C.B. 59. An “on behalf of” issuer also includes any corporation organized by a State or local governmental unit specifically to issue tax-exempt bonds to finance a qualified purpose. See sections 150(d) and (e).

**the organization**

The organization filing the Form 990, listed on page 1, Item C of the Form 990, sometimes referred to as “the filing organization” for clarity. In the case of group returns, “the organization” refers to the group collectively, or to each of the subordinates individually, depending on the type of question. See General Instruction I.

**organization manager**

Any officer, director, or trustee of an applicable tax-exempt organization, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.

**organization operated for the benefit of a college or university**

An organization described in section 170(b)(1)(A)(iv) that receives and manages property for and expends funds to benefit a college or university that is owned or operated by one or more states or their political subdivisions. Expending funds to benefit a college or university includes acquiring and maintaining the campus, its buildings, and equipment, granting scholarships and student loans, and making any other payments in connection with the normal functions of colleges and universities. The organization must meet the same public support test as for 170(b)(1)(A)(vi) organizations. See Rev. Rul. 82-132, 1982-2 C.B. 107.

**permanent (true) endowment**

Endowment funds that are maintained to provide a permanent source of income, with the stipulation that principal must be invested and kept intact in perpetuity, while only the income generated can be used by the organization. See SFAS 117.

**personal benefit contract**

Any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor’s family, or any other person designated by the transferor (other than an organization described in section 170(c)). A charitable
organization is an organization described in section 170(c).

**political campaign activities**  
All activities that support or oppose candidates for elective federal, state or local public office. It does not matter whether the candidate is elected. A candidate is one who offers himself or is proposed by others for the public office. Political campaign activity does not include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity does not directly or indirectly support or oppose any candidate.

**political expenditure**  
Any expenditure for political campaign activities. 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.

**political subdivision**  
A division of any state or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. Sovereign power includes the power to make and enforce laws.

**principal officer**  
Person who, regardless of title, has ultimate responsibility for implementing the decisions of the governing body, or for supervising the management, administration, or operation of the organization.

**private business use**  
For purposes of Schedule K, use by the organization or another 501(c)(3) organization in an unrelated trade or business as defined by section 513. Private business use also means any use by a nongovernmental person other than a 501(c)(3) organization.

**private foundation**  
An organization described in section 501(c)(3) that is not a public charity. Some private foundations are classified as operating foundations (also known as private operating foundations) under section 4942(j)(3) or exempt operating foundations under section 4940(d)(2). A private foundation retains its private foundation status until such status is terminated under section 507. Thus, a tax-exempt private foundation becomes a taxable private foundation if its 501(c)(3) status is revoked.

**proceeds**  
For purposes of Schedule K, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that are not deposited in a reasonably required reserve or replacement fund). Proceeds also include any investment proceeds from investments that accrue during the project period (net of rebate amounts attributable to the project period). See Regulations section 1.141-1(b).

**professional fundraising services**  
Services performed (other than by an officer, director, or employee of the organization in his or her capacity as an officer, director, or employee) for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, the preparation of materials (e.g., direct mail solicitation packages), or the provision of advice and consulting regarding solicitation of contributions; or the direct solicitation of contributions. However, “professional fundraising” does not include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as the services provided by a bank or caging service.

**program service**  
A major, usually ongoing, activity of an organization that accomplishes its exempt purpose. Examples of program services may include providing charity care under a hospital’s charity care policy, providing higher education to students under a college’s degree program, making grants or providing assistance to individuals who were victims of a natural disaster, and providing rehabilitation services to residents of a long-term care facility. A fundraising activity is not a program service unless substantially related to the accomplishment of the organization’s exempt purposes (other than by raising
program-related investment  Investments made primarily to accomplish the organization’s exempt purposes rather than to produce income. Common types of program related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization’s exempt function.

progressive bingo  See pull-tabs.

prohibited tax shelter transaction  Any listed transaction, within the meaning of section 6707A(c)(2), and any prohibited reportable transactions. A prohibited reportable transaction is a confidential transaction within the meaning of Regulations section 1.6011-4(b)(3), and a transaction with contractual protection within the meaning of Regulations section 1.6011-4(b)(4).

public charity  An organization described in section 501(c)(3) and section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi)), section 509(a)(2), section 509(a)(3), or section 509(a)(4).

publicly traded securities  Securities for which (as of the date of the contribution) market quotations are readily available on an established securities market.

pull-tabs  Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull-tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull-tabs are “instant bingo,” “mini bingo,” and other similar scratch-off cards. Satellite, Internet and Progressive bingo are games conducted in many different places simultaneously and the winners are not all present when the wagers are placed, the winners are determined and the prizes are distributed. Revenue and expenses associated with satellite, internet and progressive bingo should be included under this category.

qualified 501(c)(3) bond  A tax-exempt bond the proceeds of which are used by a 501(c)(3) organization in furtherance of its charitable purpose. Requirements applicable to a qualified 501(c)(3) bond under section 145 include:

1. all property financed by the bond issue is to be owned by a 501(c)(3) organization or a governmental unit; and
2. the bond issue would not consist of private activity bonds under section 141 if the 501(c)(3) organization were treated as a governmental unit with respect to its activities which do not constitute unrelated trades or businesses (determined by applying section 513) and the private activity bond definition was applied using a 5% of net proceeds threshold (instead of 10% of proceeds) for the private business tests.

qualified conservation contribution  Any contribution of a qualified real property interest exclusively for conservation purposes. A “qualified real property interest” means any of the following interests in real property:

1. The entire interest of the donor,
2. A remainder interest,
3. A restriction (e.g., an easement), granted in perpetuity, on the use which may be made of the real property.

A “conservation purpose” means:
1. The preservation of land areas for outdoor recreation by, of the education of, the general public,
2. The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems,
3. The preservation of open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or is in accordance with governmental conservation policy, or
4. The preservation of an historically important land area or a certified historic structure.

See section 170(h) for additional information, including special rules with respect to the conservation purpose requirement for buildings in registered historic districts. See also conservation easement.

qualified intellectual property

Any patent, copyright (other than certain self created copyrights), trademark, trade name, trade secret, know-how, software (other than certain “canned” or “off-the-shelf” software or self created software), or similar property, or applications or registrations of such property. See also intellectual property.

qualified state or local political organization

A type of political organization that meets the following requirements:
• It limits its exempt function to the selection process relating solely to any state or local public office or office in a state or local political organization;
• It is required under a state law to report to a state agency (and does report) information that otherwise would be required to be reported on Form 8872 or it is required to report under state law (and does report) at least the following information:
  o The name and address of every person who contributes a total of $500 or more during the calendar year and the amount of each contribution;
  o The name and address of every person to whom the organization makes expenditures aggregating $800 or more during the calendar year, and the amount of each expenditure; and
  o Any additional information specified in section 527(j)(3), if the state law requires the reporting of that information to the state agency.
• The state agency makes the reports filed by the organization publicly available;
• The organization makes the reports filed with the state agency publicly available in the manner described in section 6104(d); and
• No federal candidate or office holder controls or materially participates in the direction of the organization, solicits contributions to the organization, or directs any of the organization’s disbursements.

quasi-endowment

Funds functioning as an endowment but established by the organization itself, either from donor or institutional funds, and which retain the purpose and intent as specified by the donor or source of the original funds. See SFAS 117.

quid pro quo contribution

A payment made to the organization partly as a contribution and partly in consideration for goods or services provided to the payor by the organization.

reasonable compensation.

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

refunding escrow

One or more funds established as part of a single transaction or a series of related transactions, containing proceeds of a refunding issue and any other amounts to provide for payment of principal or interest on one or more prior issues. See Regulations section 1.148-1(b).

refunding issue

For purposes of Schedule K, an issue of obligations the proceeds of which are used to pay principal, interest, or redemption price on another issue (a prior issue), including
the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue. A current refunding issue is a refunding issue that is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue for the payment of principal or interest on the prior issue. An advance refunding issue is a refunding issue that is not a current refunding issue. See Regulations section 1.150-1(d)(1),(3),(4).

regions
For purposes of Schedule F, include:
- Central America and the Caribbean
- East Asia and the Pacific
- Europe (including Iceland and Greenland)
- Middle East and North Africa
- North America (which includes Canada and Mexico, but not the United States)
- Russia and the newly Independent States
- South America
- South Asia
- Sub-Saharan Africa

related organization
An organization that stands in one or more of the following relationships to the filing organization:
- Parent—an organization that controls the filing organization
- Subsidiary—an organization controlled by the filing organization
- Brother/Sister—an organization controlled by the same person or persons that control the filing organization
- Supporting/Supported—an organization that is (or claims to be) at any time during the organization’s tax year (i) a supporting organization of the filing organization within the meaning of section 509(a)(3), if the filing organization is a supported organization within the meaning of section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization

reportable compensation
Compensation that is reported on Form W-2, box 5, or Form 1099-MISC, box 7, filed for the calendar year ending with or within the organization’s tax year, and other taxable compensation if such forms are not required to be filed to report such taxable compensation to the recipient (such as payments to most independent contractors that are entities, and payments below the threshold reporting amount).

research
For purposes of research conducted by a hospital (see Schedule H), research means any study or investigation that receives funding from a tax-exempt or government entity of which the goal is to generate generalizable knowledge that is made available to the public, such as about underlying biological mechanisms of health and disease, natural processes or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations (including publication in a medical journal).

review of financial statement
An examination of an organization’s financial records and practices by an independent accountant with the objective of assessing whether the financial statements are plausible, without the extensive testing and external validation procedures of an audit.

Sarbanes-Oxley
The Sarbanes-Oxley Act of 2002 (Pub. L. No. 107-204, 116 Stat. 745, also known as
the Public Company Accounting Reform and Investor Protection Act of 2002) and commonly called “SOX” or “Sarbox. The legislation established new or enhanced governance and accountability standards for certain companies.

**security/securities**

Any bond, debenture, note, or certificate or other evidence of indebtedness, issued by a corporation or a government or political subdivision, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing.

**SFAS 116**

Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made (June 1993)

**SFAS 117**


**Scientific specimens**

Objects or materials that relate to, or exhibit, the methods or principles of science.

**section 170(c)**

Refers to certain contributions or gifts to the following types of organizations:

1. A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia.
2. An organization described in section 501(c)(3) (other than an organization that tests for public safety), created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States.
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). [See Rev. Rul. 84-140, 1984-2 C. B. 51.]
4. A domestic fraternal organization described in section 501(c)(8) or (10) that uses charitable contributions exclusively for charitable purposes.
5. A cemetery company described in section 501(c)(13).

**section 527 exempt function activities**

All functions that influence or attempt to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed.

**short period**

An accounting period of less than 12 months, which exists when an organization changes its annual accounting period, and which may exist in its initial or final year of existence (see tax year).

**significant disposition of net assets**

A disposition of net assets, consisting of a sale, exchange, disposition or other transfer of more than 25% of the organization’s net assets to another organization during the year, regardless of whether the organization received full or adequate consideration. A significant disposition or substantial contraction of net assets involves:

1. More than 25% of the fair market value of the organization’s net assets at the beginning of the tax year; or

2. One of a series of related dispositions commenced in a prior year, that when combined comprise more than 25% of the net assets of the organization as of the beginning of the tax year when the first disposition in the series was made. Whether a significant disposition of net assets occurred through a series of
The types of sales or exchanges that are "a significant disposition of net assets" required to be reported in Schedule N, Part II 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 other exempt organization selling assets used to further its exempt purposes);
- sales, contributions or other transfers of assets to establish or maintain a partnership, joint venture or a corporation (for-profit or nonprofit) regardless of whether such sales or transfers are governed by section 721 or section 351, whether or not the transferor receives an ownership interest in exchange for the transfer;
- Sales of assets by a partnership or joint venture where the exempt partner has an ownership interest.
- transfers of assets pursuant to a reorganization in which the organization is a surviving entity.

**special fundraising event** Any event (other than an event conducted in the course of a trade or business that is regularly carried on) at which the organization sells donated goods or services, or for which the organization charges a fee (that may exceed the fair market value of comparable events) to attend or participate, including, but not limited to, a dinner; a spectator sports event; an entertainment or artistic performance (such as a concert) or display; a participatory athletic event, such as a "walk-a-thon," golf tournament, or bike ride; a carnival; or a tour of one or more homes, gardens, or other places of interest. A "Special fundraising event" does not include the sale of merchandise that is not donated, even if the sale is conducted only annually.

**specific legislation** Includes (1) legislation that has already been introduced in a legislative body and (2) specific legislative proposals that an organization either supports or opposes.

**sponsoring organization** Any organization which:
- is described in section 170(c), except for governmental entities or organizations described in section 170(c)(1) and without regard to 170(c)(2)(A);
- is not a private foundation as defined in section 509(a); and
- maintains one or more donor advised funds.

**state of legal domicile** The state of formation or incorporation of the organization.

**substantial contraction** See significant disposition of net assets.

**substantial contributor** In general, a person that contributed or bequeathed an aggregate amount of more than $5000 to the organization, if such amount is more than 2% of the total contributions and bequests received by the organization before the close of the organization’s tax year in which the contribution or bequest is received by the organization from the person. The creator of a trust is also deemed a substantial contributor with respect to the trust. For special rules, see sections 507(d)(2) and 4958(c)(3) and Regulations section 1.507-6.

**supported organization** A public charity described in section 509(a)(1) or 509(a)(2)) that is supported by a
supporting organization  A public charity described in section 509(a)(3). A supporting organization is organized and operated to support supported organizations. Supporting organizations are classified as either Type I (operated, supervised, or controlled by one or more supported organizations), Type II (supervised or controlled in connection with one or more supported organizations), Type III functionally integrated (operated in connection with one or more supported organizations, if the supporting organization is not required to make payments to supported organizations due to the activities of the supporting organization related to performing the functions, or carrying out the purposes, of such supported organizations), or Type III other (operated in connection with one or more supported organizations and not functionally integrated).

tax-exempt bond  An obligation issued by or on behalf of a governmental issuer on which the interest paid is excluded from the holder’s gross income under section 103. For this purpose, a bond can be in any form of indebtedness under federal tax law, including a bond, note, loan or lease-purchase agreement.

tax year  The annual accounting period for which the Form 990 is being filed, whether the calendar year ending December 31st or a fiscal year ending on the last day of any other month. The organization may have a “short” tax year in its first year of existence, in any year when it changes its annual accounting period (e.g., from December 31 year-end to a June 30 year-end), and in its last year of existence, e.g., when it merges into another organization or dissolves. See also fiscal year and short period.

taxidermy  Any work of art that is the reproduction or preservation of an animal, in whole or in part; is prepared, stuffed, or mounted to recreate one or more characteristics of the animal, and contains a part of the body of the dead animal.

term endowment  An endowment fund maintained to provide a source of income for either a specified period of time or until a specific event occurs. See SFAS 117.

unit  For gaming purposes, two or more organizations that are authorized under state law to conduct bingo or other gaming at the same location and that join together to account for and/or share revenues, authorized expenses, and inventory related to bingo and gaming operations.

United States  For purposes of Schedule F, includes the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands.

unrelated business income  Income from an unrelated trade or business as defined in section 513.

unrelated business gross income  Gross income from an unrelated trade or business as defined in section 513.

unrelated trade or business  Any trade or business, the conduct of which is not substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption.[IRC 513] See Publication 598 and the Form 990-T Instructions for a discussion of what is an unrelated trade or business.

unusual grant  A substantial grant, contribution, or bequest from a disinterested person that is:

1. attracted because of the organization’s publicly supported nature,
2. unusual and unexpected because of the amount, and
3. large enough to endanger the organization’s status as a publicly supported
organization under section 170(b)(1)(A)(iv) or (vi) or 509(a)(2) if taken into account.

A grant that meets these requirements may be treated as an unusual grant that is entirely excluded from the publicly supported computation even if the organization receives the funds over a period of years.

See Rev. Rul. 76-440, 1976-2 C.B. 58 and Regulations sections. 1.170A-9(e)(6)(ii) and 1.509(a)-3(c)(3) and (4) for details about unusual grants.

**volunteer**
A person who serves the organization without compensation. “Compensation” includes tips and non-cash benefits, except for:

- reimbursement of expenses under an accountable plan,
- liability insurance coverage for acts performed on behalf of the exempt organization, and
- de minimis fringe benefits.

**voting member of the governing body**
A member of the organization’s governing body with power to vote on all matters that may become before the governing body (other than a conflict of interest that disqualifies the member from voting).

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

**works of art**
Include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia and other similar objects. Art does not include collectibles such as autographs, sports memorabilia, dolls, stamps, coins, phonographic records, gems, jewelry, sports memorabilia, dolls, etc.

**year of formation**
The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).
**Form 990**

**Department of the Treasury**
**Internal Revenue Service**

---

### Part I: Summary

1. Briefly describe the organization's mission or most significant activities:

   - [ ]

2. Check this box [ ] if the organization discontinued its operations or disposed of more than 25% of its assets.

3. Enter the number of voting members of the governing body (Part VI, line 1a) [ ]

4. Enter the total number of employees (Part V, line 2a) [ ]

5. Enter the number of independent voting members of the governing body (Part VI, line 1b) [ ]

6. Enter the total number of volunteers (estimate if necessary) [ ]

7a. Enter net unrelated business taxable income from Form 990-T, line 34 [ ]

7b. Enter any unrelated business income not covered in Part IV, line 12, column (D) [ ]

---

### Part II: Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

---

### Instructions to Printers

**I.R.S. SPECIFICATIONS TO BE REMOVED BEFORE PRINTING**

**INSTRUCTIONS TO PRINTERS**

- **FILE SIZE:** 216 mm (8 1/2")
- **FLAT SIZE:** 216 mm (8 1/2")
- **PAPER:** WHITE WRITING, SUB. 20.
- **INK:** BLACK
- **MARGINS:** TOP 13 mm (1/2"), CENTER SIDES.
- **PRINTS:** HEAD TO HEAD

---

**OMB No. 1545-0047**

**Open to Public Inspection**

---

**Return of Organization Exempt From Income Tax**

**Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)**

---

**Cat. No. 11282Y**

**Form 990 (2008)**

---

**Preparer's signature**

**Preparer's PTIN (See Gen. Inst.)**

---

**For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.**
### Part III Statement of Program Service Accomplishments (See the instructions.)

#### 1. Briefly describe the organization's mission:


#### 2. Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? **☐ Yes ☐ No**

If "Yes," describe these new services on Schedule O.

#### 3. Did the organization cease conducting or make significant changes in how it conducts any program services? **☐ Yes ☐ No**

If "Yes," describe these changes on Schedule O.

#### 4. Describe the exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

<table>
<thead>
<tr>
<th>Code</th>
<th>Expenses $ including grants of $</th>
<th>Revenue $</th>
</tr>
</thead>
<tbody>
<tr>
<td>4a</td>
<td>(Code: )</td>
<td>(Expenses $ including grants of $ ) (Revenue $ )</td>
</tr>
<tr>
<td>4b</td>
<td>(Code: )</td>
<td>(Expenses $ including grants of $ ) (Revenue $ )</td>
</tr>
<tr>
<td>4c</td>
<td>(Code: )</td>
<td>(Expenses $ including grants of $ ) (Revenue $ )</td>
</tr>
<tr>
<td>4d</td>
<td>Other program services. (Describe in Schedule O.) (Expenses $ including grants of $ ) (Revenue $ )</td>
<td></td>
</tr>
<tr>
<td>4e</td>
<td>Total program service expenses $</td>
<td>Must equal Part IX, Line 25, column (B).</td>
</tr>
</tbody>
</table>

Form 990 (2008)
### Checklist of Required Schedules

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If “Yes,” complete Schedule A</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the organization required to complete Schedule B, Schedule of Contributors?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If “Yes,” complete Schedule C, Part I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501(c)(3) organizations. Did the organization engage in lobbying activities? If “Yes,” complete Schedule C, Part II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501(c)(4), 501(c)(5), and 501(c)(6) organizations. Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If “Yes,” complete Schedule C, Part III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If “Yes,” complete Schedule D, Part I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If “Yes,” complete Schedule D, Part II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization maintain collections of works of art, historical treasures, or other similar assets? If “Yes,” complete Schedule D, Part III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization provide credit counseling, debt management, credit repair, or debt negotiation services, report an amount in Part X, line 25, or serve as a custodian for amounts not listed in Part X? If “Yes,” complete Schedule D, Part IV</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization hold assets in trust, in permanent or quasi-endowments? If “Yes,” complete Schedule D, Part V</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? If “Yes,” complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? If “Yes,” complete Schedule D, Parts XI, XII, and XIII</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Is the organization operating a school as described in section 170(b)(1)(A)(ii)? If “Yes,” complete Schedule E</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization maintain an office, employees, or agents outside of the U.S.?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the U.S.? If “Yes,” complete Schedule F, Part I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report on Part I, line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? If “Yes,” complete Schedule F, Part II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report more than $15,000 on Part IX, line 11e? If “Yes,” complete Schedule G, Part I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report more than $15,000 total on Part VIII, lines 1c and 8a? If “Yes,” complete Schedule G, Part II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report more than $15,000 on Part VIII, line 9a? If “Yes,” complete Schedule G, Part III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report more than $5,000 on Part IX, line 2? If “Yes,” complete Schedule I, Parts I and III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization operate one or more hospitals? If “Yes,” complete Schedule H</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization operate one or more hospitals? If “Yes,” complete Schedule I, Parts I and II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization report more than $5,000 on Part IX, line 1? If “Yes,” complete Schedule I, Parts I and III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization receive “Yes” to questions 3, 4, or 5 of Form 990, Part VII, Section A? If “Yes,” complete Schedule J</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, and that was issued after December 31, 2002? If “Yes,” answer 24a–24d and complete Schedule K. If “No,” go to question 25.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?</td>
<td></td>
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<tr>
<td>Did the organization act as an “on behalf of” issuer for bonds outstanding at any time during the year?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If “Yes,” complete Schedule L, Part I</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? If “Yes,” complete Schedule L, Part II</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization’s tax year? If “Yes,” complete Schedule L, Part III</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If “Yes,” complete Schedule L, Part III</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Part IV Checklist of Required Schedules (Continued)

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>28</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td></td>
<td></td>
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<td>29</td>
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<td>30</td>
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<td>35</td>
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<tr>
<td>36</td>
<td></td>
<td></td>
</tr>
<tr>
<td>37</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Part V  Statements Regarding Other IRS Filings and Tax Compliance

1a Enter the number reported in Box 3 of Form 1096, Annual Summary and Transmittal of U.S. Information Returns. Enter -0- if not applicable.

1b Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.

1c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?

2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements filed for the calendar year ending with or within the year covered by this return.

2b If at least one is reported in 2a, did the organization file all required federal employment tax returns?

Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.

3a Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?

3b If “Yes,” has it filed a Form 990-T for this year? If “No,” provide an explanation in Schedule O.

4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

4b If “Yes,” enter the name of the foreign country;

See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.

5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?

5b Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?

If “Yes,” has it filed a Form 990-T for this year?

If “No,” provide an explanation in Schedule O.

5c Did the organization provide goods or services in exchange for any contribution of $75 or more?

5d Did the organization notify the organization that it was or is a party to a prohibited tax shelter transaction?

6a Did the organization solicit any contributions that were not tax deductible?

6b If “Yes,” did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?

7 Organisations that may receive deductible contributions under section 170(c).

7a Did the organization provide goods or services in exchange for any contribution of $75 or more?

7b Did the organization notify the donor of the value of the goods or services provided?

7c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it filed Form 8282?

7d If “Yes,” enter the number of Forms 8282 filed during the year.

7e Did the organization, during the calendar year, have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?

7f Did the organization, during the calendar year, make a distribution to a donor, donor advisor, or related person?

7g For all contributions of qualified intellectual property, did the organization file Form 8899 as required?

7h For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?

8 501(c)(3) and other sponsoring organizations maintaining donor advised funds and 509(a)(3) supporting organizations. Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?

9 501(c)(3) and other sponsoring organizations maintaining donor advised funds.

9a Did the organization make any distributions during section 4966?

9b Did the organization make a distribution to a donor, donor advisor, or related person?

10 501(c)(7) organizations. Enter:

10a Initiation fees and capital contributions included on Part VIII, line 12.

10b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.

11 501(c)(12) organizations. Enter:

11a Gross income from members or shareholders.

11b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).

12a 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?

12b Enter the amount of tax-exempt interest received or accrued during the year.
### Section A. Governing Body and Management

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, process, or changes in Schedule O. See instructions.

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Enter the number of voting members of the governing body</td>
<td></td>
</tr>
<tr>
<td>1b</td>
<td>Enter the number of voting members that are independent</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Did the organization become aware during the year of a material diversion of the organization’s assets?</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Did the organization have members or stockholders?</td>
<td>6</td>
</tr>
<tr>
<td>7a</td>
<td>Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?</td>
<td>7a</td>
</tr>
<tr>
<td>7b</td>
<td>Are any decisions of the governing body subject to approval by members, stockholders, or other persons?</td>
<td>7b</td>
</tr>
<tr>
<td>8</td>
<td>Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:</td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>the governing body?</td>
<td>8a</td>
</tr>
<tr>
<td>b</td>
<td>each committee with authority to act on behalf of the governing body?</td>
<td>8b</td>
</tr>
<tr>
<td>9a</td>
<td>Does the organization have local chapters, branches, or affiliates?</td>
<td>9a</td>
</tr>
<tr>
<td>b</td>
<td>If &quot;Yes,&quot; does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?</td>
<td>9b</td>
</tr>
<tr>
<td>10</td>
<td>Was a copy of the Form 990 provided to the organization’s governing body before it was filed? All organizations must describe in Schedule O their process, if any, the organization uses to review the Form 990.</td>
<td>10</td>
</tr>
<tr>
<td>11</td>
<td>Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization’s mailing address? If &quot;Yes,&quot; provide the names and addresses if Schedule O.</td>
<td>11</td>
</tr>
</tbody>
</table>

### Section B. Policies

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>12a</td>
<td>Does the organization have a written conflict of interest policy? If &quot;Yes&quot;:</td>
<td>12a</td>
</tr>
<tr>
<td>b</td>
<td>Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?</td>
<td>12b</td>
</tr>
<tr>
<td>c</td>
<td>Does the organization regularly and consistently monitor and enforce compliance with the policy? If &quot;Yes,&quot; describe in Schedule O how this is done.</td>
<td>12c</td>
</tr>
<tr>
<td>13</td>
<td>Does the organization have a written whistleblower policy?</td>
<td>13</td>
</tr>
<tr>
<td>14</td>
<td>Does the organization have a written document retention and destruction policy?</td>
<td>14</td>
</tr>
<tr>
<td>15</td>
<td>Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:</td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>The organization’s CEO, Executive Director, or top management official?</td>
<td>15a</td>
</tr>
<tr>
<td>b</td>
<td>Other officers or key employees of the organization?</td>
<td>15b</td>
</tr>
<tr>
<td></td>
<td>Describe the process in Schedule O.</td>
<td></td>
</tr>
<tr>
<td>16a</td>
<td>Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?</td>
<td>16a</td>
</tr>
<tr>
<td>b</td>
<td>If &quot;Yes,&quot; has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization’s exempt status with respect to such arrangements?</td>
<td>16b</td>
</tr>
</tbody>
</table>

### Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed. 

18 IRC Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3) only) available for public inspection. Indicate how you make these available. Check all that apply.  

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.
### Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

#### Section A Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a. Complete this table for all persons required to be listed. Use Schedule J-2 if additional space is needed.

* List all of the organization’s current officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.

* List the organization’s five current highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.

* List all of the organization’s former officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.

* List all of the organization’s former directors or trustees that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if the organization did not compensate any officer, director, trustee or key employee.

<table>
<thead>
<tr>
<th>(A) Name and Title</th>
<th>(B) Average Hours per Week</th>
<th>(C) Position (check all that apply)</th>
<th>(D) Reportable compensation from the organization (W-2/1099-MISC)</th>
<th>(E) Reportable compensation from related organizations (W-2/1099-MISC)</th>
<th>(F) Estimated amount of other compensation from the organization and related organizations</th>
</tr>
</thead>
</table>
### Section B. Independent Contractors

Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization.

<table>
<thead>
<tr>
<th>(A) Name and business address</th>
<th>(B) Description of services</th>
<th>(C) Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
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</tr>
</tbody>
</table>

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization
### Part VIII Statement of Revenue

<table>
<thead>
<tr>
<th>Contributions, gifts, grants, and other similar amounts</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td>1a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td>1b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td>1c</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td>1d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td>1e</td>
<td></td>
<td></td>
</tr>
<tr>
<td>f All other contributions, gifts, grants, and similar amounts not included</td>
<td>f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f Noncash $</td>
<td>1f</td>
<td></td>
<td></td>
</tr>
<tr>
<td>h Total (lines 1a–1f)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Program Service Revenue</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Investment income (including dividends, interest, and other similar amounts)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Investment income (including dividends, interest, and other similar amounts)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Income from investment of tax-exempt bond proceeds</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Royalties</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross Rents</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: rental expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Rental income or (loss)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net rental income or (loss)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross amount from sales of assets other than inventory</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: cost of goods sold and sales expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gain or (loss)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net gain or (loss)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross income from fundraising events (not including $ of contributions reported on line 1c)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Attach Schedule G if total exceeds $15,000</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: direct expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net income or (loss) from fundraising events</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross income from gaming activities.</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Complete Schedule G if total exceeds $15,000</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: direct expenses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net income or (loss) from gaming activities</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Gross sales of inventory, less returns and allowances</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Less: cost of goods sold</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Net income or (loss) from sales of inventory</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

### Miscellaneous Revenue

<table>
<thead>
<tr>
<th>Miscellaneous Revenue</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Business Code</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Contributions, gifts, grants, and other similar amountsProgram Service Revenue</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total (lines 1a–1f)</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Total Revenue as of 12/31/2007</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>$</th>
<th></th>
<th></th>
<th></th>
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</thead>
</table>
### Statement of Functional Expenses

501(c)(3) and (4) organizations must complete all columns. 
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

<table>
<thead>
<tr>
<th>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</th>
<th>(A) Total expenses</th>
<th>(B) Program service expenses</th>
<th>(C) Management and general expenses</th>
<th>(D) Fundraising expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Grants and other assistance to individuals in the U.S. See Part IV, line 22</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Grants and other assistance to governments, organizations and individuals outside the U.S. See Part IV, lines 15 and 16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Benefits paid to or for members</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Compensation of current officers, directors, trustees, and key employees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Other salaries and wages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pension plan contributions (include section 401(k) and section 403(b) employer contributions)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9</td>
<td>Other employee benefits</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Payroll taxes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Fees for services (non-employees):</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td>Management</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Legal</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Accounting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td>Lobbying</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Professional fundraising. See Part IV, line 17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>Investment management fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>g</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Advertising and promotion</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Office expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Information technology</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Royalties</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Occupancy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Travel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Payments of travel or entertainment expenses for any Federal, state, or local public officials</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Conferences, conventions, and meetings</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Interest</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Payments to affiliates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Depreciation, depletion, and amortization</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>f</td>
<td>All other expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Total functional expenses. Add lines 1 through 24f</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Joint Costs. Check [ ] if following SOP 98-2: Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
**Version B**

<table>
<thead>
<tr>
<th>Part X</th>
<th>Balance Sheet</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash—non-interest-bearing</td>
</tr>
<tr>
<td>2</td>
<td>Savings and temporary cash investments</td>
</tr>
<tr>
<td>3</td>
<td>Pledges and grants receivable, net</td>
</tr>
<tr>
<td>4</td>
<td>Accounts receivable, net</td>
</tr>
<tr>
<td>5</td>
<td>Receivables from current and former officers, directors, trustees, key employees or other related parties. Complete Part II of Schedule L</td>
</tr>
<tr>
<td>6</td>
<td>Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B). Complete Part II of Schedule L</td>
</tr>
<tr>
<td>7</td>
<td>Notes and loans receivable, net</td>
</tr>
<tr>
<td>8</td>
<td>Inventories for sale or use</td>
</tr>
<tr>
<td>9</td>
<td>Prepaid expenses and deferred charges</td>
</tr>
<tr>
<td>10a</td>
<td>Land, buildings, and equipment: cost basis</td>
</tr>
<tr>
<td>10b</td>
<td>Less: accumulated depreciation. Complete Part VI of Schedule D</td>
</tr>
<tr>
<td>11</td>
<td>Investments—publicly traded securities</td>
</tr>
<tr>
<td>12</td>
<td>Investments—other securities. Complete Part VII of Schedule D</td>
</tr>
<tr>
<td>13</td>
<td>Investments—program-related. Complete Part VIII of Schedule D</td>
</tr>
<tr>
<td>14</td>
<td>Intangible assets</td>
</tr>
<tr>
<td>15</td>
<td>Other assets. Complete Part X of Schedule D</td>
</tr>
<tr>
<td>16</td>
<td>Total assets. Add Columns A and B, lines 1 through 15 (must equal line 34)</td>
</tr>
<tr>
<td>17</td>
<td>Accounts payable and accrued expenses</td>
</tr>
<tr>
<td>18</td>
<td>Grants payable</td>
</tr>
<tr>
<td>19</td>
<td>Deferred revenue</td>
</tr>
<tr>
<td>20</td>
<td>Tax-exempt bond liabilities</td>
</tr>
<tr>
<td>21</td>
<td>Escrow account liability. Complete Part IV of Schedule D</td>
</tr>
<tr>
<td>22</td>
<td>Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L</td>
</tr>
<tr>
<td>23</td>
<td>Secured mortgages and notes payable to unrelated third parties</td>
</tr>
<tr>
<td>24</td>
<td>Unsecured notes and loans payable</td>
</tr>
<tr>
<td>25</td>
<td>Other liabilities. Complete Part X of Schedule D</td>
</tr>
<tr>
<td>26</td>
<td>Total liabilities. Add lines 17 through 25</td>
</tr>
<tr>
<td>27</td>
<td>Organizations that follow SFAS 117, check here □ and complete lines 27 through 29, and lines 33 and 34.</td>
</tr>
<tr>
<td>28</td>
<td>Unrestricted net assets</td>
</tr>
<tr>
<td>29</td>
<td>Permanently restricted net assets</td>
</tr>
<tr>
<td>30</td>
<td>Organizations that do not follow SFAS 117, check here □ and complete lines 30 through 34.</td>
</tr>
<tr>
<td>31</td>
<td>Capital stock or trust principal, or current funds</td>
</tr>
<tr>
<td>32</td>
<td>Paid-in or capital surplus, or land, building, or equipment fund</td>
</tr>
<tr>
<td>33</td>
<td>Retained earnings, endowment, accumulated income, or other funds</td>
</tr>
<tr>
<td>34</td>
<td>Total net assets or fund balances</td>
</tr>
<tr>
<td>35</td>
<td>Total liabilities and net assets/fund balances</td>
</tr>
</tbody>
</table>

**Part XI Financial Statements and Reporting**

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Accounting method used to prepare the Form 990: □ cash □ accrual □ other</td>
<td>2a</td>
</tr>
<tr>
<td>2a</td>
<td>Were the organization’s financial statements compiled or reviewed by an independent accountant?</td>
<td>2b</td>
</tr>
<tr>
<td>2b</td>
<td>Were the organization’s financial statements audited by an independent accountant?</td>
<td>2c</td>
</tr>
<tr>
<td>2c</td>
<td>If “Yes” to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?</td>
<td>3a</td>
</tr>
<tr>
<td>3a</td>
<td>As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?</td>
<td>3b</td>
</tr>
<tr>
<td>3b</td>
<td>If “Yes,” did the organization undergo the required audit or audits?</td>
<td></td>
</tr>
</tbody>
</table>
Governance and Related Topics - 501(c)(3) Organizations

The Internal Revenue Service believes that a well-governed charity is more likely to obey the tax laws, safeguard charitable assets, and serve charitable interests than one with poor or lax governance. A charity that has clearly articulated purposes that describe its mission, a knowledgeable and committed governing body and management team, and sound management practices is more likely to operate effectively and consistent with tax law requirements. And while the tax law generally does not mandate particular management structures, operational policies, or administrative practices, it is important that each charity be thoughtful about the governance practices that are most appropriate for that charity in assuring sound operations and compliance with the tax law. As a measure of our interest in this area, we ask about an organization’s governance, both when it applies for tax-exempt status and then annually as part of the information return that many charities are required to file with the Internal Revenue Service.

Some of the policies and practices we commend for your consideration are divided into the topics below. Although the discussion that follows is generally directed to public charities, private foundations and other exempt organizations should also consider these topics. Depending on an organization’s specific situation, some of the recommended policies and practices will be more appropriate than others. References to Form 990, *Return of Organization Exempt From Income Tax*, are to the 2008 Form 990.

**Mission**

**Organizational Documents**

**Governing Body**

**Governance and Management Policies**

**Financial Statements and Form 990 Reporting**

**Transparency and Accountability**
1. **Mission**

The Internal Revenue Service encourages charities to establish and review regularly the organization’s mission. A clearly articulated mission, adopted by the board of directors, serves to explain and popularize the charity’s purpose and guide its work. It also addresses why the charity exists, what it hopes to accomplish, and what activities it will undertake, where, and for whom. Organizations required to file Form 990 may describe their mission in Part I, Line 1 and are required to describe their mission in Part III, Line 1.

2. **Organizational Documents**

Regardless of whether a charity is a trust, corporation, unincorporated association, or other type of organization, it must have organizational documents that provide the framework for its governance and management. State law often prescribes the type of organizational document and its content. The organizational document of a trust is usually the trust agreement or declaration of trust, and of a corporation, its articles of incorporation. State law may also require corporations to adopt bylaws. The Internal Revenue Service requires the submission of organizational documents and bylaws, if adopted, with an application for exemption under section 501(c)(3), and will review these documents to ensure that the applicant is organized exclusively for exempt purposes and that the applicant’s proposed or actual activities are consistent with those documents. Organizations required to file Form 990 will find that Part VI, Section A, Line 4 requires organizations to report significant changes to their organizational documents since the prior Form 990 was filed.

3. **Governing Body**

The Internal Revenue Service encourages an active and engaged board believing that it is important to the success of a charity and to its compliance with applicable tax law requirements. Governing boards should be composed of persons who are informed and active in overseeing a charity’s operations and finances. If a governing board tolerates a climate of secrecy or neglect, we are concerned that charitable assets are more likely to be diverted to benefit the private interests of insiders at the expense of public and charitable interests. Successful governing boards include individuals who not only are knowledgeable and engaged, but selected with the organization’s needs in mind (e.g. accounting, finance, compensation, and ethics).

Attention should also be paid to the size of the board ensuring that it is the appropriate size to effectively make sure that the organization obeys tax laws, safeguards its charitable assets, and furthers its charitable purposes. Very small or very large governing boards may not adequately serve the needs of the organization. Small boards run the risk of not representing a sufficiently broad public interest and of lacking the required skills and other resources required to effectively govern the organization.
On the other hand, very large boards may have a more difficult time getting down to business and making decisions. If an organization’s governing board is large, the organization may want to establish an executive committee with delegated responsibilities or advisory committees.

Irrespective of size, a governing board should include independent members and should not be dominated by employees or others who are not, by their very nature, independent individuals because of family or business relationships. The Internal Revenue Service reviews the board composition of charities to determine whether the board represents a broad public interest, and to identify the potential for insider transactions that could result in misuse of charitable assets. The Internal Revenue Service also reviews whether an organization has independent members, stockholders, or other persons with the authority to elect members of the board or approve or reject board decisions, and whether the organization has delegated control or key management authority to a management company or other persons. Organizations that file Form 990 will find that Part VI, Section A, Lines 1, 2, 3, and 7 ask questions about the governing body.

If an organization has local chapters, branches, or affiliates, the Internal Revenue Service encourages it to have procedures and policies in place to ensure that the activities and operations of such subordinates are consistent with those of the parent organization. Organizations that file Form 990 will find that Part VI, Section A, Line 9 asks about such procedures and policies.

4. Governance and Management Policies

Although the Internal Revenue Code does not require charities to have governance and management policies, the Internal Revenue Service will review an organization’s application for exemption and annual information returns to determine whether the organization has implemented policies relating to executive compensation, conflicts of interest, investments, fundraising, documenting governance decisions, document retention and destruction, and whistleblower claims.

A. Executive compensation. A charity may not pay more than reasonable compensation for services rendered. Although the Internal Revenue Code does not require charities to follow a particular process in determining the amount of compensation to pay, the compensation of officers, directors, trustees, key employees, and others in a position to exercise substantial influence over the affairs of the charity should be determined by persons who are knowledgeable in compensation matters and who have no financial interest in the determination. Organizations that file Form 990 will find that Part VI, Section B, Line 15 asks whether the process used to determine the compensation of an organization’s top management official and other officers and key employees included a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision. In addition, Form
990, Part VII and Form 990, Schedule J, solicit compensation information for certain officers, directors, trustees, key employees and highest compensated employees.

The Internal Revenue Service encourages a charity to rely on the rebuttable presumption test of section 4958 of the Internal Revenue Code and Treasury Regulation section 53.4958-6 when determining compensation of its executives. Under this test, compensation payments are presumed to be reasonable if the compensation arrangement is approved in advance by an authorized body composed entirely of individuals who do not have a conflict of interest with respect to the arrangement, the authorized body obtained and relied upon appropriate data as to comparability prior to making its determination, and the authorized body adequately documented the basis for its determination concurrently with making the determination.

Comparability data generally involves looking to compensation levels paid by similarly situated organizations for functionally comparable positions. One method is to obtain compensation surveys or studies from outside compensation consultants for this purpose. The Internal Revenue Service will look to the independence of any compensation consultant used, and the quality of any study, survey, or other data, used to establish executive compensation. Once that test is met, the Internal Revenue Service may rebut the presumption that an amount of compensation is reasonable only if it develops sufficient contrary evidence to rebut the probative value of the comparability data relied upon by the authorized governing body.

The Internal Revenue Service has observed significant errors or omissions in the reporting of executive compensation on the IRS Form 990 and other information returns (e.g., Form W-2 and employment tax returns). Organizations should take steps to ensure accurate and complete compensation reporting on these forms, and to also ensure that appropriate income and employment taxes are withheld and deposited with the Internal Revenue Service. Executive compensation continues to be a focus point in our examination program.

B. **Conflicts of interest.** The directors of a charity owe it a duty of loyalty. The duty of loyalty requires a director to act in the interest of the charity rather than in the personal interest of the director or some other person or organization. In particular, the duty of loyalty requires a director to avoid conflicts of interest that are detrimental to the charity. Many charities have adopted a written conflict of interest policy to address potential conflicts of interest involving their directors, trustees, officers, and other employees.

The Internal Revenue Service encourages a charity’s board of directors to adopt and regularly evaluate a written conflict of interest policy that requires directors and staff to act solely in the interests of the charity without regard for personal interests; includes written procedures for determining whether a relationship, financial interest, or business affiliation results in a conflict of interest; and prescribes a course of action in the event a conflict of interest is identified.
The Internal Revenue Service encourages organizations to require its directors, trustees, officers and others covered by the policy to disclose, in writing, on a periodic basis any known financial interest that the individual, or a member of the individual’s family, has in any business entity that transacts business with the charity. The organization should regularly and consistently monitor and enforce compliance with the conflict of interest policy. Instructions to Form 1023 contain a sample conflict of interest policy. Organizations are urged to tailor the sample policy to their own particular situations and needs, with the help of competent counsel if necessary. Organizations that file Form 990 will find that Part VI, Section B, Line 12 asks whether an organization has a written conflict of interest policy, and whether it regularly and consistently monitors and enforces compliance with the policy.

C. Investments. The governing body or certain other persons may be required either by state law or by the organizational documents to oversee or approve major investments made by the organization. Increasingly, charities are investing in joint ventures, for-profit entities, and complicated and sophisticated financial products or investments that require financial and investment expertise and, in some cases, the advice of outside investment advisors.

The Internal Revenue Service encourages charities that make such investments to adopt written policies and procedures requiring the charity to evaluate its participation in these investments and to take steps to safeguard the organization’s assets and exempt status if they could be affected by the investment arrangement. The Internal Revenue Service reviews compensation arrangements with investment advisors to see that they comply with federal tax law. Organizations that file Form 990 will find that Part VI, Section B, Line 16 asks whether an organization has adopted procedures and policies regarding participation in a joint venture or similar arrangement with a taxable entity. In addition, Form 990, Schedule D, asks detailed information about certain investments.

D. Fundraising. Charitable fundraising is an important source of financial support for many charities. The Internal Revenue Service encourages charities to adopt and monitor policies to ensure that fundraising solicitations meet federal and state law requirements and solicitation materials are accurate, truthful, and candid. Charities are encouraged to keep their fundraising costs reasonable and to provide information about fundraising costs and practices to donors and the public. Organizations that file Form 990 will find that Schedules G and M solicit information about fundraising activities, revenues and expenses.

E. Governing body minutes and records. The Internal Revenue Service encourages the governing bodies and authorized sub-committees to take steps to ensure that minutes of their meetings, and actions taken by written action or outside of meetings, are contemporaneously documented. Organizations that file Form 990 will find that Part VI, Line 8 asks whether an organization contemporaneously documents meetings or written actions undertaken during the year by its governing body and each committee with authority to act on behalf of the governing body.
F. Document retention and destruction. The Internal Revenue Service encourages charities to adopt a written policy establishing standards for document integrity, retention, and destruction. The document retention policy should include guidelines for handling electronic files. The policy should cover backup procedures, archiving of documents, and regular check-ups of the reliability of the system. For more information, see IRS Publication 4221, Compliance Guide for 501(c)(3) Tax-Exempt Organizations, available on the IRS website. Charities are required by the Internal Revenue Code to keep books and records that are relevant to its tax exemption and its filings with the Internal Revenue Service. Organizations that file Form 990 will find that Part VI, Section B, Line 14, asks about whether an organization has a written document retention and destruction policy.

G. Ethics and whistleblower policy. The public expects a charity to abide by ethical standards that promote the public good. The organization’s governing body bears the ultimate responsibility for setting ethical standards and ensuring they permeate the organization and inform its practices. The Internal Revenue Service encourages a charity’s board or trustees to consider adopting and regularly evaluating a code of ethics that describes behavior it wants to encourage and behavior it wants to discourage. A code of ethics will serve to communicate and further a strong culture of legal compliance and ethical integrity to all persons associated with the organization.

The Internal Revenue Service encourages the board of directors to adopt an effective policy for handling employee complaints and to establish procedures for employees to report in confidence any suspected financial impropriety or misuse of the charity’s resources. Such policies are sometimes referred to as whistleblower policies. The Internal Revenue Service will review an organization to determine whether insiders or others associated with the organization have materially diverted organizational assets. Organizations that file Form 990 will find that Part VI, Section B, Lines 5 and 13 ask whether the organization became aware during the year of a material diversion of its assets, and whether an organization has a written whistleblower policy.

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5. Financial Statements and Form 990 Reporting

Directors are stewards of a charity’s financial and other resources. The Internal Revenue Service encourages the board, either directly or through a board-authorized committee, to ensure that financial resources are used to further charitable purposes and that the organization’s funds are appropriately accounted for by regularly receiving and reviewing up-to-date financial statements and any auditor’s letters or finance and audit committee reports.

A. Financial Statements. Some organizations prepare financial statements without any involvement of outside accountants or auditors. Others use outside accountants to prepare compiled or reviewed financial statements, while others obtain audited financial statements. State law may impose audit requirements on certain
charities, and a charity must ensure that it abides by the requirements of state law. Many organizations that receive federal funds are required to undergo one or more audits as set forth in the Single Audit Act and OMB Circular A-133. However, even if an audit is not required, a charity with substantial assets or revenue should consider obtaining an audit of its financial statements by an independent auditor.

The board may establish an independent audit committee to select and oversee an independent auditor. An audit committee generally is responsible for selecting the independent auditor and reviewing its performance, with a focus on whether the auditor has the competence and independence necessary to conduct the audit engagement, the overall quality of the audit, and, in particular, the independence and competence of the key personnel on the audit engagement teams. The Internal Revenue Service encourages all charities to take steps to ensure the continuing independence of any auditor that conducts an audit of the organization. Organizations that file Form 990, will find that Part XI, Line 2, asks whether the organization’s financial statements were complied or reviewed by an independent accountant, audited by an independent accountant, and subject to oversight by a committee within the organization. And, Part XI, Line 3 asks whether, as a result of a federal award, the organization was required to undergo an audit as set forth in the Single Audit Act and OMB Circular A-133.

B. Form 990. Although not required to do so by the Internal Revenue Code, some organizations provide copies of the IRS Form 990 to its governing body and other internal governance or management officials, either prior to or after it is filed with the Internal Revenue Service. Practices differ widely as to who sees the form, when they see it, and the extent of their input, review, or approval. Some, especially smaller organizations, may provide a copy of the Form 990 to the full board for review or approval before it is filed. Others provide a copy of the form to a portion of the governing body, or to a committee or top management officials, before it is filed. Still others provide a copy to the board, a committee or top management officials, but not until after it is filed. Organizations that file Form 990 will find that Part VI, Section A, Line 10 asks whether the organization provides a copy of Form 990 to its governing body, and requires the organization to explain any process of review by its directors or management.

6. Transparency and Accountability

By making full and accurate information about its mission, activities, finance, and governance publicly available, a charity encourages transparency and accountability to its constituents. The Internal Revenue Code requires a charity to make its Form 1023 exemption application, Form 990, and Form 990-T, available for public inspection. The Internal Revenue Service encourages every charity to adopt and monitor procedures to ensure that its Form 1023, Form 990, Form 990-T, annual reports, and financial statements, are complete and accurate, are posted on its public website, and are made
available to the public upon request. Organizations that file Form 990 will find that Part VI, Section C, Lines 18 and 19, ask whether and how an organization makes its Form 1023, Form 990 and Form 990-T, governing documents, conflict of interest policy, and financial statements available to the public.

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Date posted: February 4, 2008
Year of the Policy Manual - 2008
by Bob Harris, CAE and Eric Westover

This will be the year that policy manuals are taken from bookshelves to undergo significant updates because the IRS’s redesigned Form 990 – Return of Organization Exempt from Income Tax. The Form asks several questions about an organization’s policies. The aim is to answer the questions affirmatively by the time the form is used in 2009 for the 2008-tax year.

Because policy development is a board responsibility – not staff – boardrooms around the US will intensify their focus on these issues.

Refresher on Policies

The purpose of a policy is to interpret the broader governing documents: the bylaws, articles of incorporation and purpose statement. The board adopts policy as motions recorded in the meeting minutes.

The policies are transcribed from the minutes so they can be archived and referenced in the organization’s policy manual. They represent the wisdom of current board to be passed along to successive volunteer leaders.

Revised IRS 990

Form 990, issued December 2007, includes several questions about policies. The table identifies the policy questions, including the actual wording and suggestions for implementation. (IRS Form 990 question numbers are indicated.)

<table>
<thead>
<tr>
<th>Policy</th>
<th>Actual Question</th>
<th>Recommendation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Record Retention</td>
<td>Does the organization have a written document retention and destruction policy?</td>
<td>Ideally, contact a CPA and attorney for record retention schedules. Carefully review it and add documents particular to the organization, for instance, continuing education records or grievance files. (Be sure to consider state requirements in addition to federal.)</td>
</tr>
<tr>
<td>Whistleblower</td>
<td>Does the organization have a written whistleblower policy?</td>
<td>Adopt a policy that encourages staff and volunteers to come forward with credible information on illegal practices, without retribution. The statement may also be included in a personnel manual.</td>
</tr>
<tr>
<td>Policy</td>
<td>Actual Question</td>
<td>Recommendation</td>
</tr>
<tr>
<td>--------</td>
<td>----------------</td>
<td>----------------</td>
</tr>
</tbody>
</table>
| **Conflicts of Interest**  
(Part VI, Sect B, 12) | Does the organization have a written conflict of interest policy? If yes, are the officers, directors or trustees, and key employees, required to disclose annually interests that could give rise to conflicts? Does the organization regularly and consistently monitor and enforce compliance with the policy? If yes, ... how is this done? | Board should discuss the concept of conflicts of interest, how to give notice to leaders and its application through the year. The discussion should result in a COI policy applicable to volunteer leaders and staff. Some organizations ask at every board member while reviewing the agenda if any director has a conflict of interest to disclose. |
| **Audit and Audit Committee**  
(Part XI, 2) | Were the organization’s financial statements audited by an independent accountant? If yes, does the organization have a committee that assumes responsibility for the oversight of the audit, review or compilation ... and its selection of an independent accountant? | Seemingly broad enough to allow for a choice of an audit, review or compilation. Indicates need for a subgroup of the board to serve as the audit committee. A policy might indicate that the “finance committee also serves as the audit committee,” especially in organizations with limited volunteers. |
| **Meeting Minutes**  
(Part VI, Sect A, 8) | Does the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: (a) the governing body; (b) each committee with authority to act on behalf of the governing body? | While most organizations are careful to record appropriate board meeting minutes, this IRS question may expand a policy so that committees must keep minutes. |
| **Public Records**  
(Part VI, Sect C, 18) | IRS Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990 and 990-T (501c3s only) available for public inspection. Indicate how you make these available. Describe in Section O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. | This question promotes transparency and public awareness. The board should consider what is required to be public (distinguished from what should be treated with confidentiality) and establish policy and processes for compliance. |
| **Compensation**  
(Part VI, Sect B, 15) | Did the process of determining compensation of the following persons [for CEO, Executive | To ensure that compensation is comparable to other nonprofit organizations in the region --- and |
Director, or top management official] include a review and approval by independent persons, comparability data and contemporaneous substantiation of the deliberation and decision? commensurate with the mission and goals of the organization --- many organizations turn to their national and state society of association executives or chamber executives.

Policy Samples

To get started, a packet of samples is available as a single PDF, including information on the concepts of whistleblower, record retention, audit committee, conflict of interest, etc. To acquire a free copy by e-mail, write to bob@rchcae.com. The subject line must identify “Policy Samples Packet.”¹ [For more detailed information, Harris’ offers a 50-page spiral bound guide to policy development processes and examples that can be ordered for $39 plus $6 shipping and handling. The website is www.nonprofitcenter.com.]

Summary

The increased scrutiny on exempt organizations is a catalyst for updating the policy manual. Be sure to rely on legal and accounting counsel when adopting policy.

# # #

About the Authors: Bob Harris, CAE, is chairman of the NonProfitCenter.com (bob@rchcae.com). Eric Westover is chairman of Not4profit Planning.com (Eric@not4profitplanning.com) and founder of UpperEx National Outreach Coalition.

¹ Editor: If you prefer to distribute the Policy Samples Packet on your own website, please save the PDF and direct readers to the page inside this article. This is the preferred distribution.
### Section B. Policies

<table>
<thead>
<tr>
<th>Question</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>12a Does the organization have a written conflict of interest policy? If “Yes,” provide the names and addresses in Schedule O.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Does the organization regularly and consistently monitor and enforce compliance with the policy? If “Yes,” describe in Schedule O how this is done.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Does the organization have a written whistleblower policy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Does the organization have a written document retention and destruction policy?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a The organization’s CEO, Executive Director, or top management official?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Other officers or key employees of the organization?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Describe the process in Schedule O.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>b If “Yes,” has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization’s exempt status with respect to such arrangements?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed.  

18 IRC Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make those available. Check all that apply.  
- [ ] own website  
- [ ] another’s website  
- [ ] upon request

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public.
7 Errors in Developing Policies
by Bob Harris, CAE

Avoid these errors as the board delves into policy development.

1. **Amending the Bylaws** – Don’t be swayed by the volunteer who says, “We need to get that in our bylaws.” Let the bylaws remain as a broad governing document; the policies should interpret the bylaws but not be included in them.

2. **Conflicting Documents** - Policies should not conflict with the existing governing documents. View policies as the wisdom of the board in interpreting the bylaws and articles.

3. **Asking the Board to Approve Dozens of Policies** – It can be a mistake to ask the board to sit for hours to review and adopt policies. Assign policies to a committee or staff to review and make recommendations. The board makes the final motion and adoption. Hint: Let policy discussions arise naturally, for example the audit policy may occur when the budget is approved and the line item to fund an audit, review or compilation is discussed.

4. **The Minutes Archival System** – Some executive directors say, “We don’t have a policy manual but I can tell you exactly when it was adopted.” After meetings or annually, transcribe policies into a manual. Hint: When transferring the policy, reference the date of the meeting in which it was adopted or amended.

5. **Environmental Scan** – Your board is not the first to discuss a conflict of interest policy. Conduct an environmental scan of other associations to determine what they adopted; rely on the resources at ASAE, ACCE, NCNA and their local organizations; and utilize legal and accounting counsel.

6. **Policy Mania** – A good number of policies in a nonprofit is 25 to 50. If the organization has a manual exceeding 100s of statements, or is out-of-date, consider a sunset review. Appoint a task force to review and recommend policies to add or delete.

7. **It Doesn’t End with Policy** – Nearly every policy results in *procedures*. For instance, a policy on conflicts of interest will result in the need for procedures to educate the board annually, create and distribute a disclosure form, and to properly record conflicts in the minutes.

# # #

Bob Harris, CAE, offers free nonprofit templates and tips at [www.nonprofitcenter.com](http://www.nonprofitcenter.com). He’s been called the Martha Stuart of association management for developing and sharing best-practices.
Information to assist leadership and staff in reviewing and adopting policies identified in the new IRS Form 990 (Dec. 2007.)

The new form will be used in 2009 for the 2008 tax year. According to the IRS website, “Form 990 has not been significantly revised since 1979, and it is universally regarded as needing major revision. It has failed to keep pace with changes in the law and with the increasing size, diversity, and complexity of the exempt sector. As a result, the current form fails to meet the Service’s tax compliance interests or the transparency and accountability needs of the states, the general public, and local communities served by the organization.”

For a copy of Form 990, visit www.irs.gov/pub/irs-tege/f-990rcore.pdf

Be sure to utilize legal and accounting counsel before adopting policies.

This information supplements the article titled, “Year of the Policy Manual – 2008.”

Contents

- Document Destruction – Record Retention
- Conflict of Interest
- Audit – Audit Committee

For educational purposes only. Rely on legal and accounting counsel when reviewing governance, laws, etc.

Resources at Grant Thornton can be found at www.grantthornton.com.
The Sarbanes-Oxley Act addresses the destruction of business records and documents and turns intentional document destruction into a process that must be carefully monitored.

Nonprofit organizations should have a written, mandatory document retention and periodic destruction policy. Policies such as this will eliminate accidental or innocent destruction. In addition, it is important for administrative personnel to know the length of time records should be retained to be in compliance.

This information is provided as guidance in determining your organization’s document retention policy.¹

<table>
<thead>
<tr>
<th>Type of Document</th>
<th>Minimum Requirement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable ledgers and schedules</td>
<td>7 years</td>
</tr>
<tr>
<td>Audit reports</td>
<td>Permanently</td>
</tr>
<tr>
<td>Bank Reconciliations</td>
<td>2 years</td>
</tr>
<tr>
<td>Bank statements</td>
<td>3 years</td>
</tr>
<tr>
<td>Checks (for important payments and purchases)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Contracts, mortgages, notes and leases (expired)</td>
<td>7 years</td>
</tr>
<tr>
<td>Contracts (still in effect)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Correspondence (general)</td>
<td>2 years</td>
</tr>
<tr>
<td>Correspondence (legal and important matters)</td>
<td>Permanently</td>
</tr>
<tr>
<td>Correspondence (with customers and vendors)</td>
<td>2 years</td>
</tr>
<tr>
<td>Deeds, mortgages, and bills of sale</td>
<td>Permanently</td>
</tr>
<tr>
<td>Depreciation Schedules</td>
<td>Permanently</td>
</tr>
<tr>
<td>Duplicate deposit slips</td>
<td>2 years</td>
</tr>
<tr>
<td>Employment applications</td>
<td>3 years</td>
</tr>
<tr>
<td>Expense Analyses/expense distribution schedules</td>
<td>7 years</td>
</tr>
<tr>
<td>Year End Financial Statements</td>
<td>Permanently</td>
</tr>
<tr>
<td>Insurance Policies (expired)</td>
<td>3 years</td>
</tr>
<tr>
<td>Insurance records, current accident reports, claims, policies, etc.</td>
<td>Permanently</td>
</tr>
<tr>
<td>Internal audit reports</td>
<td>3 years</td>
</tr>
<tr>
<td>Inventories of products, materials, and supplies</td>
<td>7 years</td>
</tr>
<tr>
<td>Invoices (to customers, from vendors)</td>
<td>7 years</td>
</tr>
<tr>
<td>Minute books, bylaws and charter</td>
<td>Permanently</td>
</tr>
<tr>
<td>Patents and related Papers</td>
<td>Permanently</td>
</tr>
<tr>
<td>Payroll records and summaries</td>
<td>7 years</td>
</tr>
<tr>
<td>Personnel files (terminated employees)</td>
<td>7 years</td>
</tr>
<tr>
<td>Retirement and pension records</td>
<td>Permanently</td>
</tr>
<tr>
<td>Tax returns and worksheets</td>
<td>Permanently</td>
</tr>
<tr>
<td>Timesheets</td>
<td>7 years</td>
</tr>
<tr>
<td>Trademark registrations and copyrights</td>
<td>Permanently</td>
</tr>
<tr>
<td>Withholding tax statements</td>
<td>7 years</td>
</tr>
</tbody>
</table>

May be duplicated for non-commercial use, with attribution, by charitable organizations.

¹ Be sure to seek legal and accounting counsel prior to adoption and implementation (RCH.)
ASSOCIATION

DOCUMENT RETENTION POLICY

This is the document retention policy of the ____________ Association (“ASSOCIATION”).

ASSOCIATION shall retain records for the period of their immediate or current use, unless longer retention is necessary for historical reference or to comply with contractual or legal requirements. Records and documents outlined in this policy include paper, electronic files (including emails) and voice mail records regardless of where the document is stored, including network servers, desktop or laptop computers and handheld computers and other wireless devices with text messaging capabilities. Any employee of ASSOCIATION, or any other person who is in possession of records belonging to ASSOCIATION who is uncertain as to what records to retain or destroy, when to do so, or how to destroy them, may seek assistance from ASSOCIATION’s Document Retention Policy (DRP) manager who is ____________.

In accordance with 18 U.S.C. §1519 and the Sarbanes Oxley Act, ASSOCIATION shall not knowingly destroy a document with the intent to obstruct or influence an “investigation or proper administration of any matter within the jurisdiction of any department, agency of the United States…or in relation to or contemplation of such matter or case”. If an official investigation is under way or even suspected, document purging must stop in order to avoid criminal obstruction. In order to eliminate accidental or innocent destruction, ASSOCIATION has the following document retention policy:

<table>
<thead>
<tr>
<th>TYPE OF RECORD</th>
<th>SPECIFIC RECORD</th>
<th>RETENTION PERIOD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounting Records</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual financial statements</td>
<td>Permanent</td>
<td></td>
</tr>
<tr>
<td>Monthly financial statements</td>
<td>3 years</td>
<td></td>
</tr>
<tr>
<td>General ledger</td>
<td>20 years</td>
<td></td>
</tr>
<tr>
<td>Annual audit records</td>
<td>10 years</td>
<td></td>
</tr>
<tr>
<td>Journal entries</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Special reports</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Canceled checks</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>A/P paid invoices</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Business expense records</td>
<td>8 years</td>
<td></td>
</tr>
<tr>
<td>Credit card receipts</td>
<td>3 years</td>
<td></td>
</tr>
<tr>
<td>Cash receipts</td>
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<td>A/R invoices</td>
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<tr>
<td>Data for acquired/divested assets</td>
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<td>Data for nonacquired/nondivested assets</td>
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<td>Accounts payable</td>
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<td>Accounts receivable</td>
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<td>Audit reports</td>
<td>7 years</td>
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<tr>
<td>Chart of accounts</td>
<td>Permanent</td>
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<td>Expense records</td>
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<td>Inventory records</td>
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<td>Loan documents</td>
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<td>Purchase orders</td>
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<td>Sales records</td>
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<td>Stop payment orders</td>
<td>3 years</td>
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<td>Bank reconciliations</td>
<td>3 years</td>
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<td><strong>Tax Records</strong></td>
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<td>Federal tax returns (not payroll)</td>
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<td>State &amp; local tax returns</td>
<td>Permanent</td>
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<td>Form 990 &amp; supporting documentation</td>
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<td>Form 990-T &amp; supporting documentation</td>
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<td>Supporting documentation for taxes</td>
<td>4 years</td>
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<td>City &amp; State excise tax reports &amp; supporting</td>
<td>5 years (or longer if designated by state law)</td>
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<td>Unclaimed property filings &amp; supporting documentation</td>
<td>6 years (or longer if designated by state law)</td>
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<td>1099 forms</td>
<td>8 years</td>
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<td>Magnetic tape &amp; similar records</td>
<td>1 year</td>
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<td>Payroll taxes (W2, W3)</td>
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<td>Payroll taxes (Form 941, state withholding forms,</td>
<td>8 years (or longer if designated by state law)</td>
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<td>state unemployment returns)</td>
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<td><strong>Payroll Records</strong></td>
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<td>Wage rate tables</td>
<td>3 years</td>
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<td>Cost of living tables</td>
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<td>Wage</td>
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<td>Payroll deductions</td>
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<td>Time cards or forms</td>
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<td>W-2 forms</td>
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<td>W-4 forms</td>
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<td>Garnishments</td>
<td>4 years after termination</td>
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<td>Payroll registers</td>
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<td>State employment forms</td>
<td>4 years</td>
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<td>State unemployment tax records</td>
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<td>Cancelled payroll checks</td>
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<td>Deductions registers</td>
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<td>Earnings records</td>
<td>8 years</td>
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<td>Changes or adjustments to salary</td>
<td>8 years</td>
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<td>TYPE OF RECORD</td>
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<tr>
<td>Insurance Records</td>
<td>Policies (including expired) Permanent Claims for loss/damage, accident reports, appraisals</td>
<td>5 years</td>
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<tr>
<td>Workplace Records</td>
<td>Incorporation records (including Bylaws)</td>
<td>Permanent</td>
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<td>Meeting minutes</td>
<td>Permanent</td>
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<td>Policy statements</td>
<td>Permanent</td>
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<td>Employee directories</td>
<td>5 years</td>
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<td>Legal Records</td>
<td>General Contracts</td>
<td>3 years after termination</td>
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<td>Real estate contracts &amp; records</td>
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<td>Personal injury records</td>
<td>8 years</td>
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<td>Trademark registration</td>
<td>Permanent</td>
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<td>Copyright registration</td>
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<td>Patents</td>
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<td>Litigation claims</td>
<td>5 years following close of case</td>
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<td>Court documents &amp; records</td>
<td>5 years following close of case</td>
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<td>Deposition transcripts</td>
<td>5 years following close of case</td>
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<td>Discovery materials</td>
<td>3 years following close of case</td>
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<td>Leases</td>
<td>6 years after termination</td>
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<tr>
<td>Personnel Records</td>
<td>Employment applications (persons not hired)</td>
<td>1 year</td>
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<td></td>
<td>Employment applications (persons hired)</td>
<td>3 years following termination of employment</td>
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<td></td>
<td>Employee resumes &amp; employment history</td>
<td>3 years following termination of employment</td>
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<td>Evaluations</td>
<td>3 years following termination of employment</td>
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<td>Promotions, raises, reclassifications &amp; job descriptions</td>
<td>5 years following termination of employment</td>
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<td>Disciplinary warnings, demotion, lay-off &amp; discharge</td>
<td>5 years following termination of employment</td>
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<td>Employment &amp; termination agreements</td>
<td>Permanent</td>
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<td>Beneficiary information</td>
<td>Permanent</td>
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<td>Medical and safety records</td>
<td>6 years</td>
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<td>Accident reports</td>
<td>6 years</td>
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<td>Education assistance</td>
<td>While employed</td>
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<td>Sick leave benefits</td>
<td>While employed</td>
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<td>Retirement plans</td>
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<td>TYPE OF RECORD</td>
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<td>Incentive plans (after expiration)</td>
<td>6 years</td>
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<td>Pension plans</td>
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**Technical Materials**

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<tr>
<td>Manuals</td>
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<td>Standards</td>
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<td>Committee Meeting Minutes</td>
<td>Permanent</td>
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<tr>
<td>Correspondence</td>
<td>5 years after manual or standard becomes obsolete</td>
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<tr>
<td>Invoices to customers</td>
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<td>7 years</td>
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</table>

The retention periods described herein are guidelines. There are circumstances under which a record or document may have to be maintained longer than the guidelines. This will be a decision made by the Document Retention Policy Manager.
Service on the Board of Directors of a national organization is an important honor and responsibility. Much is expected of officers and the governing Board of the ______. The membership of the association relies on its officers and Board to act in its best interests, to be knowledgeable about and proactive on the issues facing the early childhood care and education industry, to study the questions before it and to base decisions on reliable information, to be a good steward of the resources of the association, and to be honest and trustworthy in all actions. To assure the trust and ethical expectations of the members of the _____ Association, I affirm the following:

**Duty of Care**

In all matters affecting the _____ Association, I will act in good faith and exercise my best efforts in the performance of my duties.

I will faithfully prepare for discussions and decisions that affect the association by reading information sent to me by the association officers and staff and by striving to be knowledgeable on issues of importance to the association and its members.

I will be responsible for disseminating information I receive as a Director to all members, with my primary responsibility to inform my constituency, i.e., state association, national, or regional company, or at-large members. *(See attached examples)*

I will make decisions based on factual data rather than unsubstantiated opinions.

I will make decisions based on what is in the best interest of all members of the association, rather than any one group, individual, or special interest.

I will be honest in doing the work of the association and in speaking on behalf of the association and its leadership in order to foster trust among association members and the public.

I will respect my fellow Directors and the members of the association, acknowledging differences of opinion, providing for open and respectful discussion, and making decisions only after listening to all points of view and all available data.

I will publicly support the majority decisions made by the Board of Directors.

I will refrain from any discussion of tuition, fees, wages, etc. that might be construed as an infraction of anti-trust law or price fixing.

I will support and encourage participation in all association programs including endorsed programs.
I will hold my own business to the highest standards of professionalism, quality, and integrity, because the manner in which I conduct my individual business affairs can affect the public image of the ________ Association.

**Confidentiality**

I will not disclose, beyond its intended scope, any information which is marked, designated, or treated as confidential by the Board, officers, or staff and which I receive as a Director of the ______________ Association.

I understand that my obligation to maintain confidentiality extends indefinitely beyond my term of office.

**Conflict of Interest**

I acknowledge that information, programs, research, services, and methods of operation are developed by ________ for all members and as a Director I am obligated to pass on this information to my constituencies. Therefore I will not expropriate for myself, my business, or another organization any information I receive as a result of my position as a Director of the ______________ Association prior to disseminating this information to my constituents. *(See attached examples)*

I will not create any program that is in direct competition with an ________ program including the ________, the _______ credential, the Annual Conference, or other programs that the association may develop in the future.

I will openly declare any actual or perceived conflict of interest that may result from my taking part in discussion or decision making on an issue before the association while having business, professional, or personal interests that could bias my decisions. I further acknowledge the Board of Directors has the sole responsibility for determining whether my interests constitute a conflict and if so what the remedy will be. *(See attached example)*

____________________________
Signature of Director or Alternate Director

____________________________
Date
**Example of Duty of Care:**

“I will be responsible for disseminating information I receive as a Director to all members with my primary responsibility to inform my constituency, i.e., state association, national, or regional company, or at-large members.”

_____ Director, John Doe, receives a notice on the _____ Board of Directors list serve about a grant available to child care centers in all states. John fails to pass this information on to his state association members.

- As the representative of the membership as a whole, John is obligated to pass on this information to his constituency, and in the spirit of leadership, should make a reasonable effort to do so immediately in order to equalize the opportunity among members, including himself.

**Examples of Conflict of Interest:**

“I acknowledge that information, programs, research, services, and methods of operation are developed by _____ for all members and as a Director I am obligated to pass on this information to my constituencies. Therefore I will not expropriate for myself, my business, or another organization any information I receive as a result of my position as a Director of the ________ Association prior to disseminating this information to my constituents.”

1. In the example above, John not only does not pass on the information he receives through the Board-only list serve, he applies for the grant for his own center.
   - John is taking advantage of information available to him in his capacity as a member of the Board of Directors of _____ and using this information for his personal gain.

2. ______ Board member John Doe conducts a training class for Field Counselors which is not the ________ prescribed training and/or charges a fee for the training.
   - John Doe is taking advantage of his position as a Director to profit when he charges a fee which is contrary to _____’s policy and interest. ____ provides this training free of charge.
   - John Doe is not using the prescribed training approved by ____ and therefore is negatively impacting the integrity of the ___ program.

3. ______ Director Mary Doe uses association-developed programs, data, papers, or other intellectual property (correspondence, procedure manuals, methods of operation, curriculum, presentations) without permission of the association and/or without citing the association as the creator or fails to report unauthorized use by his/her state association or company.
   - Even though the association material Mary uses may not be copyrighted, it is unethical to use the association’s property for one’s own benefit or to misrepresent the origin of the material. If the material is copyrighted, Mary’s actions are also illegal.
“I will openly declare any potential conflict of interest that may result from my taking part in discussion or decision making on an issue before the association while having business, professional, or personal interests that could bias my decisions. I further acknowledge the Board of Directors has the sole responsibility for determining whether my interests constitute a conflict and, if so, what the remedy will be.”

1. **Director John Doe owns a printing company. He lobbies the Membership Committee to have his company print the new membership brochures.**
   - John must disclose his financial interest in the printing company. The Chair of the Membership Committee should then ask John to excuse himself from debate in committee and not to discuss the printing of the brochure with any Committee member.
Conflict of Interest Disclosure Statement

This form was approved and adopted in 2003, in accordance with Section # of the Bylaws. It will be distributed to each director, officer, and staff member prior to the October Board meeting each year and must be submitted at that meeting for subsequent review by the Executive Committee of the Board of Directors.

In completing this form, please consider the following guidelines from the bylaws:

1. Any potential conflict of interest that could result in a direct or indirect financial or personal benefit to a Director, officer or staff member must be disclosed in good faith or known to the Board of Directors or committee authorizing a contract or other transaction.
2. All questions as to whether a conflict of interest exists shall be resolved by a vote of the Board of Directors in which the interested individual may not vote.
3. The interested individual may participate in the information-gathering stage of the Board of Directors’ or committee’s discussion, but shall retire from the room in which the Board of Directors or a committee thereof is meeting and shall not participate in the final deliberation or decision regarding such contract or other transaction. Such interested individual may not vote on such contract or other transaction.
4. In connection with all actions taken by the Board of Directors with respect to any contract or transaction between the Association and one or more of its directors or officers, or between the Association and any other corporation, firm, association, or other entity in which one or more of the directors or officers of the Association is a director or officer or has a substantial financial interest, affiliation, or other significant relationship, each such interested director or officer of the Association shall:
   ♦ disclose to the Board of Directors the material facts as to such director’s or officer’s interest in such contract or transaction and as to any such common directorships, offices, or significant financial interest, affiliation, or other significant relationship, which disclosure shall be duly recorded in the minutes or resolutions relating to such actions, and
   ♦ abstain from voting on any such contract or other transaction.

At present, I am aware of the following potential conflict of interest in regard to my position on the Board of Directors or staff (if none, leave blank):

____________________________________________________________________________
____________________________________________________________________________
____________________________________________________________________________

If I become aware of a potential conflict of interest in the future, I will disclose this potential conflict to the President. I understand that, when in doubt, disclosure is recommended.

NAME (please print) _____________________________________________________
SIGNATURE ___________________________________________ DATE _____________
In response to an ASAE Listserv query in February 2008, associations contributed the following examples. Be sure to rely on legal and accounting professionals for development of policies.

**IRS References**

- The disclosure by a person, usually an employee, in a government agency or private enterprise; to the public or to those in authority, of mismanagement, corruption, illegality, or some other wrongdoing.

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**General Definitions**

One who reveals wrongdoing within an organization to the public or to those in positions of authority: "The Pentagon's most famous whistleblower is... hoping to get another chance to search for government waste" (Washington Post).

The disclosure by a person, usually an employee, in a government agency or private enterprise; to the public or to those in authority, of mismanagement, corruption, illegality, or some other wrongdoing.
#1 Whistleblower Protection Policy

Association prides itself on its adherence to federal, state, and local laws and/or regulations, including business ethics policies. As such, even though it is not obligated to do so, the Association has decided to voluntarily adopt a whistleblower protection policy. Pursuant to this policy, any employee who becomes aware of any violation of federal, state, or local law or regulation, including any financial wrongdoing, should immediately report the violation to the Executive Vice President to allow the organization to investigate and, if applicable, correct the situation or condition.

If the Executive Vice President is involved or is believed to be involved in the matter being reported, employees may, in the alternative, make a report to the Association’s legal counsel. The Association will conduct an investigation and take appropriate action within a reasonable period of time. Such complaints will be held in confidence to the extent the needs of the investigation permit.

“Financial wrongdoing” may include, but is not limited to:

- Questionable accounting practices;
- Fraud or deliberate error in financial statements or recordkeeping;
- Deficiencies of internal accounting controls;
- Misrepresentations to company officers or the accounting department (including deviation from full reporting of financial conditions).

If any employee reports in good faith what the employee believes to be a violation of the law and/or financial wrongdoing to the Association, its legal counsel, or to a federal, state, or local agency or assists in an investigation concerning financial wrongdoing, it is the Association’s policy that there will be no retaliation taken against the employee.

Employees are reminded of the importance of keeping financial matters confidential. Employees with questions concerning the confidentiality or appropriateness of disclosure of particular information should contact the Executive Vice President.

# # #
#2 Whistleblower Policy

**Purpose**

The Association is committed to high standards of ethical, moral and legal business conduct. In line with this commitment and association’s commitment to open communication, this policy provides an avenue for employees to raise concerns. It also provides reassurance that employees will be protected from reprisals or victimization for whistleblowing. (For purposes of this policy, an employee is defined as any individual who is paid for providing services to association headquarters and includes both full-time and part-time employees.)

This whistleblowing policy is intended to offer protections if an employee raises concerns regarding association, including concerns regarding:

- incorrect financial reporting;
- unlawful activity;
- activities that are not in line with association policy; or
- any other activities that constitute serious improper conduct.

**Safeguards**

*Harassment or Victimization* - Harassment or victimization for reporting concerns under this policy will not be tolerated.

*Confidentiality* - Every effort will be made to treat the complainant’s identity with appropriate regard for confidentiality.

*Anonymous Allegations* - This policy encourages employees to put their names to allegations because appropriate follow-up questions and investigation may not be possible unless the source of the information is identified. Concerns expressed anonymously will be explored appropriately, but consideration will be given to: The seriousness of the issue raised; The credibility of the concern; and the likelihood of confirming the allegation from attributable sources.

*Bad Faith Allegations* - Although the employee is not expected to prove the truth of an allegation, the employee should be able to demonstrate to the person contacted that the report is being made in good faith. Allegations made in bad faith may result in disciplinary action.
Procedure: 1. Process for Raising a Concern

*Reporting* - The whistleblowing procedure is intended to be used for serious and sensitive issues. Such concerns, including those relating to financial reporting, unethical or illegal conduct, may be reported directly to the association General Counsel:

[Insert Contact Information Here]

Employment-related concerns should continue to be reported through your normal channels such as to a supervisor or the CEO.

*Timing* - The earlier a concern is expressed, the easier it is to take action.


The action taken by association in response to a report of concern under this policy will depend on the nature of the concern. The Audit Committee of the association’s Executive Committee shall receive information on each report of concern and follow-up information on actions taken.

*Initial Inquiries* - Initial inquiries will be made to determine whether an investigation is appropriate, and the form that it should take. Some concerns may be resolved without the need for investigation.

*Further Information* - The amount of contact between the complainant and the person or persons investigating the concern will depend on the nature of the issue and the clarity of information provided. Further information may be sought from or provided to the person reporting the concern.

# # #
# 3 Reporting and Investigating Wrongdoing Policy

The Association has a responsibility for the stewardship of member and employee contributions and resources. In fulfilling that responsibility, the Association is committed to compliance to all laws and regulations to which it is subject.

In addition to complying with the law, it is the policy of the association to promote ethical practices and ethical treatment of its members and employees. Whether known or suspected, instances of misuse of Association resources or other improper activities should be reported and appropriately investigated. Members and employees have a responsibility to each other and to the organization to maintain an environment in which problems are addressed immediately, and they are therefore protected from retaliation for making such reports.

The association endorses and utilizes internal controls and operating procedures intended to detect and prevent improper activities. If, however, those controls or procedures fail to safeguard against irregularity, or if intentional or unintentional violation of laws or regulations occur, it is the policy of the association that members and employees are encouraged to report those irregularities and violations.

It is also the policy of association not to hide, destroy, alter or falsify documents to prevent their use in litigation or other official proceedings. Toward that end, the Association will have and regularly review a document retention policy. Officers, members, and employees of the association are expected to adhere to this policy.

Last, the association (through its Conflict of Interest Policy) has asked the Board of Directors to disclose any real, perceived, or potential conflicts of interest that relate to board duties or deliberations, and to recuse him/herself when the board makes decisions affected by the conflict. Refusal to abide by the organization’s conflict of interest policy may result in removal from office and a referral to the Association’s Ethics Committee for review. Employees may not engage in any activity, paid or unpaid, that conflicts, or gives the appearance of conflicting with their obligations to association.

The provisions of this policy statement do not negate or minimize the effect or import of the association’s Code of Ethics, Membership Standards and Sanctions, or the Employee Handbook. Individual complaints about the professional conduct of members or of employees will be handled according to those governing documents.

# # #
### Whistleblower Policy

**PURPOSE OF THIS POLICY:** A key defense against fraud occurring in an organization is the availability of a means for employees and other constituents to anonymously report suspected wrongdoing (whistleblowing). Respondents to a 2004 survey by the Association of Certified Fraud Examiners (ACFE) revealed that various forms of fraud are detected 40 percent of the time by tips, the leading method for detecting fraud.

While whistleblower programs are not required of not-for-profit organizations, CRS believes that it is a prudent practice to follow. In addition, some states have adopted whistleblower provisions, and federal law prohibits retaliation against anyone “blowing the whistle” with respect to a violation of a federal law or regulation. These would include:

- Forgery or alteration of documents
- Unauthorized alteration or manipulation of computer files
- Fraudulent financial reporting
- Pursuit of a benefit or advantage in violation with the CRS conflict of interest policy
- Misappropriation or misuse of CRS resources, such as funds, supplies, or other assets
- Authorizing or receiving compensation for goods not received or services not performed
- Authorizing or receiving compensation for hours not worked

### CRS Whistleblower Policy

**General**

The CRS Code of Conduct (herein after referred to as the Code) requires directors, other volunteers, and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. Employees and representatives of the organization must practice honesty and integrity in fulfilling their responsibilities and comply with all applicable laws and regulations.

The objectives of the CRS Whistleblower Policy are to establish policies and procedures for:

- The submission of concerns regarding questionable accounting or auditing matters by employees, directors, officers, and other stakeholders of the organization, on a confidential and anonymous basis.
• The receipt, retention, and treatment of complaints received by the organization regarding accounting, internal controls, or auditing matters.

• The protection of directors, volunteers and employees reporting concerns from retaliatory actions.

**Reporting Responsibility**

Each director, volunteer, and employee of CRS has an obligation to report in accordance with this Whistleblower Policy (a) questionable or improper accounting or auditing matters, and (b) violations and suspected violations of CRS’s Code (hereinafter collectively referred to as Concerns).

**Authority of Executive Committee**

All reported Concerns will be forwarded to the Executive Committee in accordance with the procedures set forth herein. The Executive Committee shall be responsible for investigating, and making appropriate recommendations to the Board of Directors, with respect to all reported Concerns.

**No Retaliation**

This Whistleblower Policy is intended to encourage and enable directors, volunteers, and employees to raise Concerns within the Organization for investigation and appropriate action. With this goal in mind, no director, volunteer, or employee who, in good faith, reports a Concern shall be subject to retaliation or, in the case of an employee, adverse employment consequences. Moreover, a volunteer or employee who retaliates against someone who has reported a Concern in good faith is subject to discipline up to and including dismissal from the volunteer position or termination of employment.

**Reporting Concerns**

**Employees**

Employees should first discuss their Concern with their immediate supervisor. If, after speaking with his or her supervisor, the individual continues to have reasonable grounds to believe the Concern is valid, the individual should report the Concern to the Chief Executive Officer (CEO) or the Vice President of Operations (VPO). In addition, if the individual is uncomfortable speaking with his or her supervisor, or the supervisor is a subject of the Concern, the individual should report his or her Concern directly to the CEO or Vice President of Operations.

If the Concern was reported verbally to the CEO or VPO, the reporting individual, with assistance from the CEO or VPO, shall reduce the Concern to writing. The CEO or VPO is required to promptly report the Concern to the Chair of the Executive Committee, who has specific and exclusive responsibility to investigate all Concerns. If the CEO or VPO, for any reason, does not promptly forward the Concern to the Executive Committee, the reporting individual should directly report the Concern to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained either through the Leadership Manual or by calling the CRS office. Concerns may be also be submitted
anonymously. Such anonymous Concerns should be in writing and sent directly to the Chair of the Executive Committee.

**Directors and Other Volunteers**
Directors and other volunteers should submit Concerns in writing directly to the Chair of the Executive Committee. Contact information for the Chair of the Executive Committee may be obtained from the CEO.

**Handling of Reported Violations**
The Executive Committee shall address all reported Concerns. The Chair of the Executive Committee shall immediately notify the Executive Committee, the CEO and the VPO of any such report. The Chair of the Executive Committee will notify the sender and acknowledge receipt of the Concern within five business days, if possible. It will not be possible to acknowledge receipt of anonymously submitted Concerns.

All reports will be promptly investigated by the Executive Committee, and appropriate corrective action will be recommended to the Board of Directors, if warranted by the investigation. In addition, action taken must include a conclusion and/or follow-up with the complainant for complete closure of the Concern.

The Executive Committee has the authority to retain outside legal counsel, accountants, private investigators, or any other resource deemed necessary to conduct a full and complete investigation of the allegations.

**Acting in Good Faith**
Anyone reporting a Concern must act in good faith and have reasonable grounds for believing the information disclosed indicates an improper accounting or auditing practice, or a violation of the Codes. The act of making allegations that prove to be unsubstantiated, and that prove to have been made maliciously, recklessly, or with the foreknowledge that the allegations are false, will be viewed as a serious disciplinary offense and may result in discipline, up to and including dismissal from the volunteer position or termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.

**Confidentiality**
Reports of Concerns, and investigations pertaining thereto, shall be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Disclosure of reports of Concerns to individuals not involved in the investigation will be viewed as a serious disciplinary offense and may result in discipline, up to and including termination of employment. Such conduct may also give rise to other actions, including civil lawsuits.
Whistleblower Policy - Sample

Introduction

[ORGANIZATION NAME] Code of Ethics and Conduct requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Organization, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

Reporting Responsibility

It is the responsibility of all directors, officers and employees to comply with the Code and to report violations or suspected violations in accordance with this Whistleblower Policy.

Retaliation

No director, officer or employee who in good faith reports a violation of the Code shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Organization prior to seeking resolution outside the Organization.

Reporting Violations

The Code addresses the Organization’s open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee’s supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor’s response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected violations of the Code of Conduct to the Organization’s Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Organization’s open door policy, individuals should contact the Organization’s Compliance Officer directly.
Compliance Officer\(^1\)

The Organization’s Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations of the Code and, at his discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors and is required to report to the audit committee at least annually on compliance activity. The Organization’s Compliance Officer is the chair of the audit committee.

Accounting and Auditing Matters

The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

Acting in Good Faith

Anyone filing a complaint concerning a violation or suspected violation of the Code must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation of the Code. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

Confidentiality

Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

Handling of Reported Violations

The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

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\(^1\) Note: Compliance officer could be a committee of the board, a designated director, or a third party such as an HR Specialist or the board attorney (rch.)
Audit Committee

Audit Committee
Members of a board of directors who are responsible for dealing with the external and internal auditors.

Audit
The result of an independent accountant’s review of the statements and footnotes to ensure compliance with generally accepted accounting principles (GAAP) and to render an opinion on the fairness of the financial statements.

Audit Report
A report issued by an independent CPA that expresses an opinion about whether the financial statements present fairly a company’s financial position, operating results, and cash flows in accordance with generally accepted accounting principles (GAAP).

Review
Performing inquiry and analytical procedures that provide the accountant with a reasonable basis for expressing limited assurance that there are no material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles (GAAP)

Compilation
Information resented in the form of financial statement information that is the representation of management without undertaking to express any assurance on the statements. It is a cursory review of an organization’s financial operations.
BOARD EXCELLENCE WORKBOOK
- 130 pages of practical solutions for better board governance
- 10 Chapters on leadership development, orientation, strategic planning, committees, risks, administration, board meeting best practices, finances & more
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- Tips you wish you’d told your staff or had known for yourself!

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- Identify the critical documents and systems for a healthy association.
- Describes the purpose of 40 essential association-chamber items.
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Email bob@rchcae.com for more info on strategic planning, board seminars and staff training
See next page for additional tools and order form
**POLICY MANUAL FOR ASSOCIATIONS**

- Guide to drafting your organization’s policy manual *(with 25 most common policies)*
- Samples on antitrust, computer usage, credit card use, record retention, apparent authority, consent agendas, confidentiality, conflicts of interest, auditors and more
- Clarifications of policies, procedures, practices and precedents

*50 pages of tips and templates to get you started*  

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*Used by over 10,000 organizations to assess performance*  

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"Let’s send it to committee!"  "It’s not in the budget!"  "We tried that once before!"

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