

GLOBAL NON-PROFIT ORGANIZATIONS IN THE UNITED STATES

GLOBAL NOT FOR PROFIT ORGANIZATIONS – FINANCE, ACCOUNTING AND TAX REQUIREMENTS

What is meant by a Controlled entity?

An organization controlled by a **controlling organization under section 512(b)(13)**. A controlled entity may be a non-profit organization. For the definition of control in this context, see section 512(b)(13)(D) and Regulations section 1.512(b)-1(l)(4) (substituting “more than 50%” for “at least 80%” in the regulation, for purposes of this definition). Controlled entities are a subset of **related organizations**. For purposes of Form 990, controlled entities don’t include **disregarded entities** of the filing organization.

What are 35% controlled entities?

An entity that is owned, directly or indirectly (for example, under constructive ownership rules of section 267(c)), by a given person, such as the organization’s current or former **officers, directors, trustees, or key employees** listed on Form 990, Part VII, Section 1, or the **family members** thereof (listed persons) as follows:

- A corporation in which listed persons own more than 35% of the total
- combined voting power;
- A partnership in which listed persons own more than 35% of the profits
- interest; or
- A trust or estate in which listed persons own more than 35% of the beneficial
- Interest

What are the activities considered to be conducted outside the United States?

For purposes of Schedule F (Form 990), Statement of Activities Outside the United States, include grant making, **fundraising, unrelated trade or business, program services, program-related investments, other investments, or maintaining offices, employees, or agents** in particular regions outside the **United States**.

Which entities are considered as tax-exempt organization?

A section 501(c)(3), 501(c)(4), or 501(c)(29) organization that is tax-exempt under section 501(a), or that was such an organization at any time during the 5-year period ending on the day of the **excess benefit transaction**

What is the process of audit under Global non-profits?

A formal examination of an organization’s financial records and practices by an independent, certified public accountant with the objective of issuing a report on the organization’s financial statements as to whether those statements are fairly stated according to generally accepted accounting principles (or other recognized comprehensive basis of accounting).

What is meant by Audited financial statements?

Financial statements accompanied by a formal opinion or report prepared by an independent, certified public accountant with the objective of assessing the accuracy and reliability of the organization’s **financial statements**.

What is an 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, or oversee hiring and performance of any external auditors.

How do we define Bond issue?

An issue of two or more bonds that are:

- Sold at substantially the same time;
- Sold under the same plan of financing; and
- Payable from the same source of funds.

See Regulations section 1.150-1(c).

What are the criteria that construe Business relationship?

For purposes of Part VI, line 2, business relationships between two persons include the following.

- 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**, or greater-than-35% owner.
- One person is transacting business with the other (other than in the ordinary course of either party's business on the same terms as are generally offered to the public), 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 \$10,000 in the aggregate during the organization's tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, or greater-than-35% owner. Such transactions don't include charitable contributions to tax-exempt organizations.
- The two persons are each a director, trustee, officer, or greater-than-10% owner in the same business or investment entity (but not in the same tax-exempt organization).
- 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, membership interest in a non-profit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there can be ownership through multiple tiers of entities.

What are 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.

How do we define a Central organization?

The organization, sometimes referred to as the parent organization that holds a **group exemption** letter for one or more **subordinate organizations** under its general supervision and control.

What is a Certified historic structure?

Any building or structure listed in the National Register of Historic Places 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.

What are the characteristics generally attributed to 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 worship; 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. See Pub. 1828, Tax Guide for Churches and Religious Organizations.

What is meant by Closely held stock?

Generally, shares of stock in a closely held company that isn't available for sale to the general public or which isn't widely traded (see further explanation in the instructions for Part X, line 12 and Schedule M (Form 990), Noncash Contributions, line 10).

What is the definition of Collectibles?

Include autographs, sports memorabilia, dolls, stamps, coins, books (other than books and publications reported on line 4 of Schedule M), gems, and jewellery (other than costume jewellery reportable on line 5 of Schedule M).

What are Collections of works of art, historical treasures, and other similar assets?

Include collections, as described in **SFAS 116** (ASC 958-360-20), of **works of art, historical treasures,** and other similar assets held for public exhibition, education, or research in furtherance of public service.

How do we define Compensation?

Unless otherwise provided, all forms of cash and noncash 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. Compensation includes payments and other benefits provided to both **employees** and **independent contractors** in exchange for services. See also **deferred compensation, nonqualified deferred compensation, and reportable compensation.**

What is meant by Compilation (compiled financial statements)?

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

How is Conflict of interest policy defined?

A policy that defines conflict of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that can help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person in a position of authority over an organization, such as an **officer, director,** or manager, can 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 don't involve a material financial interest of, or benefit to, such person. For a description of "conflict of interest" for purposes of determining whether **governing body** members who are reviewing a potential **excess benefit transaction** have a conflict of interest, pursuant to Regulations section 53.4958-6(c)(1)(iii), see instructions for Part VI, line 15.

How do we define Conservation easement?

A restriction (granted in perpetuity) on the use that may be made of real property granted exclusively for conservation purposes. Conservation purposes include preserving land areas for outdoor recreation by, or for the education of, the general public; protecting a relatively natural habitat of fish, wildlife, or plants, or a similar ecosystem; preserving open space, including farmland and forest land, where such preservation will yield a significant public benefit and is either for the scenic enjoyment of the general public or pursuant to a clearly defined federal, state, or local governmental conservation policy; and preserving a historically important land area or a certified historic structure. For more information see section 170(h) and Notice 2004-41, 2004-2 C.B. 31.

How is Contribution defined and what does it include?

Unless otherwise provided, includes donations, gifts, bequests, grants, and other transfers of money or property to the extent that adequate consideration isn't provided in exchange and that the contributor intends to make a gift, whether or not made for charitable purposes. A transaction can be partly a sale and partly a contribution, but discounts provided on sales of goods in the ordinary course of business should not be reported as contributions. Neither donations of services (such as the value of donated advertising space, broadcast air time, or discounts on services) nor donations of use of materials, equipment, or facilities should be reported as contributions. For purposes of Form 990, a distribution to a section 501(c)(3) organization from a split interest trust (for example, charitable remainder trust, charitable lead trust) is reportable as a contribution. See also **cash contributions** and **noncash contributions**.

How do we define Control?

For purposes of determining **related organizations**:

Control of a non-profit organization (or other organization without owners or persons having beneficial interests, whether the organization is taxable or tax-exempt)

One or more persons (whether individuals or organizations) control a non-profit organization if they have the power to remove and replace (or to appoint, elect, or approve or veto the appointment or election of, if such power includes a continuing power to appoint, elect, or approve or veto the appointment or election of, periodically or in the event of vacancies) a majority of the non-profit organization's directors or trustees, or a majority of members who elect a majority of the non-profit organization's directors or trustees. Such power can be exercised directly by a (parent) organization through one or more of the (parent) organization's officers, directors, trustees, or agents, acting in their capacity as officers, directors, trustees, or agents of the (parent) organization. Also, a (parent) organization controls a (subsidiary) non-profit organization if a majority of the subsidiary's directors or trustees are trustees, directors, officers, employees, or agents of the parent.

Control of a stock corporation

One or more persons (whether individuals or organizations) control a stock corporation if they own more than 50% of the stock (by voting power or value) of the corporation.

Control of a partnership or limited liability Company

One or more persons control a partnership if they own more than 50% of the profits or capital interests in the partnership (including a limited liability company treated as a partnership or disregarded entity for federal tax purposes, regardless of the designation under state law of the ownership interests as stock, membership interests, or otherwise). A person also controls a partnership if the person is a managing partner or managing member of 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), or if the person is a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control). For this purpose, a "managing partner" is a partner designated as such under the partnership agreement, or regularly engaged in the management of the partnership even though not so designated.

Control of a trust with beneficial interests

One or more persons control a trust if they own more than 50% of the beneficial interests in the trust. A person's beneficial interest in a trust shall be determined in proportion to that person's actuarial interest in the trust as of the end of the tax year. See Regulations sections 301.7701-2, 3, and 4 for more information on classification of corporations, partnerships, disregarded entities, and trusts. Control can be indirect. See the Schedule R (Form 990) instructions for a description of indirect control

How is a Controlling organization defined under section 512(b)(13)?

An exempt organization that controls a **controlled entity**. Section 512(b)(13) treats payments of interest, annuity, royalties, and rent from a controlled entity to a controlling organization as unrelated business taxable income under certain circumstances. Control in this context means (i) in the case of a corporation, ownership (by vote or value) of more than 50 percent of the stock in such corporation, (ii) in the case of a partnership, ownership of more than 50 percent of the profits interests or capital interests in such partnership, or (iii) in any other case, ownership of more than 50 percent of the beneficial interests in the entity. Section 318 (relating to constructive ownership of stock) shall apply for purposes of determining ownership of stock in a corporation. Similar principles shall apply for purposes of determining ownership of interests in any other entity.

What is the Core form?

The Form 990, Return of Organization Exempt from Income Tax Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except for private foundations). It does not include any schedules that may be attached to Form 990.

What are Credit counselling services?

Include the providing of information to the general public on budgeting, personal finance, and saving and spending practices, or assisting individuals and families with financial problems by providing them with counseling. Please refer section 501(q)(4)(A).

How do we define Current year?

The **tax year** for which the Form 990 is being filed; see also **fiscal year**.

What does Debt management plan services stand for?

Services related to the repayment, consolidation, or restructuring of a consumer's debt, including the negotiation with creditors of lower interest rates, the waiver or reduction of fees, and the marketing and processing of debt management plans. See section 501(q)(4)(B).

7.1.28. *What is meant by 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).

7.1.29. *What is meant by Deferred compensation?*

Compensation that is earned or accrued in, or is attributable to, one year and deferred to a future year for any reason, whether or not funded, vested, qualified or nonqualified, or subject to a substantial risk of forfeiture. However, a deferral of compensation that causes an amount to be deferred from the calendar year ending with or within the tax year to a date that isn't more than 2 ½ months after the end of the calendar year ending with or within the tax year isn't treated as deferred compensation for purposes of Form 990, if such compensation is currently reported as reportable compensation. Deferred compensation may or may not be included in **reportable compensation** for the **current year**.

Who are appointed as Director or trustee?

Unless otherwise provided, a member of the organization's **governing body** at any time during the tax year, but only if the member has any voting rights. A member of an advisory board that does not exercise any governance authority over the organization isn't considered a director or trustee.

How do we define a disqualified person?

A. *For purposes of section 4958*; Form 990, Parts IX and X; and Schedule L (Form 990 or 990-EZ), Transactions with Interested Persons, Parts I and II, any person (including an individual, corporation, or other entity) 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. If the 5-year period ended within the organization's **tax year**, the organization may treat the person as a disqualified person for the entire tax year. 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.

disqualified person includes:

A disqualified person's **family member**,

A **35% controlled entity** of a (1) disqualified person and/or (2) family members of the disqualified person,

A donor or **donor advisor** to a **donor advised fund**, or

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.

See Appendix G for more information on **disqualified persons** and section 4958 **excess benefit transactions**.

B. *Under section 4946*, a disqualified person includes:

A substantial contributor, which is any person who gave an aggregate amount of more than \$5,000, if that amount is more than 2% of the total **contributions** the foundation or organization received from its inception through the end of the year in which that person's contributions were received. If the organization is a trust, a substantial contributor includes the creator of the trust (without regard to the amount of contributions the trust received from the creator and related persons). Any person who is a substantial contributor at any time generally remains a substantial contributor for all future periods even if later contributions by others push that person's contributions below the 2% figure discussed above. Gifts from the contributor's spouse are treated as gifts from the contributor. Gifts are generally valued at FMV as of the date the organization received them.

- A foundation manager, defined as an **officer, director, or trustee** of the organization or any individual having powers or responsibilities similar to those of officers, directors, or trustees.
- An owner of more than 20% of the voting power of a corporation, profits interest of a partnership, or beneficial interest of a trust or an unincorporated enterprise that is a substantial contributor to the organization.
- A family member of an individual in the first three categories. For this purpose, "family member" includes only the individual's spouse, ancestors, children, grandchildren, great-grandchildren, and the spouses of children, grandchildren, and great-grandchildren.
- A corporation, partnership, trust, or estate in which persons described in (1) through (4) above own more than 35% of the voting power, profits interest, or beneficial interest.
- For purposes of section 509(a)(2), as referenced in Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support, a disqualified person is defined in section 4946, except that it does not include an organization described in section 509(a)(1).
- For purposes of section 509(a)(3), as referenced in Schedule A (Form 990 or 990-EZ), a disqualified person is defined in section 4946, except that it does not include a foundation manager or an organization described in section 509(a)(1) or 509(a)(2).

Which entities are identified as Disregarded entity or entities?

An entity wholly owned by the organization that is generally not treated as a separate entity for federal tax purposes (for example, single-member limited liability company of which the organization is the sole member). See Regulations sections 301.7701-2 and 3. A disregarded entity generally must use the **EIN** of its sole member. An exception applies to employment taxes: for wages paid to **employees** of a disregarded entity, the disregarded entity must file separate employment tax returns and use its own EIN on such returns. See Regulations sections 301.6109-1(h) and 301.7701-2(c)(2)(iv).

Who is a Domestic individual in the US?

An individual who lives or resides in the **United States** and isn't a **foreign individual**.

How do we define a Domestic organization in the US?

A corporation or partnership is domestic if created or organized in the United States or under the law of the United States or of any state or possession. A trust is domestic if a court within the United States 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 United States) have the authority to control all substantial decisions of the trust.

What is meant by Donor advised fund?

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; and
 - (c) All grants from the fund or account are awarded on an objective and non-discriminatory 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 section 4945(g)(1), (2), or (3); or
- (3) That the IRS 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 Section 5.01 of Notice 2006-109, 2006-51 I.R.B. 1121, and any future related guidance.

Who are termed as 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 **donor advised fund**.

What is meant by EIN?

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

How do we define an Employee?

Any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee, and any other individual who is treated as an employee for federal employment tax purposes under section 3121(d). See Pub. 1779 for more information.

What is an Endowment?

See **temporarily restricted endowment**, **permanent endowment**, and **quasi-endowment**. See also **SFAS 117** (ASC 958-205-45).

What is meant by Escrow or custodial account?

Refers to an account (whether a segregated account at a financial institution or a set-aside on the organization's books and records) over which the organization has signature authority, in which the funds are held for the benefit of other organizations or individuals, whether or not the funds are reported on Part X, line 21, and whether or not the account is labelled as "escrow account," "custodial account," "trust account," or some similar term. An escrow or custodial account does not include a split-interest trust (or the beneficial interest in such trust) described in section 4947(a)(2) for which the filing organization is a trustee, other than a trust in the trade or business of lending money, repairing credit, or providing debt management plan services, payment processing, or similar services.

What is meant by 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**, as defined in section 4958. Excess benefit generally means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person, but see the special rules below regarding donor advised funds and supporting organizations. See Appendix G 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; or

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, or

35% controlled entity of a family member of a substantial contributor.

For this purpose, the excess benefit is defined as 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))

How do we define Fair market value (FMV)?

The price at which property, or the right to use property, would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy, sell, or transfer property or the right to use property, and both having reasonable knowledge of relevant facts.

How do we define Family member, family relationship?

Unless specified otherwise, the family of an individual includes only his or her spouse (see Rev. Rul. 2013-17 regarding same-sex marriage), 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.

Please explain FIN 48 (ASC 740)?

Financial Accounting Standards Board (FASB) Interpretation No. 48, Accounting for Uncertainty in Income Taxes -an interpretation of FASB Statement No. 109, now codified in FASB Accounting Standards Codification 740, Income Taxes (ASC 740). The organization can be required to provide in Schedule D (Form 990), Supplemental Financial Statements, the text of the footnote to its **financial statements** regarding the organization's liability for uncertain tax positions under FIN 48 (ASC 740).

How do we define Financial statements?

An organization's statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.

What is meant by Fiscal year?

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

How do we define foreign government under IRS guideline?

A governmental agency or entity, or a political subdivision thereof, that isn't classified as a **United States** agency or **governmental unit**, regardless of where it is located or operated.

Who are identified as foreign individuals?

A person, including a U.S. citizen or resident, who lives or resides outside the **United States**. For purposes of Form 990, Part IX, and Schedule F (Form 990), Statement of Activities Outside the United States, a person who lives or resides outside the United States at the time the grant is paid or distributed to the individual is a **foreign individual**.

How do we define a foreign organization?

An organization that isn't a **domestic organization**. A foreign organization includes an affiliate that is organized as a legal entity separate from the filing organization, but does not include any branch office, account, or **employee** of a domestic organization located outside the **United States**.

What are 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; **professional fundraising services**; and conducting other activities involved with soliciting **contributions** from individuals, foundations, governments, and others. Fundraising activities don't include **gaming**, the conduct of any trade or business that is regularly carried on, or activities substantially related to the accomplishment of the organization's exempt purpose (other than by raising funds).

What do Fundraising events include?

Include dinners and dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, casino nights (in which participants can play casino-style games but the only prizes or auction items provided to participants are noncash items that were donated to the organization), and similar events not regularly carried on that are conducted for the primary purpose of raising funds. Fundraising events don't include the following:

- (1) The conduct of a trade or business that is regularly carried on;

- (2) Activities substantially related to the accomplishment of the organization's exempt purposes (other than by raising funds);
- (3) Solicitation campaigns that generate only **contributions**, which may involve gifts of goods or services from the organization of only nominal value, or sweepstakes, lotteries, or raffles in which the names of contributors or other respondents are entered in a drawing for prizes of only nominal value; and
- (4) Gaming.

What is meant by Generally accepted accounting principles/GAAP?

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 accountants in reporting financial information and preparing **audited financial statements** for organizations

How do we define a Governing body?

The group of 1 or more 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 trustee or trustees of a trust (sometimes referred to as the board of trustees).

What are Grants and other assistance?

For purposes of Part IX, lines 1–3; Schedule F (Form 990); and Schedule I (Form 990), includes awards, prizes, contributions, noncash assistance, 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** or payments to **independent contractors** if the primary purpose is to serve the direct and immediate needs of the organization (such as legal, accounting, or fundraising services); the payment of any benefit by a section 501(c)(9) voluntary employees' beneficiary association (VEBA) to employees of a sponsoring organization or contributing employer, if such payment is made under the terms of the VEBA and in compliance with section 505; or payments or other assistance to affiliates or branch offices that aren't organized as legal entities separate from the filing organization

What is meant by Gross proceeds?

For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally any sale **proceeds**, investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations sections 1.148-1(b) and 1(c).

How do we define Gross receipts?

The total amounts the organization received from all sources during its tax year, without subtracting any costs or expenses. See Appendix B. How to Determine Whether an Organization's Gross Receipts Are Normally \$50,000 (or \$5,000) or Less and Appendix C. Special Gross Receipts Tests for Determining Exempt Status of section 501(c)(7) and 501(c)(15) Organizations.

What is meant by Group exemption?

Tax exemption of a group of organizations all exempt under the same Code section, applied for and obtained by a **central organization** on behalf of **subordinate organizations** under the central organization's general supervision or control. See Rev. Proc. 80-27, 1980-1 C.B. 677, Rev. Proc. 96-40, 1996-2 C.B. 301, and Appendix E. Group Returns—Reporting Information on Behalf of the Group, for more information.

What is meant by Group return?

A Form 990 filed by the **central organization** of a **group exemption** for two or more of the **subordinate organizations**. See General Instructions, Section I. Group Return, earlier, and Appendix E. Group Returns—Reporting Information on Behalf of the Group, for more information.

How do we define Highest compensated employee?

One of the five highest compensated **employees** of the organization (including employees of a **disregarded entity** of the organization), other than current **officers, directors, trustees, or key employees**, whose aggregate **reportable compensation** from the organization and **related organizations** is greater than \$100,000 for the calendar year ending with or within the organization's **tax year**. These employees should be reported in Part VII, Section A of Form 990.

What is meant by 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.

How is Hospital / hospital facility defined under Schedule H of form 990?

For purposes of Schedule H (Form 990), Hospitals, a hospital, or hospital facility, is a facility that is, or is required to be, licensed, registered, or similarly recognized by a state as a hospital. This includes a hospital facility that is operated through a **disregarded entity** or a **joint venture** treated as a partnership for federal income tax purposes. It does not include hospital facilities that are located outside the **United States**. It also does not include hospital facilities that are operated by entities organized as separate legal entities from the organization that are taxable as a corporation for federal tax purposes (except for members of a **group exemption** included in a **group return** filed by an organization).

How is Hospital (or cooperative hospital service organization) defined under Schedule A?

For purposes of Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support, a hospital (or cooperative hospital service organization) is an organization whose main purpose is to provide hospital or medical care. For purposes of Schedule A, a rehabilitation institution or an outpatient clinic can qualify as a hospital if its principal purposes or functions are the providing of hospital or medical care, but the term does not include medical schools, medical research organizations, convalescent homes, homes for children or the aged, animal hospitals, or vocational training institutions for handicapped individuals

Who is an independent voting member of governing body?

A **voting 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** (see the instructions for Schedule R (Form 990), Related Organizations and Unrelated Partnerships), except as provided in the religious exception discussed in the instructions for Form 990, Part VI.
- (2) The member did not receive total **compensation** or other payments exceeding \$10,000 during the organization's tax year from the organization or from related organizations as an **independent contractor**, other than **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) Neither the member, nor any **family member** of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) required to be reported on Schedule L (Form 990 or 990-EZ), Transactions With Interested Persons, for the organization's tax year.
- (4) Neither the member, nor any family member of the member, was involved in a transaction with a taxable or tax-exempt related organization of a type and amount that would be reportable on Schedule L (Form 990 or 990-EZ) if required to be filed by the related organization.

A member of the governing body isn't considered to lack independence merely because of any of the following circumstances.

- (1) The member is a donor to the organization, regardless of the amount of the contribution.
- (2) The member has taken a bona fide vow of poverty and either:
 - (a) Receives **compensation** as an agent of a **religious order** or a section 501(d) religious or apostolic organization, but only under circumstances in which the member does not receive taxable income (for example, Rev. Rul. 77-290, 1977-2 C.B. 26; Rev. Rul. 80-332, 1980-2 C.B. 34); or
 - (b) Belongs to a religious order that receives sponsorship or payments from the organization that don't constitute taxable income to the member.
- (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.

Who is an Institutional trustee?

A **trustee** that isn't 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.

How do we define a Joint venture?

Unless otherwise provided, a partnership, limited liability company, or other entity treated as a partnership for federal tax purposes, as described in Regulations sections 301.7701-1 through 301.7701-3.

Who is a key employee?

For purposes of Form 990, an **employee** of an organization (other than an **officer, director, or trustee**) who meets all three of the following tests applied in the following order:

- (1) **\$150,000 Test.** Receives **reportable compensation** from the organization and all **related organizations** in excess of \$150,000 for the **calendar year** ending with or within the organization's **tax year**.
- (2) **Responsibility Test.** The employee:
 - (a) has responsibilities, powers or influence over the organization as a whole similar to those of officers, directors, or trustees;
 - (b) manages a discrete segment or activity of the organization that represents 10% or more of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole; or
 - (c) has or shares authority to control or determine 10% or more of the organization's capital expenditures, operating budget, or compensation for employees.
- (3) **Top 20 Test.** Is one of the 20 employees (that satisfy the \$150,000 Test and Responsibility Test) with the highest reportable compensation from the organization and related organizations for the calendar year ending with or within the organization's tax year? See instructions for Part VII for examples of **key employees**.

What do we mean by Legislation?

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

What does maintaining offices, employees, or agents signify?

For purposes of Schedule F (Form 990), Statement of Activities Outside the United States, includes principal, regional, district, or branch offices, such offices maintained by agents, independent contractors,

and persons situated at those offices paid wages for services performed. “Agent” is defined under traditional agency principles (but does not include **volunteers**).

How do we define a Management company?

An organization that performs management duties for another organization customarily performed by or under the direct supervision of the other organization’s **officers, directors, trustees, or key employees**. These management duties include, but aren’t limited to, hiring, firing, and supervising personnel; planning or executing budgets or financial operations; and supervising exempt operations or **unrelated trades or businesses**.

What does medical research mean?

For purposes of a medical research organization operated in conjunction with a hospital (see Schedule A (Form 990 or 990-EZ), Public Charity Status and Public Support), 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, or control.

Who are members of the governing body?

A person who serves on an organization’s **governing body**, including a **director** or **trustee**, but not if the person lacks voting power.

Which are Noncash contributions?

Contributions of property, tangible or intangible, other than money. Noncash contributions include, but aren’t 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. Noncash contributions don’t include **volunteer** services performed for the reporting organization or donated use of materials, facilities, or equipment

What are Non-exempt charitable trusts?

A trust that meets the following conditions:

Isn’t 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, section 545(b)(2), section 642(c), section 2055, section 2106(a)(2), or section 2522, or for amounts paid by or permanently set aside by the trust under section 642(c).

What do we meant by Nonqualified deferred compensation?

Deferred compensation that is earned pursuant to a nonqualified plan or nongovernmental section 457 plan. Different rules can apply for purposes of identifying arrangements subject to sections 83, 409A, 457(f), and 3121(v). Earned but unpaid incentive compensation can be deferred pursuant to a nonqualified deferred compensation plan.

How an Officer is defined?

Unless otherwise provided (for example, Signature Block, principal officer in Heading), a person elected or appointed to manage the organization’s daily operations at any time during the **tax year**, such as a president, vice-president, secretary, treasurer, and, in some cases, Board Chair. The officers of an organization are determined by reference to its organizing document, bylaws, or resolutions of its governing body, or as otherwise designated consistent with state law, but at a minimum include those officers required by applicable state law. For purposes of Form 990, treat the organization’s **top management official** and **top financial official** as officers.

Who is an Organization manager?

For purposes of section 4958, 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.

What is meant by Permanent (true) endowment?

An **endowment** fund established by donor-restricted gifts that is 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. Please refer **SFAS 117** (ASC 958-205-45).

Who is a Principal officer?

For purposes of the Heading on page 1 of Form 990 (but not for the purposes of the Signature Block or other parts of the Form 990), an officer of the organization who, regardless of title, has ultimate responsibility for implementing the decisions of the organization's **governing body**, or for supervising the management, administration, or operation of the organization

What is meant by Private business use?

For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, use by the organization or another 501(c)(3) organization in an **unrelated trade or business**. Private business use also generally includes any use by a nongovernmental person other than a section 501(c)(3) organization unless otherwise permitted through an exception or safe harbor provided under the regulations or a revenue procedure

How is Private foundation defined?

An organization described in section 501(c)(3) that isn't 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 section 501(c)(3) status is revoked.

What is meant by Proceeds for the purposes of Schedule K of Form 990?

For purposes of Schedule K (Form 990), Supplemental Information on Tax-Exempt Bonds, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that aren't 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).

What are Professional fundraising services?

Services performed for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, preparation of materials (such as direct mail solicitation packages and applications for grants or other assistance), provision of advice and consulting regarding solicitation of **contributions**, and direct solicitation of **contributions**, such as soliciting restricted or unrestricted grants to provide services to the general public. However, professional fundraising does not include services provided by the organization's **employees** in their capacity as employees (except as provided in the instructions for Part I, line 16a), nor does professional fundraising include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as services provided by a bank or caging service.

What is meant by Program-related investment?

Investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Examples 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.

How do we define Public charity?

An organization described in section 501(c)(3) and that is excepted from private foundation status because it is described in section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi), and (ix)), 509(a)(2), 509(a)(3), or 509(a)(4).

What are Publicly traded securities?

Generally, include common and preferred stocks, bonds (including governmental obligations such as bonds and Treasury bills), mutual fund shares, and other investments listed and regularly traded in an over-the-counter market or an established exchange and for which market quotations are published or are otherwise readily available. (See further explanation in the instructions for Part X, line 11, and Schedule M (Form 990), Noncash Contributions, line 9).

What is meant by Qualified 501(c)(3) bond?

A **tax-exempt bond**, the proceeds of which are used by a section 501(c)(3) organization to advance its charitable purpose. Requirements generally applicable to a qualified section 501(c)(3) bond under section 145 include the following.

All property financed by the bond issue is to be owned by a section 501(c)(3) organization or a **governmental unit**.

At least 95% of net proceeds of the **bond issue** are used either by a **governmental unit** or a section 501(c)(3) organization in activities that aren't **unrelated trades or businesses** (determined by applying section 513).

What is meant by Qualified conservation contribution?

Any **contribution** of a qualified real property interest to a qualified organization exclusively for conservation purposes. A "qualified real property interest" means any of the following interests in real property:

- The entire interest of the donor,
- A remainder interest, or

A restriction (such as an easement), granted in perpetuity, on the use which may be made of the real property

A "qualified organization" means an organization which is: a. a **governmental unit** described in section 170(c)(1); b. a publicly supported charitable organization described in sections 501(c)(3) and 170(b)(1)(A)(vi) or section 509(a)(2) (see the instructions for Parts II and III of Schedule A (Form 990 or 990-EZ)); or c. a **supporting organization** described in sections 501(c)(3) and 509(a)(3) that is controlled by a governmental unit or a publicly supported charitable organization. In addition, a qualified organization must have a commitment to protect the conservation purposes of a qualified conservation contribution, and have the resources to enforce the restrictions.

A "conservation purpose" means:

The preservation of land areas for outdoor recreation by, or the education of, the general public;

The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems;

The preservation of open space (including farm and forest land) where such preservation will yield a significant public benefit and is for the scenic enjoyment of the general public or is pursuant to a clearly delineated federal, state, or local governmental conservation policy; or

The preservation of an historically important land area or a certified historic structure.

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

How is Quasi-endowment defined?

An **endowment** fund established by the organization itself, either from unrestricted donor or organizational funds, over which the organization itself imposes restrictions on their use, and which restrictions can be temporary or

permanent in nature. These funds are sometimes referred to as board-designated endowments. See **SFAS 117** (ASC 958-205-45).

What do we mean by Reasonable compensation?

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

What does Reasonable effort signify under Form 990?

A reasonable amount of effort in information gathering that the organization is expected to undertake in order to provide information requested on the Form 990. See the specific instructions for Part VI, lines 1b and 2; Part VII, Section A (compensation from related organizations); and Schedule L (Form 990 or 990-EZ), Parts III and IV, for examples of reasonable efforts.

What is meant by 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).

What is meant by Refunding issue?

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 isn't a current refunding issue. See Regulations sections 1.150-1(d)(1), 1.150-1(d)(3), and 1.150-1(d)(4).

How do we define Related organization?

An organization, including a nonprofit organization, a stock corporation, a partnership or limited liability company, a trust, and a **governmental unit** or other government entity, that stands in one or more of the following relationships to the filing organization at any time during the **tax year**.

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. However, if the filing organization is a trust that has a bank or financial institution trustee that is also the trustee of another trust, the other trust isn't a Brother/Sister related organization of the filing organization on the ground of common control by the bank or financial institution trustee.

Supporting/Supported: an organization that claims to be at any time during the **tax year**, or that is classified by the IRS at any time during the tax year, as (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); (ii) or a supported organization, if the filing organization is a supporting organization.

Sponsoring Organization of a VEBA: an organization that establishes or maintains a section 501(c)(9) voluntary employees' beneficiary association (VEBA) during the tax year. A sponsoring organization of a VEBA also includes an employee organization, association, committee, joint board of trustees, or other similar group of representatives of the parties which establish or maintain a VEBA. Although a VEBA must report a sponsoring organization as a related organization, a sponsoring organization should not report a VEBA as a related organization, unless the VEBA is related to the sponsoring organization in some other capacity described in this definition.

Contributing Employer of a VEBA: an employer that makes a contribution or contributions to the VEBA during the tax year. Although a VEBA must report a contributing employer as a related organization, a

contributing employer should not report a VEBA as a related organization, unless the VEBA is related to the contributing employer in some other capacity described in this definition.

The organization must determine its related organizations for purposes of completing Form 990, Parts VI (Governance), VII (Compensation), VIII (Statement of Revenue), and X (Balance Sheet), Schedule D (Form 990), Schedule J (Form 990), and Schedule R (Form 990). See instructions for those parts and schedules for related organization reporting requirements.

How do we define Reportable compensation?

In general, the aggregate **compensation** that is reported (or required to be reported, if greater) on Form W-2, box 1 or 5 (whichever amount is greater); and/or Form 1099-MISC, box 7, for the calendar year ending with or within the organization's **tax year**. For foreign persons who receive U.S. source income, reportable compensation includes the amount reportable on Form 1042-S, box 2. For persons for whom compensation reporting on Form W-2, 1099-MISC, or 1042-S isn't required (certain foreign persons, institutional trustees, and persons whose compensation was below the \$600 reporting threshold for Form 1099-MISC), reportable compensation includes the total value of the compensation paid in the form of cash or property during the calendar year ending with or within the organization's tax year

What is meant by 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.

How do we define Security/securities?

Any bond, debenture, note, or certificate or other evidence of indebtedness issued by a corporation, 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.

What does SFAS 116 signify?

Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made, now codified in FASB Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958).

What does SFAS 117 signify?

Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations, now codified in FASB Accounting Standards Codification 958, Not-for-Profit Entities (ASC 958).

What is meant by Short accounting period?

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

How do we define 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 FMV of the organization's net assets during the year, whether or not the organization received full or adequate consideration. A significant disposition of net assets involves:

One or more dispositions during the organization's **tax year**, amounting to more than 25% of the FMV of the organization's net assets as of the beginning of its tax year; or

One of a series of related dispositions or events begun in a prior year that, when combined, comprise more than 25% of the FMV of the organization's net assets 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 related dispositions depends on the facts and circumstances in each case.

Examples of the types of transactions that are “a significant disposition of net assets” required to be reported on Schedule N (Form 990 or 990-EZ), Liquidation, Termination, Dissolution or Significant Disposition of Assets, Part II include:

Taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (a social club described in section 501(c)(7) selling land or an exempt organization selling assets it had used to further its exempt purposes);

Sales, **contributions** or other transfers of assets to establish or maintain a partnership, **joint venture**, or a corporation (for-profit or nonprofit) whether or not the sales or transfers are governed by section 721 or section 351, whether or not the transferor received an ownership interest in exchange for the transfer;

Sales of assets by a partnership or joint venture in which the exempt partner has an ownership interest; and

Transfers of assets pursuant to a reorganization in which the organization is a surviving entity.

The following types of situations aren’t considered significant dispositions of net assets for purposes of Schedule N, Part II:

The change in composition of **publicly traded securities** held in an exempt organization’s passive investment portfolio;

Asset sales made in the ordinary course of the organization’s exempt activities to accomplish the organization’s exempt purposes, for instance, gross sales of inventory;

Grants or other assistance made in the ordinary course of the organization’s exempt activities to accomplish the organization’s exempt purposes, for instance, the regular charitable distributions of a United Way or other federated fundraising organization;

A decrease in the value of net assets due to market fluctuation in the value of assets held by the organization; and

Transfers to a **disregarded entity** of which the organization is the sole member.

How do we define Sponsoring organization?

Any organization which is all of the following:

Described in section 170(c), other than governmental units described in section 170(c)(1) and without regard to section 170(c)(2)(A);

Not a **private foundation** as defined in section 509(a); and

Maintains one or more **donor advised funds**

What is State of legal domicile?

For a corporation, the state of incorporation (country of incorporation for a foreign corporation formed outside the United States). For a trust or other entity, the state whose law governs the organization’s internal affairs (the foreign country whose law governs for a foreign organization other than a corporation).

What is meant by Subordinate organization?

One of the organizations, typically local in nature, that is recognized as exempt in a **group exemption** letter and subject to the general supervision and control of a **central organization**.

What is meant by Supported organization?

A **public charity** described in section 509(a)(1) or 509(a)(2) supported by a **supporting organization** described in section 509(a)(3).

Which organizations are identified as Supporting organization?

A public charity claiming status on Form 990 or otherwise under section 509(a)(3). A supporting organization is organized and operated exclusively to support one or more **supported organizations**. A supporting organization that is operated, supervised, or controlled by one or more supported organizations is a Type I supporting organization. The relationship of a Type I supporting organization with its supported

organization(s) is comparable to that of a parent-subsidiary relationship. A supporting organization supervised or controlled in connection with one or more supported organizations is a Type II supporting organization. A Type II supporting organization is controlled or managed by the same persons that control or manage its supported organization(s). A supporting organization that is operated in connection with one or more supported organizations is a Type III supporting organization. A Type III supporting organization is further considered either functionally integrated with its supported organization(s) or not functionally integrated with its supported organization(s) (Type III other). Finally, a supporting organization cannot be controlled directly or indirectly by one or more **disqualified persons** (as defined in section 4946), other than foundation managers and other than one or more public charities described in section 509(a)(1) or (2).

What is meant by 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 any form of indebtedness under federal tax law, including a bond, note, loan, or lease-purchase agreement.

How do we define a 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 (for example, from a December 31 year-end to a June 30 year-end), and in its last year of existence (for example, when it merges into another organization or dissolves). See also **current year**, **fiscal year**, and **short period**.

What is meant by Temporarily restricted endowment?

Includes **endowment** funds established by donor-restricted gifts that are maintained to provide a source of income for either a specified period of time or until a specific event occurs (see **SFAS 117** (ASC 958-205-45)), as well as all other temporarily restricted net assets held in a donor-restricted endowment, including unappropriated income from **permanent endowments** that isn't subject to a permanent restriction.

Who is identified as Top financial official?

The person who has ultimate responsibility for managing the organization's finances, for example, the treasurer or chief financial officer.

Who is a Top management official?

A person who has ultimate responsibility for implementing the decisions of the organization's **governing body** or for supervising the management, administration, or operation of the organization (for example, the organization's president, CEO, or executive director).

How do we define Total assets under Form 990?

The amount reported on Form 990, Part X, line 16, column (B).

How do we calculate Unrelated business gross income?

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

Which businesses are identified as Unrelated trade or business?

Any trade or business, the conduct of which isn't 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. Please refer Pub. 598 and the instructions for Form 990-T for a discussion of what is an unrelated trade or business.

Who is a Voting member of the governing body?

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

What is meant by Year of formation?

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

(Source: Extracted from 990 document published by IRS)