

Board Review of Form 990 Checklist

Part I: Summary

Yes	No

1. Is the brief description of the organization's mission or most significant activities candid and positive?
2. Does current year data (lines 8-19) compare (favorably or unfavorably) with the prior year?

Part III: Statement of Program Service Accomplishments

1. Does the information in Part III explain to the user of Form 990 (e.g. the IRS, prospective donors, or investigative reporters) why the organization exists, based on its key activities, giving the organization an opportunity to promote its accomplishments?
2. Has the mission statement on line 1 been adopted by the board of directors?
3. Are the program services described (line 4a-4c) consistent with the organization's mission statement and information on its website?
4. Are the program services described (line 4a-4c) in sufficient detail to present a comprehensive and accurate portrayal of the organization to the Form 990 user?

Part V: Statements Regarding Other IRS Filings and Tax Compliance

1. Have paid personnel been properly classified as employees rather than independent contractors to avoid payroll tax problems?
2. Were payroll taxes deposited with the IRS on a timely basis?
3. If applicable, were other filings or notifications indicated in Part V made timely since any failure indicates an administrative shortcoming?
4. Is the organization potentially subject to unrecorded penalties and interest (e.g., if line 3b, 5c, 6b, 7b, 7d, 7g or 7h is answered "No," or if line 5a, 5b, 8, 9a, or 9b is answered "Yes")?

Part VI: Governance, Management, and Disclosure

1. If the organization does not have the written policies indicated by lines 10b, 12a, 13, 14, and 16b, should the board consider adopting any of these?
2. If line 15a or 15b is answered "No," should the board consider a change in the procedures for setting compensation to minimize the future risk of challenge by the IRS [and the exposure to the tax on excess benefits if the organization is a Section 501(c)(3) or (c)(4) entity]?
3. If the organization is conducting activities in multiple states, is it properly registered in those states and satisfying their filing requirements?

Part VII: Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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1. Does the compensation of those listed in Part VII appear justifiable in view of the organization's activities and their responsibilities? (Note: Revisit Part VI, lines 15a and 15b, especially if either is answered "No.")

Part VIII: Statement of Revenue

1. Does the revenue data indicate too much reliance on a source that could be jeopardized by a weak economy, declining stock market, or other external factor (i.e., should alternative revenue sources be considered or emphasized)?
2. Too much unrelated business income [as reported in column (C)] could risk an organization's exempt status. Is column (C) insignificant as compared to totals in column (A)?

Part IX: Statement of Functional Expenses

Yes	No

1. Are compensation and benefits (lines 5 through 9) consuming too much of the organization's revenue?
2. Are certain expenses justifiable (e.g., lines 11a through 11g, 12, 17, 18 and 19)?
3. Are nonfixed expenditures in excess of a specified amount (e.g., \$1,000) subject to prior approval by an appropriate officer?
4. If completed, do column (C) (management and general expenses) and column (D) (fundraising expenses) totals appear excessive relative to total program service expenses in column (B)?

Part X: Balance Sheet

1. Is an excessive amount of cash (line 1) being kept in noninterest bearing accounts?
2. Are resources being diverted from program service activities to related party loans (lines 5 and 6)?
3. Is oversight being exercised over related party loans to ensure adequate collateral, interest, timely repayment, etc.?
4. Are notes and loans receivable (line 7) adequately collateralized and monitored for timely repayment?
5. Does an increase, if any, in accounts payable and accrued expenses (line 17) during the year suggest potential cash flow problems?
6. If the organization has restricted assets (lines 28 and 29), are the restrictions being observed?

Part XI: Reconciliation of Net Assets

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1. Does line 10 equal Part X, line 33, column (B)?

Part XII: Financial Statements and Reporting

1. If the organization does not have an independent audit (line 2b), are its financial resources sufficiently large to make an independent audit prudent?
2. If audited, do the auditors report to the group responsible for overseeing the financial reporting process (such as an audit or finance committee or a governing board)?
3. If audited, does each member of the group responsible for overseeing the financial reporting process receive a copy of the auditors' report and any additional communications (such as internal control communications or a management letter)?
4. If a management letter prepared by the auditor was received, did the organization adopt the recommendations it contained?

Schedule A: (Form 990 or 990-EZ) Public Charity Status and Public Support

1. Does the data (Part II, Section C, or Part III, Sections C and D) indicate that the organization is in danger of becoming a private foundation rather than remaining a public charity?
2. Are procedures in place to monitor public charity status to ensure the organization maintains its public charity status (instead of becoming a private foundation)?
3. Does the information in Part IV and V support the supporting organization classification claimed in Part I?

Schedule C: (Form 990 or 990-EZ) Political Campaign and Lobbying Activities

1. If exempt under IRC Sec. 501(c)(3), are policies followed to prevent participation in a political campaign that could jeopardize tax-exempt status?
2. If there is a tax liability on line 1 of Part I-B because of a political expenditure, should policies be changed to avoid future liability?
3. If the organization is a Section 501(c)(3) entity that is eligible to make the lobbying expenditure election but has not, should it do so to minimize the likelihood that exempt status will be lost because of excessive lobbying (See Part II-A)?

Schedule J: Compensation Information

1. If any box on line 1a is checked, is the economic benefit warranted or should it be reexamined?
2. Does the organization require strict accountability for expense reimbursements to prevent abuse (lines 1b and 2)?
3. Is the organization setting compensation based on one or more methods indicated by the box descriptions for line 3? (Note: The more boxes, the better.)
4. If any of the questions on line 4 through 8 are answered "Yes," do the indicated transactions suggest that changes should be made in nonfixed compensation arrangements to avoid windfall payouts?

Yes	No