

Governance on the 990

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Agenda

- Why the IRS Cares
- Governance on the Core Form
- Do Policies and Procedures Really Make a Difference
- How Does an Organization Achieve Effective Governance
- Do We Care

Why The IRS Cares

- “I clearly see our role as working with you and others to promote good governance, beginning with the proposition that an active, engaged and independent board helps assure that an organization is carrying out a tax-exempt purpose and acts as its best defense against abuse. And all though you don’t make a profit, that’s just good business.” Doug Shulman, Commissioner of the IRS – 11/10/08
- “Indeed, the word “governance” does not appear in section 501 of the Code at all. Nevertheless, the IRS has been and will remain active in this area. It is too important to ignore. Commissioner, Tax Exempt and Governmental Entities, Steven Miller – 11/20/08
- “While the tax laws do not explicitly set governance for EOs, we believe good governance and compliance go hand-in-hand, and that an active independent board is the best defense against the misuse of charitable assets as well as against bad press.” Lois Lerner, Director, Exempt Organizations – 4/6/09

Governance and the Core Form

- Page 6 of the Core Form
- Three Sections
 - Management
 - Policies
 - Disclosure

Section A

Form 990 (2009)

Page 6

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

		Yes	No
<p>For each "Yes" response to lines 2–7b below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.</p>			
1a	Enter the number of voting members of the governing body		
1b	Enter the number of voting members that are independent		
2	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?		
3	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?		
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?		
5	Did the organization become aware during the year of a material diversion of the organization's assets?		
6	Does the organization have members or stockholders?		
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	a The governing body?		
8b	b Each committee with authority to act on behalf of the governing body?		
9a	Does the organization have local chapters, branches, or affiliates?		
9b	b If "Yes," 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?		
10	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 the process, if any, the organization uses to review the Form 990		
11	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 "Yes," provide the names and addresses in Schedule O		

Section B

Section B. Policies

	Yes	No
12a Does the organization have a written conflict of interest policy? <i>If "No," go to line 13</i>	12a	
b Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	
c Does the organization regularly and consistently monitor and enforce compliance with the policy? <i>If "Yes," describe in Schedule O how this is done</i>	12c	
13 Does the organization have a written whistleblower policy?	13	
14 Does the organization have a written document retention and destruction policy?	14	
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:		
a The organization's CEO, Executive Director, or top management official?	15a	
b Other officers or key employees of the organization?	15b	
Describe the process in Schedule O. (see instructions)		
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?	16a	
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?	16b	

Section C

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ►.....
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these 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.
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ►.....
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Do Policies and Procedures Really Make a Difference

- United Way of America
- United Way of the National Capital Area
- American University
- Smithsonian Institution
- ?

How Does an Organization Achieve Effective Governance

- Open, Engaged and Trusting Management
- Strong and Independent Board Chair
- Active Audit Committee Chair
 - Deep relationship with the audit firm
- Open to addressing issues and seeking consensus
- Regular training for Board members on fiduciary duties, finances, programs, etc.
- Annual Board Self-assessment

Do We Care

- Absolutely, Good Governance
 - Engages the Community with Strong Directors
 - Maintains the Public Trust
 - Enhances Charitable Missions
 - Provides Continued Basis for Tax Exemption, and
 - Is Good for Business



Nonprofit Organizations

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