



Form 990 Explanation

Background of the Form 990

- Annual information return filed with the IRS by most tax-exempt organizations
- Dramatically redesigned for the 2008 tax year with last overhaul more than 25 years ago
- Primary source of information about the nonprofit sector
- Two basic purposes:
 - Enables government to enforce laws
 - Provides information about the financial condition and relative fiscal health of organization

Importance of the Form 990

- Available for public inspection by a request to the IRS or Community Foundation, via the GuideStar Web site at www.guidestar.org, and the Community Foundation's Web site at www.cfgfw.org
- Accountability
 - Keep public trust and confidence by demonstrating the Community Foundation is accountable and responsible to the fulfillment of its mission and purpose
 - Public relations tool—help inform donors and the media of how the Community Foundation is meeting its mission

Details of the Form 990

The redesigned Form 990 consists of a 12-page “core form,” including a one-page summary of the organization, followed by 12 additional parts. The core form is accompanied by up to 16 schedules which are potentially required based upon answers to questions asked throughout the core form. Below is an explanation of sections from the core form and schedules as they pertain to reviewing the Community Foundation's Form 990.

Part I – Summary

The summary requests a brief description of the organization's mission, the number of voting members of the governing board, number of employees, number of volunteers, and net unrelated business taxable income as reported on the Form 990-T (return for reporting unrelated business income). Other information includes a summary of revenue, expenses, and net assets. The first page is a brief snapshot of the organization as most of the information reported in the summary generally is reflected elsewhere in the Form. This section allows the Community Foundation to explain the good it does in the community in order to keep its tax exempt status.

Part IV – Checklist of Required Schedules

Part IV is a series of 38 “Yes/No” questions that are directed at various items including donor advised funds, endowment funds, non-cash contributions, and related entities. The answers to these questions

could lead the filing organization to complete any number of the 16 potentially required schedules that accompany the Form 990. For 2012 the Community Foundation was required to complete eight of the schedules.

Part V – Statements Regarding Other IRS Filings & Tax Compliance

Part V contains 14 questions pertaining to a variety of activities and additional IRS filings potentially required of the filing organization such as unrelated business income, use of supporting organizations, and use of donor advised funds.

Part VI – Governance, Management & Disclosure

Part VI concerns governance, management, policies, and disclosure. Questions include the number of voting members of the governing body and the number who are “independent.” Inquiry is made as to whether the organization has conflict of interest, whistleblower, and document retention and destruction policies, all of which the Community Foundation has in place, as well as having procedures in place for the various disclosures that are questioned.

Part VII – Compensation

Part VII focuses on compensation of insiders and independent contractors. Current officers, directors, and trustees (regardless of amount of compensation) must be listed in Section A, as well as current key employees and the organization’s five current highest compensated employees who received compensation of more than \$100,000. Section B requires a listing of independent contractors who received compensation of more than \$100,000.

Part VIII – Statement of Revenue

Part VIII contains information that helps the reader arrive at informed conclusions about the Community Foundation’s ability to garner financial support in the future and thus be able to continue its operations (ie: how much revenue is derived from contributions versus other income such as investment earnings).

Part IX – Statement of Functional Expenses

Part IX contains information that helps the reader understand how the Community Foundation’s total expenses break down among program, management, and fundraising expenses. Readers may want to assure themselves that the Community Foundation is spending most of its resources on program matters and not on management or fundraising. For 2012 the Community Foundation reported 83% for program service expenses, 13% for management and general expenses, and 4% for fundraising expenses.

Part X – Balance Sheet

Part X demonstrates the financial health of the Community Foundation and shows from one year to the next the change in net assets and fund balances. For 2012 the Community Foundation reported an increase of 39% in total liabilities and net assets due to a record contribution level of \$29,150,475.

Schedule A – Public Charity Status & Public Support

Schedule A contains the public support test schedule. The test is computed on the most recent five years and calculates the percentage of public support the Community Foundation received. The calculation takes into account public support over all revenue. The amount of public support needed to pass the public support test is 33.33%. As the Community Foundation grows in asset size, so does the need to increase public support. Active resource development is needed to avoid reclassification as a private foundation. For 2012 the Community Foundation reported public support percentage of 72.61%, an increase from 2011’s percentage of 42.57%.

Schedule B – Schedule of Contributors

Schedule B disclosure is calculated based on (1) contributions of \$5,000 or greater or (2) 2% of the total revenue as reported in section VIII of the Form 990. For 2012 the Community Foundation reported contributions greater than \$583,010 on Schedule B which is filed with the IRS, but is not open for public inspection.

Schedule D – Supplemental Financial Statements

Schedule D asks for supplemental financial reporting regarding certain types of assets and liabilities, including donor advised funds; endowment funds; land, building and equipment; and other investments. Donor advised fund information required includes aggregate contributions to, grants from, and value at year end of donor advised funds. This section allows the Community Foundation to demonstrate its good stewardship over donor advised funds by answering affirmative that donors and advisors are informed that assets are subject to the Community Foundation's legal control and that the funds may only be used for charitable purposes and not for the benefit of the donor or donor advisor.

Schedule I – Domestic Grantmaking

Schedule I provides a listing of the Community Foundation's grants to organizations and grants to individuals (scholarships) within the United States. The Community Foundation is able to explain its grantmaking due diligence process in the supplemental information section of Schedule I to ensure readers that funds are used properly and for their intended use.

Schedule M – Noncash Contributions

Schedule M requires detail regarding various types of contributed properties if \$25,000 is received in aggregate. Generally the Community Foundation will disclose information in regards to gifts of publicly traded stock in this section. Schedule M asks if the organization has a gift acceptance policy that requires review of any non-standard contributions, which the Community Foundation does have such a policy in place.

Schedule O – Supplementation Information

Schedule O is required to be completed by all Form 990 filers. It allows the Community Foundation to provide additional information for responses to specific questions throughout the Form 990 and to provide any additional information that could be valuable to the reader.

Schedule R – Related Organizations

Schedule R asks for information on related organizations, such as supporting organizations. This allows the Community Foundation to disclose its supporting organizations and any transactions that occur between the entities, such as administrative fees the Community Foundation collects from its supporting organizations.