

The Form 990

More than a Perfunctory Exercise

By Christine Lent



Are you reviewing your Form 990 moments before it is filed by your accountant to meet the IRS filing deadline? If you are, you are not alone! I see this time and time again. The accountant takes your Quick Books file and then runs with the information, putting it in the form the best they can. But to be fair to your accountant, are you giving them the information they need?

The Form 990 has many places where you can promote your organization for potential donors and even funders. All 990's are given to Guide Star by the IRS so the public can read your form and learn more about you. Your mission is described right off the bat in Part I. Again in Part III, your mission and top three programs and accomplishments are listed. Take the time to showcase the impact you are having on your community. Don't leave these parts up to your accountant to write for you. They don't do your organization justice!

The Statement of Functional Expenses is another place I see room for improvement. How are you allocating your expenses between program, fundraising, management and general? Has the methodology for allocation been reviewed and updated by the Board? This information is analyzed by your donors and funders; time should be taken to get this right. Too often I have seen incorrect allocations and the deadline for filing looming and so adjustments aren't made.

The answer is to plan for the filing of the 990 and take the time in advance to prepare. I recommend program based budgeting; the information better flows to the 990 and also allows you to manage your non-profit during the year. So, don't treat the filing of the 990 as a perfunctory exercise and file the form in your desk drawer, use it as a marketing tool and a management tool.