



## **Form 990 Letter: Not All IRS Letters Are Cause For Alarm**

For most of us, a letter from the Internal Revenue Service can be a little alarming. But many nonprofits have been receiving correspondence from the IRS recently that is decidedly non-threatening.

As part of its Form 990 Education Program, the IRS is mailing educational letters to nonprofits in the hopes of gaining more consistent reporting on 990s. The letters provide some diagnostics and attempt to help nonprofits in filling out their Form 990s in a more useful way.

### **Form 990 Overview**

Form 990 is the Annual Information Return that must be filed with the IRS within four-and-a-half months following the end of the fiscal year by most tax- exempt charities — 501(c)(3)s — and social welfare organizations — 501(c)(4)s.

Organizations with few assets or limited revenue are not required to file, nor are churches and related organizations that need not register to document their tax-exempt status.

The 990 form highlights sources and amounts of revenue, expenses and the names and titles of key personnel. This form helps calculate and illustrate the ratio between program service (educational) expense and total expense.

## **A Focus On Fundraising Expenses**

One educational letter in particular provides basic information on reporting fundraising expenses. It asks recipients to evaluate how the organization has been reporting such expenses and correct any discrepancies on the next Form 990.

## **File Online**

Form 990 and Form 990-EZ can now be filed electronically. Visit [www.irs.gov](http://www.irs.gov) or call 1-800-555-4477 for more information. Also see Form 8453-EO, *Exempt Organization Declaration and Signature for Electronic Filing*, and Form 8879-EO, *IRS e-file Signature Authorization for an Exempt Organization*.