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NFP Newsbits

This issue's "Newsbits" briefly discusses online instructions for the new Form 990; a new IRS rule that benefits supporting organizations; and 10 IRS tips for taxpayers that charitable organizations might want to publicize to encourage donations.

Help Donors Donate

A "Top 10" list from the IRS gives taxpayers 10 important tips on making charitable donations and is something you might want to post on your website to help — and encourage — your potential donors to make a tax-deductible gift to your charity. The list, "Ten Tips for Taxpayers Making Charitable Donations" (IRS Summertime Tax Tip 2009-21), can be found at www.irs.gov/newsroom/article/0,,id=172936,00.html.

Among the things the IRS wants taxpayers to know before they donate is that charitable donations must be made to *qualified* organizations to be deductible. So, make sure that you let the public know that your 501(c)(3) organization is so qualified on your website and in your fundraising materials. **h**



Mastering Form 990

If you're stumped filling out new IRS Form 990, take advantage of some of the agency's new tools. An online document, *Form 990: Getting Started — A Case Study*, uses practical examples to show not-for-profits how to address key areas of the redesigned form and its schedules.

Getting Started includes a sample filled-in Form 990 and Schedules A and O. These forms offer prepared information about a hypothetical organization's mission and its board of directors, financial information, and policies.

A related series of seven short online videos explain how to complete key sections of the Form. The videos highlight some of the Form's changes and are built around the following topics:

- Overview;
- Revenue and expenses;
- Balance sheet, supplemental financial statements and Schedule D;
- Program services, other IRS filings and tax compliance;
- Compensation;
- Governance; and
- Summary, schedules and signatures.

The new online resources for Form 990 filers can be found at www.irs.gov/charities/article/0,,id=210357,00.html. **h**

IRS Change Benefits Supporting Organizations

New IRS procedures (IRS Announcement 2009-62) allow certain not-for-profit organizations that receive public support to request a change in their public charity classification.

The change can be beneficial to supporting organizations because normally private foundations are restricted from making distributions to certain types of supporting organizations. By changing their status, supporting organizations can be eligible for such distributions.

An organization using the process might still functionally "support" another exempt organization. But that entity would have an independent nonprivate foundation status based on its own public support.

Supporting organizations, per IRS Code Section 509(a)(3), can use this procedure if they either:

- Receive sufficient contributions from the public to meet the public support criteria of Section 509(a)(1)/170(b)(1)(A)(vi) or
- Sell sufficient exempt purpose goods or services to meet the public support criteria of Section 509(a)(2).

The new procedures are consistent with the revised Form 990, *Return of Organization Exempt from Income Tax*. **h**

To view other articles vital to the success of a not-for-profit, visit www.holtzrubenstein.com/nfp/NFP_newsletter.php



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