

CANHR is a private, nonprofit 501(c)(3) organization dedicated to improving the quality of care and the quality of life for long term care consumers in California.

Guide to Internal Revenue Service (IRS) Form 990

IRS Form 990 is a valuable source of information on non-profit organizations covering a wide variety of financial, governance, and compensation issues.

What is Form 990?

Organizations with an IRS 501(c)(3) non-profit status are required to file a Form 990 with the Internal Revenue Service. The form must be submitted by the 15th day of the fifth month after the organization's fiscal year ends.

How to Obtain a Copy of the 990 Form?

IRS Form 990 is a public record and, under IRS regulations, a non-profit is required to make the last three years of the Form 990 available to the public upon request either by mail, electronic document, website, or at its principal office. If the non-profit is registered in California, they also have to file the 990 Form with the State Attorney General.

For all non-profits registered in California, the 990s are available from the California Attorney General: <http://ag.ca.gov/charities> or through the Registry Search that includes copies of the 990s for the past 3 years: <http://rct.doj.ca.gov/MyLicenseVerification/Search.aspx?facility=Y>.

GuideStar also provides free 990s on non-profits whether registered in California or not. For a fee, they offer more sophisticated searches: <http://www.guidestar.org>.

TIP: Use the legal name of the CCRC provider in making the search. It may or may not be the same name as the individual Continuing Care Retirement Community.

What Type of Information Does the 990 Form Contain?

The 990 Form contains twelve (12) major sections supplemented by different schedules that provide more detailed information. The most critical sections are described below.

TIP: View reports for a two or three year period to observe trends. Look for inconsistencies and any key information that is left blank.

Part I, Summary: Highlights key information about governance, revenues, expenses and total assets and liabilities. It indicates total revenue and total expenses, and total assets and liabilities. It is a statement of the organization's positive or negative net worth.

Part III, Statement of Program Service Accomplishments: Describes new services not previously reported or services that were terminated. It also states the accomplishments for the three largest services measured by expenses, listing amounts for expenditures, grants and revenues.

Part VI, Governance, Management and Disclosure: Indicates the number of voting members on the board, how compensation is determined for the CEO and top management, and in which ways the 990 information is disclosed to the public.

Part VII, Compensation of Officers, Directors, Key Employees, Highest Paid Employees, and Independent Contractors: Name of CEO, employees earning over \$100,000 or top paid employees; and top five contractors and the nature of their service and the amount paid.

Part VIII, Statement of Revenue: Presents detailed information on all sources of revenue. Offers valuable details especially if the CCRC's revenues consistently do not meet expenditures.

Part IX, Statement of Functional Expenses: Presents detailed information on the key sources of expenses including fees for management, legal, accounting, lobbying, and professional fund raising.

Part X, Balance Sheet: Summarizes assets, liabilities, net assets, and fund balances. This is a very useful summary.

What Schedules Are the Most Important to Review?

Described below are some of the Schedules that provide useful information. Instructions for each schedule can be viewed and downloaded at: <http://www.irs.gov/uac/Current-Form-990-Series-Forms-and-Instructions>

Schedule D, Supplemental Financial Statement: Provides information on Donor Advised Funds, Endowment Funds, the cost basis and accumulated depreciation for land, buildings and equipment, and detailed explanations of investments, securities, other assets and liabilities.

Schedule J, Compensation Information: Lists the names, title, amount and type of compensation received by the highest compensated employees.

TIP: For significant increases in compensation without major changes in responsibilities, residents might consider petitioning the board for a compensation review.

Schedule K, Supplemental Information on Tax-Exempt Bonds: Provides details on bond issuance and proceeds for CCRCs with bond obligations.

Schedule R, Related Organizations and Unrelated Partnerships: Presents information on certain related tax exempt organizations, taxable corporations or trusts, and some unrelated organizations taxable as partners, and the nature of their transactions.

TIP: Check out the amounts and types of transactions for multi-facility CCRCs with a "parent" organization, and CCRCs with subsidiaries.

Besides this Guide to IRS Form 990, refer to the Guide to CCRC Financial Reports for other relevant financial information required by the California state regulator of CCRCs, Continuing Care Contracts Branch, Community Care Licensing.