PacificCPE

COURSE

337510A

Tax-Exempt Orgs: Grants, Compensation Details, and Tax-Exempt Bonds

Three specialized schedules are the focus of this course. Schedule I covers grants and assistance provided to organizations, governments, and individuals within the U.S., including what must be disclosed and how to organize the data. Schedule J digs deeper into executive compensation, requiring additional detail beyond what appears in the core form. Schedule K addresses tax-exempt bond obligations. Together, these schedules affect a wide range of nonprofit organizations, and this course provides clear, practical guidance for completing each one accurately.

CREDIT HOURS 2 | FIELD OF STUDY TAXES | EXAM QUESTIONS 10

Start Course ↓

Final Exam Copy ↓

LEARNING ASSIGNMENTS AND OBJECTIVES

Assignment

- Study the full course materials included here.
- Complete the review questions after each chapter.
- Answer 10 final exam questions.
- Final exam is scored immediately, 70% or better passes.
- Certificate of completion is available in your account.
- Failed exams can be retaken free of charge.

Course Objectives

- Recognize reporting requirements for filing Schedule I.
- Identify the types of compensation that must be included for all of the listed persons for Schedule J.
- Recognize what must be included on Schedule K.

Copyright Notice

© 2026 Pacific CPE, LP. All rights reserved.

The materials in this course — including the text, illustrations, exhibits, examples, exam questions, and review questions — are the copyrighted property of Pacific CPE, LP. No portion of this course may be reproduced, stored in a retrieval system, distributed, or transmitted in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise) without the prior written permission of Pacific CPE, LP, except for the personal, non-commercial use of the registered learner.

Pacific CPE, LP grants the registered learner a single-seat, non-transferable license to access this course for the purpose of completing the associated continuing professional education credit. Account credentials may not be shared. Group access requires a separate enterprise license.

This course is provided "as is" for educational purposes. While Pacific CPE, LP makes a reasonable effort to ensure the content is current and accurate, the materials should not be relied upon as a substitute for professional advice. Pacific CPE, LP disclaims all liability for any error, omission, or loss arising from the use of, or reliance on, the course content.

Questions about reproduction, licensing, or use of these materials should be directed to support@pacificcpe.com.

Publication Date: May 2026

TABLE OF CONTENTS

CHAPTER 01

Grants And Other Assistance To Organizations, Governments, And Individuals In The U.S. (Schedule I) 4

1.01 I. Overview 4

1.02 II. Specific Instructions 5

Test Your Knowledge 11

CHAPTER 02

Compensation Information (Schedule J) 13

2.01 I. Overview 13

2.02 II. Specific Instructions 13

Test Your Knowledge 32

CHAPTER 03

Tax-Exempt Bonds (Schedule K) 38

3.01 I. Overview 38

3.02 II. Specific Instructions 39

Test Your Knowledge 54

Final Exam Copy 83

Glossary 57

Index .....

Chapter 1: GRANTS AND OTHER ASSISTANCE TO ORGANIZATIONS, GOVERNMENTS, AND INDIVIDUALS IN THE U.S. (SCHEDULE I)

Chapter Objective

After completing this chapter, you should be able to:

- Recognize reporting requirements for filing Schedule I.

I. OVERVIEW

A. PURPOSE OF SCHEDULE I

Schedule I (Form 990) is used by an organization that files Form 990 to provide information on grants and other assistance made by the filing organization during the tax year to domestic organizations, domestic governments, and domestic individuals. An organization should report activities conducted by the organization directly or indirectly through a disregarded entity or a joint venture treated as a partnership.

Grants and other assistance include awards, prizes, contributions, non-cash assistance, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year. For purposes of Schedule I, grants and other assistance do not include:

- Salaries or other compensation to employees, or payments to independent contractors if the primary purpose of such payments is to serve the direct and immediate needs of the organization (such as legal, accounting, or fundraising services).
- The payment of any benefit by a 501(c)(9) voluntary employees' beneficiary association (VEBA) to employees of a sponsoring organization or contributing employer, if such payment is made under the terms of the VEBA trust and in compliance with section 505.
- Grants to affiliates that are not organized as legal entities separate from the filing organization, or payments made to branch offices, accounts, or employees of the organization located in the United States.

A domestic organization includes a corporation or partnership created or organized in the United States or under the law of the United States or of any state or possession. A trust is a domestic organization if a court within the United States or a U.S. possession is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in U.S. territories) have the authority to control all substantial decisions of the trust.

A domestic government is a state, a U.S. territory, a political subdivision of a state or U.S. possession, the United States, or the District of Columbia. A grant to a U.S. government agency must be included on this schedule regardless of where the agency is located or operated.

A domestic individual is a person, including a foreign citizen, who lives or resides in the United States (or a U.S. territory) and not outside of the United States (or a U.S. territory).

Parts II and III of Schedule I may be duplicated to list additional grantees (Part II) or types of grants/assistance (Part III) that do not fit on the first page of these parts. Number each page of each part.

Do not report on this schedule foreign grants or assistance, including grants or assistance provided to domestic organizations, domestic governments, or domestic individuals for the purpose of providing grants and other assistance to a designated foreign organization, foreign government, or foreign individual. Instead, report them on Schedule F (Form 990), Statement of Activities Outside the United States.

B. WHO MUST FILE SCHEDULE I

An organization that answered “Yes” to Form 990, Part IV, Checklist of Required Schedules, Lines 21 or 22, must complete Part I and either Part II or Part III of this schedule and attach it to Form 990.

If an organization is not required to file Form 990 but chooses to do so, it must file a complete return and provide all of the information requested, including the required schedules.

II. SPECIFIC INSTRUCTIONS

A. PART I. GENERAL INFORMATION ON GRANTS AND ASSISTANCE

An organization must complete this part if the organization answered “Yes” on Form 990, Part IV, Lines 21 or 22.

Lines 1 and 2. On Line 1, indicate “Yes” or “No” regarding whether the organization maintains records to substantiate amounts, eligibility, and selection criteria used for grants. In general terms, describe how the organization monitors its grants to ensure that such grants are used for proper purposes and are not otherwise diverted from the intended use. For example, the organization may describe the periodic reports required or field investigations conducted. Use Part IV for the organization’s narrative response to Line 2.

B. PART II. GRANTS AND OTHER ASSISTANCE TO DOMESTIC ORGANIZATIONS AND DOMESTIC GOVERNMENTS

Line 1. Complete Line 1 if the organization answered “Yes” on Form 990, Part IV, Line 21. A “Yes” response means that the organization reported more than $5,000 on Form 990, Part IX, Statement of Functional Expenses, Line 1, Column (A). Enter information only for each recipient domestic organization or domestic government that received more than $5,000 aggregate of grants or assistance from the organization during the tax year.

Enter the details of each organization or entity on a separate line of Part II. If there are more organizations or entities to report in Part II than space available, report the additional organizations or entities on duplicate copies of Part II. Use as many duplicate copies as needed, and number each page. Use Part IV if additional space is needed for descriptions of particular column entries.

Column (a). Enter the full legal name and mailing address of each recipient organization or government entity.

Column (b). Enter the employer identification number (EIN) of the grant recipient.

Column (c). Enter the section of the Internal Revenue Code under which the organization receiving the assistance is tax-exempt, if applicable (for example, a school described in section 501(c)(3) or a social club described in section 501(c)(7)). If a recipient is a government entity, enter the name of the government entity. If a recipient is neither a tax-exempt nor a government entity, leave Column (c) blank.

Column (d). Enter the total dollar amount of cash grants to each recipient organization or entity for the tax year. Cash grants include grants and allocations paid by cash, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

Columns (e) and (f). Enter the fair market value of noncash property. Describe the method of valuation. Report property with a readily determinable market value (for

example, market quotations for securities) at its fair market value. For marketable securities registered and listed on a recognized securities exchange, measure market value on the date the property is distributed to the grantee by the average of the highest and lowest quoted selling prices or the average between the bona fide bid and asked prices. When fair market value cannot be readily determined, use an appraised or estimated value.

Column (g). For noncash property or assistance, enter a description of the property or assistance. List all that apply. Examples of non-cash assistance include medical supplies or equipment, pharmaceuticals, blankets, and books or other educational supplies.

Column (h). Describe the purpose or ultimate use of the grant funds or other assistance. Do not use general terms such as charitable, educational, religious, or scientific. Use more specific descriptions such as general support, payments for nursing services, or laboratory construction. Enter the type of assistance, such as medical, dental, or free care for indigent hospital patients. In the case of disaster assistance, include a description of the disaster and the assistance provided (for example, “Food, shelter, and clothing for Organization A’s assistance to victims of Colorado wildfires”). Use Part IV if additional space is needed for descriptions.

Line 2. Add the number of recipient organizations listed on Line 1 of Schedule I (Form 990), Part II, Line 1, that: (a) have been recognized by the Internal Revenue Service as exempt from federal income tax as described in section 501(c)(3), (b) are churches, including synagogues, temples, and mosques, (c) are integrated auxiliaries of churches and conventions or association of churches, or (d) are domestic governments. Enter the total.

Line 3. Add the number of recipient organizations listed on Schedule I (Form 990), Part II, Line 1, that are not described on Line 2. This number should include both organizations that are not tax-exempt and organizations that are tax-exempt under section 501(c), but not section 501(c)(3).

C. PART III. GRANTS AND OTHER ASSISTANCE TO DOMESTIC INDIVIDUALS

Complete Part III if the organization answered “Yes” on Form 990, Part IV, Line 22. A “Yes” response means that the organization reported more than $5,000 on Form 990, Part IX, Line 2, Column (A).

Enter information for grants or other assistance directly made to or for the benefit of individual recipients. Do not complete Part III for grants or assistance provided to

individuals through another organization or entity, unless the grant or assistance is earmarked by the filing organization for the benefit of one or more specific domestic individuals. Instead, complete Part II, earlier. For example, report a payment to a hospital designated to cover the medical expenses of a particular domestic individual in Part III and report a contribution to a hospital designated to provide some service to the general public or to unspecified domestic charity patients in Part II.

Enter the details of each type of assistance to individuals on a separate line of Part III. If there are more types of assistance than space available, report the types of assistance on duplicate copies of Part III. Use as many duplicate copies as needed, and number each page. Use Part IV if additional space is needed for descriptions of particular column entries.

Column (a). Specify type(s) of assistance provided, or describe the purpose or use of grant funds. Do not use general terms such as charitable, educational, religious, or scientific. Use more specific descriptions, such as scholarships for students attending a particular school; provision of books or other educational supplies; food, clothing, and shelter for indigents, or direct cash assistance to indigents; etc. In the case of specific disaster assistance, include a description of the type of assistance provided and identify the disaster (for example, “Food, shelter, and clothing for immediate relief for victims of Colorado wildfires”).

Column (b). Enter the number of recipients for each type of assistance. If the organization is unable to determine the actual number, provide an estimate of the number. Explain in Part IV how the organization arrived at the estimate.

Column (c). Enter the aggregate dollar amount of cash grants for each type of grant or assistance. Cash grants include grants and allocations paid by cash, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

Columns (d) and (e). Enter the fair market value of noncash property. Describe the method of valuation. Report property with a readily determinable market value (for example, market quotations for securities) at its fair market value. For marketable securities registered and listed on a recognized securities exchange, measure market value by the average of the highest and lowest quoted selling prices or the average between the bona fide bid and asked prices, on the date the property is distributed to the grantee. When fair market value cannot be readily determined, use an appraised or estimated value.

Column (f). For non-cash grants or assistance, enter descriptions of property. List all that apply. Examples of non-cash assistance include medical supplies or equipment, pharmaceuticals, blankets, and books or other educational supplies.

D. PART IV. SUPPLEMENTAL INFORMATION

Use Part IV to provide narrative information required in Part I, Line 2, regarding monitoring of funds and in Part III, Column (b) regarding how the organization estimated the number of recipients for each type of grant or assistance. Also use Part IV to provide other narrative explanations and descriptions, as needed. Identify the specific part and line(s) that the response supports. Part IV may be duplicated if more space is needed.

SCHEDULE I (Form 990)
(Rev. December 2024)
Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments, and Individuals in the United States
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.
Attach to Form 990.
Go to *www.irs.gov/Form990* for instructions and the latest information.

OMB No. 1545-0047
Open to Public Inspection

Name of the organization | Employer identification number

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☐ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of noncash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of noncash assistance	(h) Purpose of grant or assistance
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . .

3 Enter total number of other organizations listed in the line 1 table . . . .

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Cat. No. 50055P Schedule I (Form 990) (Rev. 12-2024)

Part III **Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

	(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of noncash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
1						
2						
3						
4						
5						
6						
7						

Part IV **Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.