PacificCPE

COURSE
33757A

Tax-Exempt Orgs: Contributors, Political Campaigns, and Lobbying Schedules

Schedules B and C address two sensitive areas of nonprofit reporting: contributor disclosure and political or lobbying activity. This course walks through the specific instructions for Schedule B, including which contributors must be listed and how to protect donor confidentiality. It then covers Schedule C, explaining how to report political campaign activities and lobbying expenditures. Tax professionals advising advocacy organizations, associations, or any nonprofit with donor or political activity concerns will find this course especially relevant.

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

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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

- Identify reporting requirements for filing Schedule B.
- Identify what is included as political campaign and lobbying activities.

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Chapter 1: SCHEDULE OF CONTRIBUTORS (SCHEDULE B)

Chapter Objective

After completing this chapter, you should be able to:

- Identify reporting requirements for filing Schedule B.

I. OVERVIEW

A. PURPOSE OF SCHEDULE B

Schedule B (Form 990) is used to provide information on contributions the organization reported on:

- Form 990, Return of Organization Exempt from Income Tax, Part VIII, Statement of Revenue, Line 1;
- Form 990-EZ, Short Form Return of Organization Exempt from Income Tax, Part I, Line 1; or
- Form 990-PF, Return of Private Foundation, Part I, Line 1.

B. WHO MUST FILE SCHEDULE B

Every organization must complete and attach Schedule B to their Form 990, 990-EZ, or 990-PF, unless it certifies that it does not meet the filing requirements of this schedule by:

- Answering “No” on Form 990, Part IV, Checklist of Required Schedules, Line 2, or
- Checking the box on
  - Form 990-EZ, Line H, or
  - Form 990-PF, Part I, Analysis of Revenue and Expenses, Line 2.

See the separate instructions for these lines on those forms.

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

C. ACCOUNTING METHOD

When completing Schedule B (Form 990), the organization must use the same accounting method it checked, either on Form 990, Part XII, Financial Statements and Reporting, Line 1; Form 990-EZ, Line G; or Form 990-PF, Line J.

D. PUBLIC INSPECTION

Note

Do not include social security numbers of contributors as this information may be made public.

- Schedule B is open to public inspection for an organization that files Form 990-PF;
- Schedule B is open to public inspection for a section 527 political organization that files Form 990 or 990-EZ; or
- For all other organizations that file Form 990 or 990-EZ, the names and addresses of contributors are not required to be made available for public inspection. All other information, including the amount of contributions, the description of noncash contributions, and any other information, is required to be made available for public inspection unless it clearly identifies the contributor.

If an organization files a copy of Form 990 or 990-EZ, and attachments, with any state, it should not include its Schedule B (Form 990) in the attachments for the state, unless a schedule of contributors is specifically required by the state. States that do not require the information might inadvertently make the schedule available for public inspection along with the rest of the Form 990 or 990-EZ.

See the instructions for Form 990, Form 990-EZ, and Form 990-PF, for information on telephone assistance and the public inspection rules for these forms and their attachments.

II. CONTRIBUTORS TO BE LISTED ON PART I

A contributor (person) includes individuals, fiduciaries, partnerships, corporations, associations, trusts, and exempt organizations. In addition, section 509(a)(2), 170(b)(1)(A)(iv), and 170(b)(1)(A)(vi) organizations must also report governmental units as contributors.

A. CONTRIBUTIONS

Contributions reportable on Schedule B (Form 990) are contributions, grants, bequests, devises, and gifts of money or property, whether or not for charitable purposes. For example, political contributions to section 527 political organizations are included. Contributions do not include fees for the performance of services. See the instructions for Form 990, Part VIII, Line 1, for more detailed information on contributions.

B. GENERAL RULE

Unless the organization is covered by one of the Special Rules, below, it must report in Part I contributions from all persons who contribute $5,000 or more (in money or other property) during the tax year. As described below, certain organizations report only total contribution amounts. Contributions may be made directly or indirectly and may take the form of money, securities, or any other type of property.

Include all separate and independent gifts that are $1,000 or more to determine a contributor’s total contribution. Gifts that are less than $1,000 may be disregarded. Include each contribution reported on Form 990, Part VIII, line 1. For example, if an organization that uses the accrual method of accounting reports a pledge of noncash property in Part VIII, line 1, it must include the value of that contribution in calculating whether the contributor meets the General Rule (or one of the Special Rules, if applicable), even if the organization didn’t receive the property during the tax year.

1. Certain Organizations Not Required to Report Contributor Names and Addresses

Certain organizations are no longer required to report the names and addresses of their contributors on Schedule B. Such organizations are those other than:

- Section 501(c)(3) organizations (including section 4947(a)(1) nonexempt charitable trusts and nonexempt private foundations described in section 6033(d)), or
- Section 527 political organizations. Organizations not required to report the names and addresses should enter “N/A” in Part I, column (b). These organizations must continue to:
  - □ Collect the names and addresses of their contributors,
  - □ Keep this information in their records and books, and
  - □ Make the information available to the IRS upon request.

Section 501(c)(3) organizations (including section 4947(a)(1) nonexempt charitable trusts and nonexempt private foundations described in section 6033(d)), and section 527 political organizations must report the names and addresses of their contributors in Part I, column (b), on Schedule B.

C. SPECIAL RULES

1. Section 501(c)(3) Organizations That File Form 990 or 990-EZ

For an organization described in section 501(c)(3) that meets the 33⅓% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), and not just the 10% support test (whether or not the organization is otherwise described in section 170(b)(1)(A)), list in Part I only those contributors whose contribution of $5,000 or more is greater than 2% of the amount reported on Form 990, Part VIII, Line 1h(A) or Form 990-EZ, Line 1. An organization that claims the benefit of this special rule must either (1) establish on Schedule A (Form 990), Part II, that it met the 33⅓% support test for the current year or prior year, or (2) check the box on Schedule A (Form 990), Part I, Line 7 or 8, and the box on Schedule A, Part II, Line 13, as a section 170(b)(1)(A)(vi) organization in its first five years.

Example

A section 501(c)(3) organization, of the type described above, reported $700,000 in total contributions, gifts, grants, and similar amounts received on Form 990, Part VIII, Line 1h. The organization is only required to list in Parts I and II of its Schedule B each person who contributed more than the greater of $5,000 or 2% of $700,000 ($14,000). Thus, a contributor who gave a total of $11,000 would not be reported in Parts I and II for this section 501(c)(3) organization. Even though the $11,000 contribution to the organization was greater than $5,000, it did not exceed $14,000.

2. Section 501(c)(7), (8), or (10) Organizations

For contributions to these social and recreational clubs, fraternal beneficiary and domestic fraternal societies, orders, or associations that were not for an exclusively religious, charitable, etc., purpose, list in Part I, each contributor who contributed $5,000 or more during the year, as described under the General Rule, earlier.

For contributions to a section 501(c)(7), (8), or (10) organization received for use exclusively for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals (sections 170(c)(4), 2055(a)(3), or 2522(a)(3)), list in Part I each contributor whose aggregate contributions for an

exclusively religious, charitable, etc., purpose were more than $1,000 during the tax year. To determine the more-than-$1,000 amount, total all of a contributor’s gifts for the year (regardless of amount). For a noncash contribution, complete Part II.

All section 501(c)(7), (8), or (10) organizations that listed an exclusively religious, charitable, etc., contribution in Part I or II must also complete Part III to provide further information on such contributions of more than $1,000 during the tax year, and show the total amount received from such contributions that were for $1,000 or less during the year.

However, if a section 501(c)(7), (8), or (10) organization did not receive total contributions of more than $1,000 from a single contributor during the tax year for exclusively religious, charitable, etc., purposes, and consequently was not required to complete Parts I through III with respect to these contributions, it need only check the third Special Rules box on the front of Schedule B and enter, in the space provided, the total contributions it received during the tax year for an exclusively religious, charitable, etc., purpose.

III. SPECIFIC INSTRUCTIONS

Note

Do not attach substitutes for Schedule B or attachments to Schedule B with information on contributors. Parts I, II, and III of Schedule B may be duplicated as needed to provide adequate space for listing all contributors. Number each page of each part.

A. PART I

In Column (a), identify the first contributor listed as No. 1 and the second contributor as No. 2, etc. Number consecutively. In Column (b), list the contributor’s name, address, and zip code. Identify a donor as “anonymous” only if the organization does not know the donor’s identity. In Column (c), enter the amount of total contributions for the tax year for the contributor listed.

In Column (d), check the type of contribution. Check all that apply for the contributor listed. If a cash contribution came directly from a contributor (other than through payroll deduction), check the “Person” box. A cash contribution includes contributions paid by cash, credit card, check, money order, electronic fund or wire transfer, and other charges against funds on deposit at a financial institution.

If an employee's cash contribution was forwarded by an employer (indirect contribution), check the "Payroll" box. If an employer withholds contributions from employees' pay and periodically gives them to the organization, report only the employer's name and address and the total amount given unless you know that a particular employee gave enough to be listed separately.

Check the "Noncash" box in Column (d) for any contribution of property other than cash during the tax year and complete Part II of this schedule.

For section 527 organizations that file a Form 8871, Political Organization Notice of Section 527 Status, the names and addresses of contributors that are not reported on Form 8872, Political Organization Report of Contributions and Expenditures, do not need to be reported in Part I if the organization paid the amount specified by section 527(j)(1). In this case, enter "Pd. 527(j)(1)" in Column (b), instead of a name, address, and zip code; but you must enter the amount of contributions in Column (c).

B. PART II

In Column (a), show the number that corresponds to the contributor's number in Part I. In Column (b), describe the noncash contribution received by the organization during the tax year, regardless of the value of that noncash contribution. Note the public inspection rules discussed earlier.

In Columns (c) and (d), report property with readily determinable market value (for example, marked quotations for securities) by listing its fair market value. If the organization immediately sells securities contributed to the organization (including through a broker or agent), the contribution still must be reported as a gift of property (rather than cash) in the amount of the net proceeds plus the broker's fees and expenses. See the instructions to Form 990, Part VIII, Line 1g, which provide an example to illustrate this point. If the property is not immediately sold, measure market value of marketable securities registered and listed on a recognized securities exchange by the average of the highest and lowest quoted selling prices (or the average between the bona fide bid and asked prices) on the contribution date. See Regulations section 20.2031-2 to determine the value of contributed stocks and bonds. When fair market value cannot be readily determined, use an appraised or estimated value. To determine the amount of a noncash contribution subject to an outstanding debt, subtract the debt from the property's fair market value. Enter the date the property was received by the organization, if the donor has fully given up use and enjoyment of the property at that time.

The organization must report the value of any qualified conservation contributions and contributions of conservation easements listed in Part II consistently with how it reports revenue from such contributions in its books, records, and financial statements and in Form 990, Part VIII, Statement of Revenue. For more information on noncash contributions, see the instructions for Schedule M (Form 990), Noncash Contributions.

If the organization received a partially completed Form 8283, Noncash Charitable Contributions, from a donor, complete it and return it so the donor can get a charitable contribution deduction. Keep a copy for your records.

Original (first) and successor donee (recipient) organizations must file Form 8282, Donee Information Return, if they sell, exchange, consume, or otherwise dispose of (with or without consideration) charitable deduction property (property other than money or certain publicly traded securities) within three years after the date the original donee received the property.

C. PART III

Section 501(c)(7), (8), or (10) organizations that received contributions or bequests for use exclusively for religious, charitable, etc., purposes must complete Parts I-III for those persons whose gifts totaled more than $1,000 during the tax year. Show also, in the heading of Part III, total gifts to these organizations that were $1,000 or less for the tax year and were for exclusively religious, charitable, etc., purposes. Complete this information only on the first Part III page if you use duplicate copies of Part III.

If an amount is set aside for an exclusively religious, charitable, etc., purpose, show in Column (d) how the amount is held (for example, whether it is commingled with amounts held for other purposes). If the organization transferred the gift to another organization, show the name and address of the transferee organization in Column (e) and explain the relationship between the two organizations.