

# NEW IRS FEDERAL FORM 990

The IRS has completely revised the Form 990, Return of Organization Exempt From Income Tax, which many tax-exempt organizations are required to file annually. The Form 990 has not been significantly revised since 1979. The IRS felt that the prior Form 990 failed to reflect changes in the law and the increasing size, diversity and complexity of many tax-exempt organizations. In addition, the prior Form 990 no longer served the IRS tax compliance interests or met the transparency and accountability needs of the states, the general public and the community served by the organization.

**WithumSmith+Brown, PC has outlined below twelve high level issues from the new Form 990 which all tax-exempt organizations should review as these relate to their own organization for tax reporting purposes.**

- 01 Core Form 990, Part VI, Governance.** The determination of how many voting members of the governing body are not independent. The tax-exempt organization must make “reasonable efforts”.
- 02 Core Form 990, Part VI, Governance.** The inquiry and potential disclosure of certain family and business arrangements with respect to the organization’s officers, directors, trustees and key employees. The tax-exempt organization must make “reasonable efforts”.
- 03 Core Form 990, Part VI, Governance.** Please describe the review process (if any) of the organization’s annual Form 990 by the governing body of the organization, Board committee and/or senior management.
- 04 Core Form 990, Part VI, Governance.** Does the organization maintain a written conflict of interest policy. Please explain how the organization regularly and consistently monitors and enforces compliance with the policy.
- 05 Core Form 990, Part VI, Governance.** Please describe the organization’s process with respect to compensation and benefits of the organization’s officers, directors and key employees. Does the organization satisfy the rebuttable presumption of reasonableness factors?
- 06 Core Form 990, Part VI, Governance.** Did the organization invest in, contribute assets to, or participate in any joint venture or similar arrangement with a taxable entity during the year? If yes, has the organization both (1) adopted a written policy or procedure that requires the organization to negotiate in its transactions and arrangements with other members of the venture or arrangement such terms and safeguards adequate to ensure that the organization’s exempt status is protected, and (2) taken steps to safeguard the organization’s exempt status with respect to the venture or arrangement.
- 07 Core Form 990, Part VII, Compensation.** The review of an expanded definition for disclosure of who is considered a “key employee” of the organization.
- 08 Form 990, Supplemental Schedule H.** The identification and quantification of community benefit; charity care and debt collection policies; community benefit report; community health needs assessment and other community benefit activity and information.
- 09 Form 990, Supplemental Schedule J.** The disclosure and explanation of officers, directors, trustees and key employees certain perquisites and benefits (e.g. companion travel, health and fitness club dues, country club dues, tax indemnification and gross-up payments, discretionary spending account) and the disclosure of W-2 compensation by element (e.g. base salary, bonus/incentive and other taxable) for these individuals.
- 10 Form 990, Supplemental Schedule K.** Information relating to certain tax-exempt bonds of the organization; including information relating to issuances, proceeds, private business use and arbitrage.
- 11 Form 990, Supplemental Schedule L.** The disclosure of certain transactions between the organization and certain “interested persons”; including name, type of transaction, relationship and \$ amount.
- 12 Form 990, Supplemental Schedule R.** The disclosure of related organizations and transactions between related organizations, including type of transaction and dollar amount.

# BE IN A POSITION OF STRENGTH<sup>SM</sup>

WithumSmith+Brown understands the challenges facing health care professionals today, and can offer a wealth of resources to ensure their success. With increased productivity, cost reductions and informed rate negotiations for optimal reimbursements, we are helping many of our clients realize their financial success. Our team of experienced health care-focused professionals are dedicated to help you solve complex issues and re-focus on what really matters: quality patient care.

**In addition to our highly acclaimed Form 990 programs and services, WS+B's health care experts offer the following relevant solutions:**

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- Assistance with the development of accounting processes for start-up entities
- Collection and evaluation of patient statistical data
- Grant compliance

## TAX SERVICES

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- Community benefit analysis and maintenance of tax exemption
- Executive compensation and employee benefit issues
- System organizational reviews, corporate reorganizations and tax planning strategy implementation
- IRS and state audit examination representation

## CONSULTING SERVICES

- Reimbursement/transparent pricing consulting
- Financial feasibility and valuation consulting
- Strategic market and financial analytics consulting
- Operations improvement consulting
- Evaluation of medical record coding and documentation to enhance eligible reimbursement
- Structuring physician compensation programs and buy-in calculations for new physicians entering practice groups
- Practice management issues—data collection, billing, collections procedures and development of office processes manual
- Analysis of contracts and risk-sharing

## CORPORATE GOVERNANCE AND RISK MANAGEMENT SERVICES

- Sarbanes-Oxley compliance and best practices consulting
- Internal control and IT assessments
- IT general controls audits
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**WS+B health care professionals are active members of numerous health care organizations, including:**

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Medical Group Management Association (MGMA)

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We can help support your healthcare management goals. Please contact us for more information:

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