# Common Mistakes
Form 990

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The Form 990, Return of Organization Exempt from Income Tax, is a complex reporting form with almost incalculable reporting requirements. Below is a compiled list of some of the most common reporting errors often seen on tax-exempt organization returns.

**Program Service Revenue:**
The total revenue reported on Form 990, page 2, Part III, lines 4a – 4e, Statement of Program Services Accomplishments, should tie to the total Related or Exempt Function Revenue reported in column (B) of Form 990, Page 9, Part VIII, line 12.

**Noncash vs. In-Kind Contributions:**
Contribution income on Form 990, Page 9, Part VIII, should not include "In-kind" donated services, but it should include noncash contributions on line 1g. Some common examples of noncash contributions are stocks, vehicles, equipment, and supplies. Common examples of in-kind contributions of donated services; donated use of materials, equipment, or facilities; includes advertising space, broadcast air time, and professional services. Also note, if the organization received more than $25,000 of noncash contributions, then Form 990, Part IV, line 29 should be checked, and Schedule M should be included with the return.

**Investment Income:**
Interest income included on Form 990, Page 9, Part VIII, line 3, should be under column (D) as Revenue Excluded from Tax under Sections 512 – 514.

**Unrealized Gains and Losses:**
Do not include unrealized gains and losses from investments in investment income on Form 990, Page 9, Part VIII, line 3. If your organization's financial statements are audited, this should be a reconciliation item on Schedule D, Page 4, Part XI, line 2a.

**Schedule A, Part I, Reason for Public Charity Status:**
This section indicates the reason an organization is a public charity. Organizations are often seen reporting under a different section than what is stated in the organization's tax-exempt determination letter from IRS. If this is the case, often times the organization is also reporting under the wrong Schedule A, Part II or Part III. So, get out your IRS determination letter, and compare it to Schedule A, Part I.

**Excess and Disqualified Contributors:**
Check your organization's reporting of excess and disqualified contributor information on Schedule A, Part II or III. A variety of mistakes are seen and misreported on these sections. Refer back to your IRS tax-exempt determination letter, and if your organization is a Section 170(b)(1)(A)(iv) or 170(b)(1)(A)(vi) require to complete Schedule A, Part II, then you'll need to calculate the total contributions received from each individual, trust, or corporation included on line 1 for the past five years that exceeds 2% of the amount reported on line 11, column (f). If your organization is a Section 509(a)(2), an organization required to complete Schedule A, Part III, make sure you review the Form 990 glossary for the definition of a disqualified person. Under section 4946, a disqualified person can be a substantial contributor, and you'll need to track the aggregate contributions to the organization since its inception.

**Disallowance of Qualified Transportation Fringe Benefits:**
There are new rules for qualified transportation fringe benefits– expenses incurred for providing parking to employees, transit passes, and commuter transportation that may be nondeductible and treated as an increase in unrelated business income by tax-exempt employers.

**Foreign Reporting Requirements:**
Make sure to look over Schedule K-1 investment details for possible foreign reporting requirements!

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