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What It Actually Takes to File Your 990 Right

For nonprofit teams ready to stop reconstructing a year of books every spring. Because the filing itself is the easy part once your books are built for it.

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WHY THIS GUIDE

More Than a Tax Form

Your 990 isn't just a tax form. It's the one document your board, your biggest donor, and every foundation you've ever applied to can pull up and read for themselves.

For most nonprofits, that means every spring, someone reconstructs a year of transactions from scratch, hoping nothing's missing and nothing's wrong. It's stressful, it's slow, and it happens at the exact moment your team should be focused on the mission, not a spreadsheet.

> The 990 itself isn't complicated. Filling it out well, on a foundation that isn't ready for it, is what makes it hard.

This guide walks through exactly what the 990 requires: which form you file, what you need to gather, how the process works start to finish, and where nonprofits most often get tripped up. Then we'll show you what it looks like to have books that make all of this a formality instead of a fire drill.

If you already know you need help, we're also here to support you.

THE BASICS

What You're Actually Filing

Form 990 is the IRS's annual check-in on your finances, governance, and activities. It's proof you still deserve tax-exempt status, and it's public record, which means donors, foundations, and grant committees read it as evidence of how seriously you manage the money they give you.

WHICH VERSION YOU FILE

Which version you file depends on your receipts and assets:

FORM	WHO IT'S FOR
990-N	Gross receipts under $50K. Under 10 questions, filed online in minutes (the e-Postcard).
990-EZ	Gross receipts under $200K and assets under $500K. A 4-page return.
990-PF	Every private foundation, regardless of size. Roughly 13 pages.
Full Form 990	Gross receipts of $200K+ or assets of $500K+. 12 pages, plus applicable Schedules.

The full 990 also pulls in Schedules, separate sections triggered by what you actually did during the year: Schedule A (public support), B (donor contributions), C (lobbying), D (funds and endowments), F (foreign activity), G (professional fundraising), J (executive compensation), and M (non-cash gifts). Which ones apply to you isn't a checkbox exercise. It depends entirely on your activity.

THE CALENDAR

The Clock Doesn't Wait for You to Be Ready

Three dates. Two penalty tiers. One line you don't want to cross.

FISCAL YEAR ENDS

Dec 31

Most common. Count 4.5 months from yours if different

FILE BY

May 15

15th day of the 5th month

WITH EXTENSION

Nov 15

File Form 8868 to get here

UNDER $1.2M RECEIPTS

$20/day

Automatic penalty, every day late

$1.2M+ RECEIPTS

$110/day

Automatic penalty, every day late

Capped at $56,000 or 5% of gross receipts, whichever is smaller. Current IRS figures, adjusted annually.

MISS 3 YEARS IN A ROW → LOSE YOUR 501(C)(3) STATUS

BEFORE YOU START

Gather This First

This is the part that eats weeks if you're pulling it together after the fact instead of keeping it current. Four categories, all at once:

Organizational details

- Legal name, address, and EIN
- Website, tax year, and accounting method (cash or accrual)
- Organization type and exempt status details

Leadership & governance

- Names, titles, and compensation for leadership and key staff
- Average hours worked per week
- Board structure and governance policies

Financial records

- Revenue by source: donations, grants, program fees, investment income
- Program expenses vs. administrative and fundraising costs
- Assets, liabilities, donor records

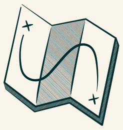
Net assets by restriction

- Unrestricted, temporarily restricted, and permanently restricted funds, classified per ASU 2016-14

If you have no idea what any of these documents are or where to find them, talk directly to one of our tax experts.

THE PROCESS

How the Filing Actually Comes Together



01 **Keep the books current all year.** This is the single step that determines whether everything downstream is easy or painful.

02 **Pull your documents and data instead of reconstructing them.** If your books are current, this is an afternoon, not a week.

03 **Determine and complete the right Schedules** based on what actually happened this year, not what happened last year.

04 **Review, get board sign-off, sign, and file electronically.** Every 990 today is e-filed. There's no mailing it in.

WHERE IT GOES WRONG

Five Mistakes That Cost Nonprofits

- **Incomplete Schedule B reporting.** Misreport donor contributions or misunderstand anonymity rules, and you invite IRS scrutiny.
- **Misclassified expenses.** Blur program vs. administrative costs, and you distort the expense ratio donors use to judge you.
- **Missing required Schedules.** Skip one you need and you create a compliance gap, not saved time.
- **Numbers that don't reconcile.** When your 990 doesn't match your audited financials, that mismatch is the first thing a diligence reviewer flags.
- **Late filing without an extension.** Miss the deadline and the penalty clock starts automatically.

THE REAL COST

The Penalty Isn't the Expensive Part

The IRS fine is the cost you can calculate. The one you can't is what happens when your board loses confidence, or your reporting takes so long that a donor starts wondering what else is behind. Your 990 is public. Every mistake, every late schedule, and every scramble is potentially visible to the people deciding whether to fund you again.

THE DATA BACKS THIS UP

60%

When financial data takes two to three weeks to pull together, board confidence in it drops by more than 60%.

Hiline research, 200+ nonprofit leaders

30%

Nationally, 30% of nonprofits have lost a grant or major gift specifically because they couldn't provide timely financial reporting.

Hiline research, 200+ nonprofit leaders

That's the real cost of a 990 season built on reconstruction instead of readiness. Not just a fine, but a hit to the credibility your mission runs on.

Step 1 to not making these mistakes >

THE FIX

Build It Once. File It Every Year Without the Scramble.

Underneath all of it is a systems problem, solved the same way, all year long, instead of crammed into the six weeks before the deadline.

THE OLD WAY	THE NEW WAY
Reconstructing a year of transactions every spring	Books built for the 990 continuously, all year
Restricted and unrestricted funds tracked loosely, if at all	Fund accounting that separates them automatically, mapped straight to the form
Board sees the numbers two days before signing	A board review package delivered with real time to read it
A CPA firm treats the 990 like any other return	A team that knows your fund accounting, your grants, and your board before they open the file

QUICK CHECK

Are Your Books 990-Ready?

Answer honestly:

- [ ] We know today, without digging, whether last year's revenue and expenses reconcile with our bank and audit records.
- [ ] Our restricted and unrestricted funds are tracked separately as transactions happen, not sorted out later.
- [ ] We could hand someone our board governance and compensation details right now, without a scramble.
- [ ] We know which 990 form and which Schedules apply to us before filing season starts.

- [ ] Our board sees and signs off on financials with real time to review, not two days before the deadline.
- [ ] We've never had to file an extension because we simply weren't ready.
- [ ] Our year-end numbers matched our audited financials last year without adjustment.
- [ ] We could produce a full donor and grant contribution record today, not next week.

Mostly checked? You're already close to 990-ready. **A handful unchecked?** Those are exactly the gaps that turn April into a fire drill, and exactly what financial infrastructure built for nonprofits is designed to close.

NEXT STEP

Filing Season Should Be a Formality, Not a Fire Drill

Hiline builds the financial infrastructure nonprofits run on. That includes fund accounting, grant tracking, and board reporting built for how your organization actually works, so your 990 becomes a byproduct of books that were already right, not a project you start from scratch every spring.

All 990 schedules, prepared and reviewed the same way, every year, by a team that already knows your fund accounting, your grants, and your board before they ever open your file.

Talk to a nonprofit accounting expert →

hiline

Keep your mission in the spotlight. We'll keep your 990 boring.