

**CARROLL and COMPANY**  
**CERTIFIED PUBLIC ACCOUNTANTS**

2640-A Mitcham Drive  
Tallahassee, FL 32308-5400

FREDERICK CARROLL III, CPA  
ABBY F. DUPREE, CPA  
KATHLEEN E. BROTHERS, CPA  
STEPHANIE G. ZOTTOLI, CPA

LAUREE M. ELLIOTT, CPA

---

(850) 877-1099  
Fax (850) 878-7000  
E-Mail: [cpas@ccrpa.com](mailto:cpas@ccrpa.com)  
Website address: [www.ccrpa.com](http://www.ccrpa.com)

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS  
GEORGIA SOCIETY OF  
CERTIFIED PUBLIC ACCOUNTANTS

January 26, 2010

Dear Client:

We were pleased to provide in-depth assistance to our non-profit clients that transitioned to the redesigned **IRS Form 990** last year, and look forward to working closely with those of you who will soon be making that transition.

With goals of increased transparency, compliance, and burden minimization, the updated reporting requirements present some initial challenges that are prompting non-profits to reevaluate current practices. The most commonly challenging areas are detailed below. **We encourage each of you to begin 2010 with an evaluation of your organization's practices in these areas.** We can help you identify and implement best practices specifically tailored to your organization.

**Policies & Procedures** – Review your organization's existing governance and management policies, specifically regarding conflict of interest, whistleblower, and document retention and destruction. Ensure conflicts of interest are clearly defined, and classes of individuals within the organization affected by the policy are identified. In addition, management should require annual written disclosure of conflicts of interest. Describe the procedures in place for facilitating disclosure of information that may help identify conflicts of interest, as well as procedures for managing them. Be prepared to disclose on the Form 990 if and how your organization complied with its policies.

**Management Compensation** – Your organization should have a process in place for determining the compensation of the executive director, officers, and key employees. The amount should be reasonable and comparable to that of a qualified person in an equivalent position at a similar organization. The compensation package should be documented in a written contract, and reviewed and approved by the governing board. Sites such as GuideStar ([www.guidestar.org](http://www.guidestar.org)), offer helpful tools specifically for non-profits, such as compensation research.

**Review of Draft Form 990** – It is good practice for the governing board or its designated committee to review the organization's information return before submission to the IRS. Be prepared to describe your review process on the Form 990, identifying who reviewed the Form 990 (governing board, management, etc.), the review date, and the extent of the review.

January 26, 2010  
Page Two

**Mission** – Ensure proper documentation of the formal adoption of your mission statement by the governing board. Consider how each of your organization’s programs support that mission. Be prepared to disclose program revenues and UBIT codes, along with specific program accomplishments in furthering the organization’s mission, on the Form 990.

**Disclosure of Certain Relationships** – Review your organization’s procedures for identifying related parties. Management should require that officers, directors, and key employees disclose on a regular basis certain family or business relationships with each other and/or with the organization. Be prepared to disclose any such relationships on the Form 990.

**Narratives** – The new Form 990 requires several narrative descriptions of the organization’s status and program service accomplishments. These narratives are very important as they provide relevant information to donors, foundations, watchdog groups such as the Better Business Bureau, and others. These narratives can be a significant reporting and marketing tool for your organization.

**Public Inspection** – Exempt organizations are required to make their exempt application, Form 990, and Form 990-T (excluding certain donor information) available for public inspection. The public inspection copy is included with your file copy of returns we prepare. Be prepared to disclose on the Form 990 how these items are made available to the public. In addition, management must describe how the organization makes its governing documents, such as conflict of interest policy and financial statements, available to the public.

We hope you find this information helpful, and encourage you to contact us with any questions or concerns.

Sincerely,

CARROLL and COMPANY