

Non-Profit Notes Newsletter

AICPA Requests IRS Form 990 Changes and NJ DCA Updates Registration Requirements

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AICPA

Recently, the American Institute of Certified Public Accountants (AICPA) formally requested the Internal Revenue Service (IRS) to consider making suggested changes to the 2018 Form 990, Return of Organization Exempt from Income Tax, that conform with new financial statement reporting changes required under the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

The AICPA presented more than 30 potential changes that, if accepted, would more closely align the IRS Form 990 with financial statement changes mandated by the ASU.

Changes Recommended

The AICPA's recommendations to the IRS include:

- Update the 2018 Form 990 to reflect financial statement reporting changes required under ASU 2016-14 for donor-restricted and quasi-endowments.
- Update the instructions to all Form 990 parts and schedules to properly include terminology changes under ASU 2016-14. "Temporarily restricted endowment," "permanent (true) endowment," "SFAS 116," and "SFAS 117" should be eliminated.
- Update the Form 990 Glossary to define the terms used in the FASB Accounting Standards Codification (ASC) Master Glossary. ASU 2016-14 is codified in FASB ASC 958, *Not-for-Profit Entities*.
- Update the trigger question for Schedule D to reflect the changed classification under the ASU, while keeping the focus of the question on reporting for donor-restricted and board-designated and quasi-endowments.
- Update the net assets portion of the balance sheet on the Form 990 to include "net assets without donor restrictions" and "net assets with donor restrictions."
- Update trigger questions on Parts IV and X so that they align with the definition of "interested parties" in the Schedule L instructions.
- Update the question and instructions related to the Office of Management and Budget/Uniform Guidance rules, and update the instructions to reflect the new Single Audit threshold of \$750,000.

In its letter to the IRS, the AICPA stressed the importance and urgency of each recommendation. More than half of the suggestions are ranked as "high" in terms of both importance and urgency.

More Information to Follow

We will update our not-for-profit clients as soon as we learn what changes the IRS will be making to Form 990.

New Jersey

The New Jersey Division of Consumer Affairs (NJ DCA) has recently issued a notice stating that after May 1, 2018 online filing of all New Jersey Charity Renewal Registration Forms and Extension Requests will be **mandatory**. Any Charity Renewal Registration Forms and Extension Requests received through the mail after May 1, 2018 will not be accepted and will be returned.

Registration

Form CRI-300R or CRI-200, along with IRS Form 990/IRS Form 990-PF, must now be completed by accessing the NJ DCA website. An authorized employee of a charitable organization must register on the NJ DCA portal to request an account. Once established, the user can log into their "My NJ Account" and select *Add a New Charity* to gain access to the organization's renewal page. Typically, this request takes two business days to process.

In addition, charitable organizations are now required to prepare electronic versions of the CRI-300R or CRI-200 forms and upload the completed IRS Form 990/IRS Form 990-PF, together with audited or reviewed financial statements (if required). Users will need to upload the signature page of the registration renewal form after it has been signed by two officers of the charitable organization. The signature page applies to all forms with the exception of CRI-400, which has a signature check-off certification in the portal.

Forms Available for Online Submission

The following is a listing of pertinent forms that have been made available for online submission within the NJ DCA portal:

- CRI-200: Short Form Registration/Verification Statement
- CRI-150-I: Long Form Initial Renewal Registration/Verification Statement
- CRI-300R: Long Form Renewal Registration/Verification Statement
- CRI-400: Extension of Time to File the Annual Renewal Registration Statement and Financial Report for a Charitable Organization

Annual Registration Renewal

The NJ DCA requires registered charitable organizations to file and renew their registration on an annual basis. The renewal is due within six (6) months of the charitable organization's year-end. All registration fees must be paid online via major credit cards (Visa, MasterCard, Discover or American Express). A late fee of \$25 will be automatically assessed for filings made after the annual due date.

Contact Us

For more information about either the AICPA suggested changes to Form 990 or NJ DCA requirements, please contact Mark J. Piszko, CPA, CGMA, Partner-in-Charge, Not-for-Profit Services at mpiszko@pkfod.com or your PKF O'Connor Davies engagement partner.

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