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**NOTES:**

Words in italics within a definition are defined elsewhere within the Glossary. All section references are to the Internal Revenue Code (Title 26 of U.S. Code) or regulations under Title 26, unless otherwise specified.

**accountable plan**

A reimbursement or other expense allowance arrangement that satisfies the requirements of section 62(c) by meeting the requirements of business connection, substantiation, and returning amounts in excess of substantiated expenses. See Regulations section 1.62-2(c)(2).

**accumulated depreciation**

The amount of depreciation accrued over a period of time.

**activities conducted outside the United States**

For purposes of Schedule F, include grantmaking, fundraising, unrelated trade or business, program services, or maintaining offices, employees, or agents (excluding volunteers) in particular regions outside the *United States* for the purpose of conducting program services.

**affiliated groups**

For purposes of Schedule C, Part II-A, members of an affiliated group are treated as a single organization to measure *lobbying expenditures* and permitted lobbying expenditures. Two organizations are affiliated if one is bound by the other organization's decisions on legislative issues (control) or if enough representatives of one belong to the other organization's governing board to cause or prevent action on legislative issues (interlocking directorate). If the organization is not sure whether its group is affiliated, it may ask the IRS for a ruling letter. There is a fee for this ruling. For information on requesting rulings, see annual revenue procedure.

Members of an affiliated group measure both lobbying expenditures and permitted lobbying expenditures on the basis of the affiliated group's tax year. If all members of the affiliated group have the same tax year, that year is the tax year of the affiliated group. However, if the affiliated group's members have different tax years, the tax year of the affiliated group is the calendar year, unless all the members of the group elect otherwise. See Regulations section 56.4911-7(e)(3).

**allowance for doubtful accounts**

An account established to allow for accounts receivable that will not be paid.

**applicable tax-exempt organization**

A section 501(c)(3) or a section 501(c)(4) organization that is tax exempt under section 501(a), or was such an organization at any time during a 5-year period ending on the day of the *excess benefit transaction*. [IRC 4958(e)]

**archeological artifact**

Any object (other than a work of art, historical treasure, or historical artifact) that is over 250 years old, normally discovered as a result of scientific excavation, clandestine or accidental digging for exploration on land or under water. See also *ethnological artifacts*.

**art**

See *works of art*.

**audit of financial statement**

A formal explanation of an organization's financial records and practices by an independent, certified public accountant with the objective of assessing the accuracy and reliability of the organization's *financial statements*.

**audit committee**

A committee, generally established by the *governing body* of an organization, with the responsibilities to oversee the organization's financial reporting process, monitor choice of accounting policies and principles, monitor internal control processes, and oversee hiring and performance of any external auditors.

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**board-designated  
endowment**

See *quasi-endowment*.

**bingo**

A game of chance played with cards that are generally printed with five rows of five squares each. Participants place markers over randomly called numbers on the cards in an attempt to form a pre-selected pattern such as a horizontal, vertical, or diagonal line, or all four corners. The first participant to form the pre-selected pattern wins the game. To be a “bingo” game, the game must be of the type described in which wagers are placed, winners are determined, and prizes or other property are distributed in the presence of all persons placing wagers in that game. Certain consolation bingo games within a progressive bingo game may also qualify as Bingo.

**bond issue**

An issue of two or more bond denominations which are:

1. sold at substantially the same time;
2. sold pursuant to the same plan of financing; and
3. payable from the same source of funds.

See Treasury Regulations section 1.150-1(c).

**business relationship**

Business relationships between two persons include the following:

- 1) One person is employed by the other in a sole proprietorship or by an organization with which the other is associated as a trustee, director, officer, key employee, or greater-than-35% owner.
- 2) One person is transacting business with the other, directly or indirectly, in one or more contracts of sale, lease, license, loan, performance of services, or other transaction involving transfers of cash or property valued in excess of \$5000 in the aggregate during the tax year. Indirect transactions are transactions with an organization with which the one person is associated as a trustee, director, officer, key employee, or greater-than-35% owner.
- 3) The two persons are each a director, trustee, officer, or greater than 10% owner in the same business or investment entity.

Ownership is measured by stock ownership (either voting power or value) of a corporation, profits or capital interest in a partnership or limited liability company, or beneficial interest in a trust. Ownership includes indirect ownership (e.g., ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

**cash contributions**

Contributions received in the form of cash, checks, money orders, credit card charges, wire transfers, and other transfers and deposits to a cash account of the organization.

**CEO, executive director, or  
top management official**

A person who, regardless of title, has ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization. “CEO” stands for chief executive officer.

**certified historic structure**

Any building or structure listed in the National Register as well as any building certified as being of historic significance to a registered historic district. See section 170(h)(4)(B) for special rules that apply to contributions made after August 17, 2006.

**church**

Publication 1828, *Tax Guide for Churches and Religious Organizations*, provides the following description of a church. Certain characteristics are generally attributed to churches. These attributes of a church have been developed by the IRS and by court decisions. They include: distinct legal existence; recognized creed and form of

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worship; definite and distinct ecclesiastical government; formal code of doctrine and discipline; distinct religious history; membership not associated with any other church or denomination; organization of ordained ministers; ordained ministers selected after completing prescribed courses of study; literature of its own; established places of worship; regular congregations; regular religious services; Sunday schools for the religious instruction of the young; schools for the preparation of its ministers. The IRS generally uses a combination of these characteristics, together with other facts and circumstances, to determine whether an organization is considered a church for federal tax purposes. A convention or association of churches is generally treated like a church for federal tax purposes.

**closely held stock**

Shares of stock issued by a corporation that is not publicly traded.

**collections of works of art and similar assets**

Include *works of art*, *historical treasures*, and similar items.

**collectibles**

Include autographs, sports memorabilia, dolls, stamps, coins, books, gems, jewelry (other than costume jewelry reportable on line 5), sports memorabilia, and dolls, etc., but not *works of art* or *historical artifacts*.

**communication with members**

For purposes of Schedule C, Part II-A and section 4911, expenditures for certain communications between an organization and its members are treated more leniently than are communications to nonmembers. Expenditures for a communication that refers to, and reflects a view on, *specific legislation* are not *lobbying expenditures* if the communication satisfies the following requirements:

1. The communication is directed only to members of the organization,
2. The specific legislation the communication refers to, and reflects a view on, is of direct interest to the organization and its members,
3. The communication does not directly encourage the member to engage in *direct lobbying* (whether individually or through the organization), and
4. The communication does not directly encourage the member to engage in *grassroots lobbying* (whether individually or through the organization).

Expenditures for a communication directed only to members that refers to, and reflects a view on, specific legislation and that satisfies the requirements of paragraphs 1, 2, and 4, but does not satisfy the requirements of paragraph 3, are treated as expenditures for direct lobbying.

Expenditures for a communication directed only to members that refers to, and reflects a view on, specific legislation and satisfies the requirements of paragraphs 1 and 2, but does not satisfy the requirements of paragraph 4, are treated as *grassroots lobbying expenditures*, whether or not the communication satisfies the requirements of paragraph 3. See Regulations section 56.4911-5 for details.

There are special rules regarding certain paid mass media advertisements about highly publicized legislation; allocation of mixed purpose expenditures; certain transfers treated as lobbying expenditures and special rules regarding lobbying on referenda, ballot initiatives, and similar procedures (see Regulations sections 56.4911-2 and -3).

**compensation**

All forms of cash and non-cash payments or benefits provided in exchange for services, including salary and wages, bonuses, severance payments, deferred payments, retirement benefits, fringe benefits, and other financial arrangements or transactions such as personal vehicles, meals, housing, personal and family

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educational benefits, below-market loans, payment of personal or family travel, entertainment, and personal use of the organization's property. See also "deferred compensation," "nonqualified deferred compensation," and "reportable compensation"

**compilation (compiled financial statements)**

A compilation is a presentation of *financial statements* and other information that is the representation of the management or owners of an organization and which has not been *reviewed* or *audited* by independent accountants.

**conflict of interest policy**

A policy that defines conflict of interest, identifies the classes of individuals within the organization covered by the policy, facilitates disclosure of information that may help identify conflicts of interest, and specifies procedures to be followed in managing conflicts of interest. A conflict of interest arises when a person is in a position of authority over an organization, such as an *officer*, director or manager, may benefit financially from a decision he or she could make in such capacity, including indirect benefits such as to family members or businesses with which the person is closely associated. For this purpose, a conflict of interest does not include questions involving a person's competing or respective duties to the organization and to another organization, such as by serving on the boards of both organizations, that do not involve a material financial interest of, or benefit to, such person.

**conservation easement**

A restriction on the use that may be made of, or changes made to, real property that is granted in perpetuity to a qualified organization exclusively for conservation purposes. Conservation purposes include protection of natural habitat, the preservation of open space; or the preservation of property for historic, educational, or recreational purposes. Qualified organizations include governmental units and certain 501(c)(3) organizations that have a commitment to protect the conservation purposes of the easement and the resources to enforce the restrictions. For more information see Notice 2004-41, 2004-28 I.R.B. 31. See also *qualified conservation contribution*.

**contributions**

See "cash contributions" and "noncash contributions."

**control (for related organization test)**

In the case of nonprofit organizations, whether taxable or tax-exempt, control means:

- power to remove and replace a majority of a nonprofit organization's directors or trustees, or
- management overlap where a majority of the controlled entity's directors or trustees are trustees, directors, officers, employees, or agents of the controlling organization.

In the case of stock corporations and other organizations with owners, whether taxable or tax-exempt, "control" means:

- ownership of more than 50% of the stock (by voting power or value) of a corporation,
- ownership of more than 50% of the profits or capital interest in a partnership,
- ownership of more than 50% of the profits or capital in a limited liability company, regardless of whether the entity is treated as a corporation or a partnership for federal tax purposes or the designation of the interests as stock, membership interests, or otherwise under state law,
- being a managing partner or managing member in a partnership or limited liability company which has three or fewer managing partners or managing members (regardless of which partner or member has the most actual control),
- being a general partner in a limited partnership which has three or fewer general partners (regardless of which partner has the most actual control),

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- being the sole member of a disregarded entity, or
- ownership of more than 50% of the beneficial interest in a trust.

See Regulations sections 301.7701-2, 3, and 4 for more information on classification of corporations, partnerships, disregarded entities, and trusts.

Control may be indirect. In other words, if the organization controls Organization A which in turn controls (under the definition of control above) Organization B, the organization will be treated as controlling Organization B. Rules similar to section 318 (relating to constructive ownership of stock) shall apply for purposes of determining constructive ownership of a corporation or other entity.

**controlling organization under section 512(b)(13)**

An exempt organization that receives payments of interest, annuity, royalty, or rent from an organization that it controls. Section 512(b)(13) treats such payments as unrelated business taxable income under certain circumstances. For the definition of control in this context, see section 512(b)(13)(C) and Regulations section 1.512(c)-1(L)(4).

**correction of excess benefit**

A *disqualified person* corrects an *excess benefit transaction* by undoing the excess benefit to the extent possible, and by taking any additional measures necessary to place the organization in a financial position not worse than that in which it would be in if the disqualified person were dealing under the highest fiduciary standards. The organization is not required to rescind the underlying agreement; however the parties may need to modify an ongoing contract with respect to future payments.

A disqualified person corrects an excess benefit by making a payment in cash or cash equivalents equal to the correction amount to the tax-exempt organization. The correction amount equals the excess benefit plus the interest on the excess benefit; the interest rate may be no lower than the applicable Federal rate.

**Exception.** For a correction of an excess benefit transaction described in *Donor Advised Funds*, no amount repaid in a manner proscribed by the Secretary may be held in a donor advised fund.

**Property.** With the agreement of the applicable tax-exempt organization, a disqualified person may make a payment by returning the specific property previously transferred in the excess benefit transaction. The return of the property is considered a payment of cash (or cash equivalent) equal to the lesser of:

- The fair market value of the property on the date the property is returned to the organization, or
- The fair market value of the property on the date the excess benefit transaction occurred.

**covered executive branch official**

For purposes of Schedule C, Part III, the President, Vice-President, White House Office of the Executive Office of the President officers and employees, the two senior level officers of each of the other agencies in the Executive Office, individuals in level I positions of the Executive Schedule and their immediate deputies, and individuals designated as having Cabinet level status and their immediate deputies.

**current year**

The tax year for which the Form 990 is being filed.

**defeasance escrow**

An irrevocable escrow established to redeem the bonds on their earliest call date in an amount that, together with investment earnings, is sufficient to pay all the principal of, and interest and call premiums on, bonds from the date the escrow is established to the earliest call date. See Regulations section 1.141-12(d)(5).

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<b>deferred compensation</b>	Compensation that is earned or accrued in, or is attributable to, one year but deferred to a future year for any reason, whether or not funded, vested, or subject to a substantial risk of forfeiture. Deferred compensation may or may not be included in reportable compensation for the current year.
<b>direct contact lobbying</b>	For purposes of Schedule C, Part III, a <ul style="list-style-type: none"><li>• Meeting</li><li>• Telephone conversation,</li><li>• Letter, or</li><li>• Similar means of communication that is with a<ul style="list-style-type: none"><li>○ Legislator (other than a local legislator), or</li><li>○ Covered executive branch official and that otherwise qualifies as a lobbying activity.</li></ul></li></ul>
<b>direct lobbying</b>	See <i>lobbying</i> .
<b>direct lobbying communications (direct lobbying expenditures)</b>	For purposes of Schedule C, Part II-A, any attempt to influence any <i>legislation</i> through communication with any: <ul style="list-style-type: none"><li>• Member or employee of a legislative or similar body, or</li><li>• Government official or employee (other than a member or employee of a legislative body) who may participate in the formulation of the legislation, but only if the principal purpose of the communication is to influence legislation.</li></ul> <p>A communication with a legislator or government official will be treated as a direct lobbying communication, if, but only if, the communication:</p> <ul style="list-style-type: none"><li>• Refers to <i>specific legislation</i>, and</li><li>• Reflects a view on such legislation.</li></ul>
<b>director or trustee</b>	A member of the organization's <i>governing body</i> , but only if the member has any voting rights. Members of advisory boards that do not exercise any governance authority over the organization are not considered directors or trustees.
<b>disqualified person</b>	Unless otherwise provided, any person who was in a position to exercise substantial influence over the affairs of the applicable tax-exempt organization at any time during a 5-year period ending on the date of the transaction. Persons who hold certain powers, responsibilities, or interests are among those who are in a position to exercise substantial influence over the affairs of the organization. See Section 4958 and the related regulations for rules regarding the determination of who is a disqualified person. <p>A disqualified person includes:</p> <ul style="list-style-type: none"><li>• A disqualified person's <i>family member</i>.</li><li>• A 35% controlled entity of a disqualified person.</li><li>• A donor or donor advisor to a donor advised fund</li><li>• An investment advisor of a sponsoring organization</li></ul> <p>The disqualified persons of a supported organization include the disqualified persons of a section 509(a)(3) supporting organization that supports the supported organization.</p>
<b>disregarded entity</b>	An entity wholly owned by the organization that is not a separate entity for Federal tax purposes. See Regulations sections 301.7701-2 and -3.

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<b>document retention and destruction policy</b>	A policy that identifies the record retention and responsibilities of staff, volunteers, board members, and outsiders for maintaining and documenting the storage and destruction of the organization's documents and records.
<b>doing business with</b>	A person is doing business with another person if they have engaged in a commercial transaction, other than under an employment relationship, pursuant to which one of them transfers goods or provides services to the other in consideration for money, goods or services.
<b>domestic organization</b>	A corporation or partnership is domestic if created or organized in the U.S. or under the law of the U.S. or of any State or possession. A trust is domestic if a court within the U.S. or a U.S. possession is able to exercise primary supervision over the administration of the trust, and one or more U.S. persons (or persons in possessions of the U.S.) have the authority to control all substantial decisions of the trust.
<b>donor advised fund</b>	<p>Generally, a fund or account:</p> <ol style="list-style-type: none"><li>1. That is separately identified by reference to contributions of a donor or donors;</li><li>2. That is owned and controlled by a sponsoring organization; and</li><li>3. For which the donor or donor advisor has or reasonably expects to have advisory privileges in the distribution or investment of amounts held in the donor advised funds or accounts because of the donor's status as a donor.</li></ol> <p>A donor advised fund does not include any fund or account:</p> <ol style="list-style-type: none"><li>1. That makes distributions only to a single identified organization or governmental entity, or</li><li>2. In which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes, if:<ol style="list-style-type: none"><li>a. The donor or donor advisor's advisory privileges are performed exclusively by such person in his or her capacity as a committee member in which all of the committee members are appointed by the sponsoring organization;</li><li>b. No combination of donors or donor advisors (and related persons as defined below) directly or indirectly control the committee;</li><li>c. All grants from the fund or account are awarded on an objective and nondiscriminatory basis following a procedure approved in advance by the board of directors of the sponsoring organization. The procedure must be designed to ensure that all grants meet the requirements of sections 4945(g)(1), (2), or (3); or</li></ol></li><li>3. That the Secretary exempts from being treated as a donor advised fund because either such fund or account is advised by a committee not directly or indirectly controlled by the donor or donor advisor or such fund benefits a single identified charitable purpose. For example, see Notice 2006-109, 2006-51 I.R.B. 1121, and any future related guidance.</li></ol>
<b>donor advisor</b>	Any person appointed or designated by a donor to advise a sponsoring organization on the distribution or investment of amounts held in the donor's fund or account.
<b>EIN</b>	Employer identification number, a nine-digit number. Use Form SS-4 to apply for an EIN.
<b>employment tax returns (Federal)</b>	<i>IRS Form 940, Employer's Federal Unemployment (FUTA) Tax Return, and Form 941, Employer's Quarterly Federal Tax Return.</i>
<b>endowment</b>	See "term endowment," "permanent endowment," and "quasi endowment." See also SFAS 117.
<b>ethnographical artifacts</b>	Objects (other than works of art, historical treasures, or historical artifacts) which are

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the product of a tribal or non-industrial society, and important to the cultural heritage of a people because of their distinctive characteristics, comparative rarity, or contribution to the knowledge of the origins, development or history of that people. See also *archeological artifacts*.

**events**

For purposes of Schedule G, includes dinners/dances, door-to-door sales of merchandise, concerts, carnivals, sports events, auctions, and casino nights that are not regularly carried on. Events do not include sales of gifts or goods or services of only nominal value, sweepstakes, lotteries or raffles where the names of contributors or other respondents are entered in a drawing for prizes, raffle or lotteries where prizes have only nominal value or solicitation campaigns that generate only contributions.

**exceptions to lobbying**

For purposes of Schedule C, Part II-A, in general, engaging in nonpartisan analysis, study, or research and making its results available to the general public or segment or members thereof, or to governmental bodies, officials, or employees is not considered either a *direct lobbying communication* or a *grassroots lobbying communication*. Nonpartisan analysis, study, or research may advocate a particular position or viewpoint as long as there is a sufficiently full and fair exposition of the pertinent facts to enable the public or an individual to form an independent opinion or conclusion.

A communication that responds to a governmental body's or committee's written request for technical advice is not a direct lobbying communication.

A communication is not a direct lobbying communication if the communication is an appearance before, or communication with, any legislative body concerning action by that body that might affect the organization's existence, its powers and duties, its tax-exempt status, or the deductibility of contributions to the organization, as opposed to affecting merely the scope of the organization's future activities.

**excess benefit transaction**

In the case of an *applicable tax-exempt organization*, any transaction in which an excess benefit is provided by the organization, directly or indirectly to, or for the use of, any disqualified person. Excess benefit means the excess of the economic benefit received from the applicable organization over the consideration given (including services) by a disqualified person. See the Appendix for more information.

**Donor advised fund.** For a *donor advised fund*, an excess benefit transaction also includes a grant, loan, compensation, or similar payment from the fund to a:

- Donor or *donor advisor*
- *Family member* of a donor, or donor advisor
- 35% controlled entity of a donor, or donor advisor
- 35% controlled entity of a family member of a donor or donor advisor.

The excess benefit in this transaction is the amount of the grant, loan, compensation, or similar payments. For additional information see the Instructions for Form 4720.

**Supporting organization.** For any *supporting organization*, defined in section 509(a)(3), an excess benefit transaction also includes grants, loans, compensation, or similar payments provided by the supporting organization to a:

- *Substantial contributor*
- Family member of a substantial contributor
- 35% controlled entity of a substantial contributor
- 35% controlled entity of a family member of a substantial contributor.

The excess benefit in this transaction is the amount of the grant, loan, compensation, or similar payments. Additionally, an *excess benefit transaction* includes any loans provided by the supporting organization to a disqualified person (other than an



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organization described in section 509(a)(1), (2), or (4)).

For more information see the Instructions for Form 4720.

**exempt bond**

See *tax-exempt bond*.

**exempt purpose expenditures**

For purposes of Schedule C, Part II-A, the amount an electing public charity may spend on lobbying (without incurring tax) is a scaled percentage of the organization's exempt purpose expenditures. In general, an exempt purpose expenditure is paid or incurred by an electing public charity to accomplish the organization's exempt purpose.

In general, exempt purpose expenditures are:

1. The total amount paid or incurred for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals, or to foster national or international amateur sports competition (not including providing athletic facilities or equipment, other than by qualified amateur sports organizations described in section 501(j)(2)),
2. The allocable portion of administrative expenses paid or incurred for the above purposes,
3. Amounts paid or incurred to try to influence legislation, whether or not for the purposes described in 1 above,
4. Allowance for depreciation or amortization, and
5. Fundraising expenditures, except that exempt purpose expenditures do not include amounts paid to or incurred for either the organization's separate fundraising unit or other organizations, if the amounts are primarily for fundraising.

See Regulations section 56.4911-4(c) for a discussion of excluded expenditures.

**expenditure test**

For purposes of Schedule C, Part II-A, there are limits both upon the amount of the organization's *grassroots lobbying expenditures* and upon the total amount of its *direct lobbying* and *grassroots lobbying expenditures*. If the electing public charity does not meet this expenditure test, it will owe a section 4911 excise tax on its excess lobbying expenditures. Moreover, if over a 4-year averaging period the organization's average annual total lobbying or grassroots lobbying expenditures are more than 150% of its dollar limits, the organization will lose its exempt status.

**family member, family relationship**

Unless specified otherwise, the family of an individual includes only his or her spouse, ancestors, brothers and sisters (whether whole or half blood), children (whether natural or adopted), grandchildren, great grandchildren, and spouses of brothers, sisters, children, grandchildren, and great grandchildren.

**farm**

Land used for the production of crops, fruits, or other agricultural products or for the maintenance of livestock. A farm includes the improvements located on the farm property.

**filing organization**

See *the organization*.

**FIN 48**

Financial Accounting Standards Board (FASB) Interpretation No. 48, *Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109*. The organization may be required to provide in Schedule D the text of the footnote to its financial statements regarding the organization's liability for uncertain tax positions under FIN 48.

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<b>financial statements</b>	The statements of revenue and expenses and balance sheet, or similar statements prepared regarding the financial operations of the organization.
<b>fiscal year</b>	An annual accounting period ending on the last day of a month other than December. See also <i>tax year</i> .
<b>fixed formula</b>	May generally incorporate an amount that depends upon future specified events or contingencies, as long as no one has discretion when calculating the amount of a payment or deciding whether to make a payment (such as a bonus).
<b>fixed payment</b>	An amount of cash or other property specified in the contract, or determined by a <i>fixed formula</i> that is specified in the contract, which is to be paid or transferred in exchange for the provision of specified services or property.
<b>foreign government</b>	A governmental unit or entity that is not classified as a <i>United States</i> government agency.
<b>foreign individual</b>	A person who lives or resides outside the <i>United States</i> , including a U.S. citizen or resident.
<b>foreign organization</b>	A foreign estate or trust, nonprofit or other non-governmental organization, partnership, corporation, or other business entity that is not created or organized in the United States or under the laws of the United States or of any State or U.S. territory or possession. A foreign organization includes an affiliate that is separately organized from the organization, but does not include any branch office, account, or employee of the organization located outside the United States.
<b>fundraising activities</b>	Activities undertaken to induce potential donors to contribute money, securities, services, materials, facilities, other assets, or time. They include publicizing and conducting fundraising campaigns; maintaining donor mailing lists; conducting fundraising events, preparing and distributing fundraising manuals, instructions, and other materials; and conducting other activities involved with soliciting contributions from individuals, foundations, governments, and others. "Fundraising activities" do not include gaming (other than gaming that is incidental to a fundraising activity) or the conduct of any trade or business that is regularly carried on.
<b>GAAP or generally accepted accounting principles</b>	The accounting principles set forth by the Financial Accounting Standards Board (FASB) and the American Institute of Certified Public Accountants (AICPA) that guide the work of the accountants in reporting financial information and preparing audited <i>financial statements</i> for organizations.
<b>gaming</b>	Includes (but is not limited to): bingo, pull tabs/instant bingo (including satellite and progressive bingo), Texas Hold-Em Poker and other card games, raffles, scratch-offs, charitable gaming tickets, break-opens, hard cards, banded tickets, jar tickets, pickle cards, Lucky Seven cards, Nevada Club tickets, casino nights, Las Vegas nights, and coin-operated gambling devices. Coin-operated gambling devices include slot machines, electronic video slot or line games, video poker, video blackjack, video keno, video bingo, video pull tab games, etc.
<b>gaming manager</b>	The person with overall supervision and management of the gaming operations. This person has responsibilities that may include record keeping, money counting, hiring and firing of workers and making the bank deposits for the gaming operation.
<b>governing body</b>	The group of persons authorized under state law to make governance decisions on behalf of the organization and its shareholders or members, if applicable. The governing body is, generally speaking, the board of directors (sometimes referred to as

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board of trustees) of a corporation or association, or the board of trustees of a trust (sometimes referred to simply as the trustees, or trustee if only one trustee).

<b>government official</b>	A federal, state or local official described within section 4946(c).
<b>governmental issuer</b>	A State or local governmental unit which issues a tax-exempt bond.
<b>governmental unit</b>	A State, a possession of the United States, a <i>political subdivision</i> of a State or U.S. possession, the United States, or the District of Columbia. Section 170(c)(1).
<b>grantmaking, or grants and other assistance</b>	For purposes of Schedule F and Schedule I, includes awards, prizes, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year. It does not include salaries or other compensation to employees.
<b>grassroots lobbying</b>	See <i>lobbying</i> .
<b>grassroots lobbying communication (grassroots expenditure)</b>	<p>For purposes of Schedule C, Part II-A, any attempt to influence any <i>legislation</i> through an attempt to affect the opinions of the general public or any part of the general public.</p> <p>A communication is generally not a grassroots lobbying communication unless (in addition to referring to <i>specific legislation</i> and reflecting a view on that legislation) it encourages recipients to take action about the specific legislation.</p> <p>A communication encourages a recipient to take action when it:</p> <ol style="list-style-type: none"><li>1. States that the recipient should contact legislators;</li><li>2. States a legislator's address, phone number, etc.;</li><li>3. Provides a petition, tear-off postcard, or similar material for the recipient to send to a legislator; or</li><li>4. Specifically identifies one or more legislators who:<ol style="list-style-type: none"><li>a. Will vote on legislation;</li><li>b. Opposes the communication's view on the legislation;</li><li>c. Is undecided about the legislation;</li><li>d. Is the recipient's representative in the legislature; or</li><li>e. Is a member of the legislative committee that will consider the legislation.</li></ol></li></ol> <p>A communication described in (4) above generally is grassroots lobbying only if, in addition to referring to and reflecting a view on specific legislation, it is a communication that cannot meet the full and fair exposition test as nonpartisan analysis, study, or research.</p>
<b>gross proceeds</b>	For purposes of Schedule K, generally any sale <i>proceeds</i> , investment proceeds, transferred proceeds, and replacement proceeds of an issue. See Regulations section 1.148-1(b),(c).
<b>gross receipts</b>	See Appendix B (How to Determine Whether an Organization's Gross Receipts Are Normally \$25,000 (or \$5,000) or Less) and Appendix C (Section 501(c)(15) Organizations and Gross Receipts).
<b>gross revenue</b>	For purposes of Schedule G, <i>gross receipts</i> less contributions.
<b>group exemption</b>	Tax exemption of a group of organizations all exempt under the same Code section, applied for and obtained by a central or parent organization on behalf of the subordinate or local organizations under its general supervision or control. See Rev. Proc. 80-27 for more information.

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<b>group return</b>	A Form 990 filed by the central or parent organization of a <i>group exemption</i> for two or more of the subordinate or local organizations that are in the group at the close of the central organization's tax year. See General Instruction I for more information.
<b>highest compensated employee</b>	One of the five highest compensated employees of the organization (including employees of a <i>disregarded entity</i> of the organization) other than officers or listed key employees. The five highest are determined by the amounts reported on box 5 of Forms W-2 for the calendar year ending with or within the organization's tax year.
<b>historical artifact</b>	Furniture, fixtures, textiles and household items of an historic nature, other than <i>works of art, historical treasures, or archeological artifacts</i> .
<b>historical treasure</b>	A building, structure, area, or property (real or personal) with recognized cultural, aesthetic, or historical value that is significant in the history, architecture, archeology, or culture of a country, state, or city.
<b>hospital</b>	A facility that is, or is required to be, licensed or certified as a hospital under state licensing or certification laws. This includes a hospital that is operated through a disregarded entity or a joint venture taxed as a partnership, but does not include a hospital that is located outside the United States or is operated by a separate organization that is tax-exempt or treated as an association taxable as a corporation for federal tax purposes.
<b>hospital facility</b>	A campus (or component thereof), building, structure or other physical location or address at which the organization provides medical or hospital care, including a hospital, outpatient facility, surgery center, urgent care clinic, or rehabilitation facility, whether operated directly by the filing organization or indirectly through a disregarded entity or joint venture taxed as a partnership.
<b>household goods</b>	Include furniture, furnishings, electronics, appliances, linens, and other similar items. They do not include (1) food, (2) paintings, antiques, and other objects of art, (3) jewelry and gems (other than costume jewelry reportable on this line), and other collectibles.
<b>independent contractor</b>	A person who provides services to the organization but who is not treated as an employee for employment tax purposes.
<b>independent member of governing body</b>	A member of the governing body, if all four of the following circumstances applied at all times during the organization's tax year: <ol style="list-style-type: none"><li>1. The member was not compensated as an officer or other employee of the organization or of a related organization (except for the religious exception discussed below).</li><li>2. The member did not receive total compensation or other payments exceeding \$10,000 for the year from the organization or from related organizations as an independent contractor, other than reimbursement of expenses or reasonable compensation for services provided in the capacity as a member of the governing body. For example, a person who receives reasonable expense reimbursements and reasonable compensation as a director of the organization does not cease to be independent merely because he or she also received payments of \$7,500 from the organization for other arrangements.</li><li>3. The member did not otherwise receive, directly or indirectly, material financial benefits from the organization or from a related organization. Transactions reportable in Schedule L with respect to a member of the governing body, or which would be reportable but for the large board exception (see Schedule L</li></ol>

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instructions), are deemed material financial benefits to the member for this purpose, except for a loan to the organization on arm's length or more favorable terms for the organization. In any case, a transaction with an amount greater than \$50,000 is a per se material financial benefit for this purpose.

4. The member did not have a family member that received compensation or other material financial benefits from the organization or from a related organization.

A member of the governing body is not considered to lack independence merely because of the following circumstances:

1. The member is a major donor to the organization.
2. The member receives officer or employee compensation as an agent of a religious order or a 501(d) religious or apostolic organization and has taken a bona fide vow of poverty, but only under circumstances in which the member does not receive taxable income (see, e.g., Rev. Ruls. 77-290, 80-332).
3. The member receives financial benefits from the organization solely in the capacity of being a member of the charitable or other class served by the organization in the exercise of its exempt function, such as being a member of a section 501(c)(6) organization, so long as the financial benefits comply with the organization's terms of membership.

See Reg. 53.4958-6(c)(1)(iii).

**in-house expenditures**

For purposes of Schedule C, Part III, include:

- Salaries, and
- Other expenses of the organization's officials and staff (including amounts paid or incurred for the planning of legislative activities).

In-house expenditures do not include:

- Any payments to other taxpayers engaged in lobbying or political activities as a trade or business.
- Any dues paid to another organization that are allocable to lobbying or political activities.

**initial contract**

A binding written contract between an *applicable tax-exempt organization* and a person who was not a *disqualified person* immediately prior to entering into the contract.

**instant bingo**

See *pull tabs*.

**institutional trustee**

A trustee that is not an individual or natural person but an organization. For instance, a bank or trust company serving as the trustee of a trust is an institutional trustee.

**intellectual property**

Any patent, copyright (other than a copyright described in section 1221(a)(3) or 1231(b)(1)(C)), trademark, trade name, trade secret, know-how, software (other than software described in section 197(e)(3)(A)(i)), or similar property. See also *qualified intellectual property*.

**key employee**

For purposes of Form 990 reporting, a key employee is an employee of the organization (other than an *officer*, *director*, or *trustee*) who has responsibilities, powers or influence over the organization as a whole that is similar to those of officers, directors, or trustees; (2) manages a discrete segment or activity of the organization that represents 5% or more of the activities, assets, income, or expenses of the

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organization, as compared to the organization as a whole; or (3) has or shares authority to control or determine 5% or more of the organization's capital expenditures, operating budget, or compensation for employees. An individual that is not an employee of the organization (or of a disregarded entity of the organization) is treated as a key employee if he or she serves as a director or similar fiduciary of a *disregarded entity* of the organization and otherwise meets the standards of a key employee set forth above. See below for the treatment of certain employees of a disregarded entity as a key employee of the organization. Exclude any person whose reportable compensation from the organization and related organizations does not exceed \$150,000. Management companies and similar entities that are independent contractors should not be reported as key employees.

**legislation**

Includes action by Congress, any state legislature, any local council, or similar governing body with respect to acts, bills, resolutions, or similar items or by the public in referenda, ballot initiatives, constitutional amendments or similar procedures. It does not include actions by executive, judicial or administrative bodies.

**limited control**

For purposes of Schedule C, Part II-A, two organizations that are affiliated because their governing instruments provide that the decisions of one will control the other only on national legislation are subject to the following provisions:

- Charge the controlling organization with its own lobbying expenditures and the national legislation expenditures of the affiliated organizations.
- Do not charge the controlling organization with other lobbying expenditures (or other exempt-purpose expenditures) of the affiliated organizations, and
- Treat each local organization as though it were not a member of an affiliated group. For example, the local organization should account for its own expenditures only and not any of the national legislation expenditures deemed as incurred by the controlling organization.

**lobbying**

All activities intended to influence foreign, national, state or local *legislation*. Such activities include direct lobbying (attempting to influence the legislators) and grassroots lobbying (attempting to influence legislation by influencing the general public).

**lobbying and political expenditures**

For purposes of Schedule C, Part III, lobbying and political expenditures do not include direct lobbying expenditures made to influence local legislation. Nor do they include any political campaign expenditures for which the tax under section 527(f) was paid. (see Schedule C, Part I-C). They do include any expenditures for communications with a covered executive branch official in an attempt to influence the official actions or positions of that official.

**lobbying expenditures**

For purposes of Schedule C, Part II-A, expenditures paid or incurred for the purpose of attempting to influence *legislation*:

- Through communication with any member or employee of a legislative or similar body, or with any government official or employee who may participate in the formulation of the legislation, and
- By attempting to affect the opinions of the general public.

To determine if an organization has spent excessive amounts on *lobbying*, the organization must know which expenditures are lobbying expenditures and which are not lobbying expenditures. An electing public charity's lobbying expenditures for a year are the sum of its expenditures during that year for (1) *direct lobbying communications* (*direct lobbying expenditures*) plus (2) *grassroots lobbying communications* (*grassroots expenditures*).

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**Maintaining offices,  
employees or agents**

For purposes of Schedule F, includes principal, regional, district, or branch offices, and such offices maintained by agents, and persons situated at those offices paid wages for services performed. “Agent” is defined under traditional agency principles (but excludes volunteers).

**medical research**

For purposes of a *medical research organization operated in conjunction with a hospital* (see Schedule A), *medical research* means investigations, studies and experiments performed to discover, develop, or verify knowledge relating to physical or mental diseases and impairments and their causes, diagnosis, prevention, treatment, control.

**medical research  
organization operated in  
conjunction with a hospital**

For purposes of Schedule A, an organization whose principal purpose or function of which is to engage in *medical research*, and that is engaged in the continuous active conduct of *medical research* in conjunction with a *hospital* that is described in section 501(c)(3) or that is operated by the Federal government, a state or its political subdivision, a U.S. possession or its political subdivision, or the District of Columbia. If the organization primarily gives funds to other organizations (or grants and scholarships to individuals) for them to do the research, the organization is not a medical research organization.

The organization is not required to be an affiliate of the hospital, but there must be a joint effort by the organization and the *hospital* to maintain close and continuous cooperation in the active conduct of medical research.

**Assets test/Expenditure test.** An organization qualifies as a medical research organization if its principal purpose is medical research, and it devotes more than half its assets, or spends at least 3.5% of the fair market value of its endowment, in conducting medical research directly. Either test may be met based on a computation period consisting of the immediately preceding tax year or the immediately preceding four tax years.

If an organization does not satisfy either the assets test or the expenditure test, it may still qualify as a medical research organization, based on the circumstances involved.

These tests are discussed in Regulations sections 1.170A-9(c)(2)(v) and (vi). Value the organization’s assets as of any day in its tax year but use the same day every year. Value the endowment at fair market value, using commonly accepted valuation methods. See Regulations section 20.2031.

**member of governing body**

A person who serves on the *governing body*, including a director, trustee, or co-trustee, but not if the person lacks voting power.

**noncash contributions**

Contributions of property, tangible or intangible, other than money. Noncash contributions include, but are not limited to, stocks, bonds, and other securities; real estate; works of art; stamps, coins, and other collectibles; clothing and household goods; vehicles, boats, and airplanes; inventories of food, medical equipment or supplies, books, or seeds; intellectual property, including patents, trademarks, copyrights, and trade secrets; donated items that are sold immediately after donation, such as publicly traded stock or used cars; and items donated for sale at a charity auction. Non-cash contributions do not include volunteer services performed for the reporting organization.

**nonexempt charitable trust**

A trust that meets the following conditions:

- it is not exempt from tax under section 501(a),
- all of its unexpired interests are devoted to charitable purposes, and

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- a charitable deduction was allowed for contributions to the trust under section 170, 545(b)(2), 642(c), 2055, 2106(a)(2), or 2522, or amounts paid or permanently set aside by the trust under section 642(c).

A nonexempt charitable trust must file Form 990 if it is treated as a *public charity* rather than a *private foundation* and meets the threshold filing requirements.

**nonqualified deferred compensation**

*Deferred compensation* that is earned pursuant to a nonqualified plan or nongovernmental section 457(b) plan. Different rules may apply for purposes of identifying arrangements subject to section 409A. Earned but unpaid incentive compensation may be deferred pursuant to a nonqualified deferred compensation plan.

**officer**

An officer is a person elected or appointed to manage the organization's daily operations, such as a president, vice-president, secretary, or treasurer. The officers of an organization may be determined by reference to its organizing document, bylaws, or resolutions of its governing body, but in all cases include those officers required by applicable state law. For purposes of Form 990 reporting, treat the organization's top management official as an officer.

**“on behalf of” issuer**

A corporation organized under the general nonprofit corporation law of a state whose obligations are considered obligations of a State or local governmental unit. See Rev. Proc. 82-26 for a description of the circumstances under which the Service will ordinarily issue an advance ruling that the obligations of a nonprofit corporation were issued on behalf of a State or local governmental unit. See also Rev. Rul. 63-20, 1963-1 C.B. 24; Rev. Rul. 59-41, 1959-1 C.B. 13; and Rev. Rul. 54-296, 1954-2 C.B. 59. An “on behalf of” issuer also includes any corporation organized by a State or local governmental unit specifically to issue tax-exempt bonds to finance a qualified purpose. See sections 150(d) and (e).

**the organization**

The organization filing the Form 990, listed on page 1, Item C of the Form 990, sometimes referred to as “the filing organization” for clarity. In the case of group returns, “the organization” refers to the group collectively, or to each of the subordinates individually, depending on the type of question. See General Instruction I.

**organization manager**

Any officer, director, or trustee of an *applicable tax-exempt organization*, or any individual having powers or responsibilities similar to officers, directors, or trustees of the organization, regardless of title.

**organization operated for the benefit of a college or university**

An organization described in section 170(b)(1)(A)(iv) that receives and manages property for and expends funds to benefit a college or university that is owned or operated by one or more states or their political subdivisions. Expending funds to benefit a college or university includes acquiring and maintaining the campus, its buildings, and equipment, granting scholarships and student loans, and making any other payments in connection with the normal functions of colleges and universities. The organization must meet the same public support test as for 170(b)(1)(A)(vi) organizations. See Rev. Rul. 82-132, 1982-2 C.B. 107.

**permanent (true) endowment**

Endowment funds that are maintained to provide a permanent source of income, with the stipulation that principal must be invested and kept intact in perpetuity, while only the income generated can be used by the organization. See SFAS 117.

**personal benefit contract**

Any life insurance, annuity, or endowment contract that benefits, directly or indirectly, the transferor, a member of the transferor's family, or any other person designated by the transferor (other than an organization described in section 170(c)). A charitable



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organization is an organization described in section 170(c).

- political campaign activities** All activities that support or oppose candidates for elective federal, state or local public office. It does not matter whether the candidate is elected. A candidate is one who offers himself or is proposed by others for the public office. Political campaign activity does not include any activity to encourage participation in the electoral process, such as voter registration or voter education, provided that the activity does not directly or indirectly support or oppose any candidate.
- political expenditure** Any expenditure for *political campaign activities*. An expenditure includes a payment, distribution, loan, advance, deposit, or gift of money, or anything of value. It also includes a contract, promise, or agreement to make an expenditure, whether or not legally enforceable.
- political subdivision** A division of any state or local governmental unit which is a municipal corporation or which has been delegated the right to exercise part of the sovereign power of the unit. Sovereign power includes the power to make and enforce laws.
- principal officer** Person who, regardless of title, has ultimate responsibility for implementing the decisions of the *governing body*, or for supervising the management, administration, or operation of the organization.
- private business use** For purposes of Schedule K, use by the organization or another 501(c)(3) organization in an unrelated trade or business as defined by section 513. Private business use also means any use by a nongovernmental person other than a 501(c)(3) organization.
- private foundation** An organization described in section 501(c)(3) that is not a *public charity*. Some private foundations are classified as operating foundations (also known as private operating foundations) under section 4942(j)(3) or exempt operating foundations under section 4940(d)(2). A private foundation retains its private foundation status until such status is terminated under section 507. Thus, a tax-exempt private foundation becomes a taxable private foundation if its 501(c)(3) status is revoked.
- proceeds** For purposes of Schedule K, generally the sale proceeds of an issue (other than those sale proceeds used to retire bonds of the issue that are not deposited in a reasonably required reserve or replacement fund). Proceeds also include any investment proceeds from investments that accrue during the project period (net of rebate amounts attributable to the project period). See Regulations section 1.141-1(b).
- professional fundraising services** Services performed (other than by an officer, director, or employee of the organization in his or her capacity as an officer, director, or employee) for the organization requiring the exercise of professional judgment or discretion consisting of planning, management, the preparation of materials (e.g., direct mail solicitation packages), or the provision of advice and consulting regarding solicitation of contributions; or the direct solicitation of contributions. However, “professional fundraising” does not include purely ministerial tasks, such as printing, mailing services, or receiving and depositing contributions to a charity, such as the services provided by a bank or caging service.
- program service** A major, usually ongoing, activity of an organization that accomplishes its exempt purpose. Examples of program services may include providing charity care under a hospital’s charity care policy, providing higher education to students under a college’s degree program, making grants or providing assistance to individuals who were victims of a natural disaster, and providing rehabilitation services to residents of a long-term care facility. A fundraising activity is not a program service unless substantially related to the accomplishment of the organization’s exempt purposes (other than by raising

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funds).

- program-related investment** Investments made primarily to accomplish the organization's exempt purposes rather than to produce income. Common types of program related investments include student loans and notes receivable from other exempt organizations that obtained the funds to pursue the filing organization's exempt function.
- progressive bingo** See *pull-tabs*.
- prohibited tax shelter transaction** Any listed transaction, within the meaning of section 6707A(c)(2), and any prohibited reportable transactions. A *prohibited reportable transaction* is a confidential transaction within the meaning of Regulations section 1.6011-4(b)(3), and a transaction with contractual protection within the meaning of Regulations section 1.6011-4(b)(4).
- public charity** An organization described in section 501(c)(3) and section 509(a)(1) (which cross-references sections 170(b)(1)(A)(i) through (vi)), section 509(a)(2), section 509(a)(3), or section 509(a)(4).
- publicly traded securities** *Securities* for which (as of the date of the contribution) market quotations are readily available on an established securities market.
- pull-tabs** Includes games in which an individual places a wager by purchasing preprinted cards that are covered with pull-tabs. Winners are revealed when the individual pulls back the sealed tabs on the front of the card and compares the patterns under the tabs with the winning patterns preprinted on the back of the card. Included in the definition of pull-tabs are "instant bingo," "mini bingo," and other similar scratch-off cards. Satellite, Internet and Progressive bingo are games conducted in many different places simultaneously and the winners are not all present when the wagers are placed, the winners are determined and the prizes are distributed. Revenue and expenses associated with satellite, internet and progressive bingo should be included under this category.
- qualified 501(c)(3) bond** A tax-exempt bond the proceeds of which are used by a 501(c)(3) organization in furtherance of its charitable purpose. Requirements applicable to a qualified 501(c)(3) bond under section 145 include:
1. all property financed by the bond issue is to be owned by a 501(c)(3) organization or a governmental unit; and
  2. the bond issue would not consist of private activity bonds under section 141 if the 501(c)(3) organization were treated as a governmental unit with respect to its activities which do not constitute unrelated trades or businesses (determined by applying section 513) and the private activity bond definition was applied using a 5% of net proceeds threshold (instead of 10% of proceeds) for the private business tests.
- qualified conservation contribution** Any contribution of a qualified real property interest exclusively for conservation purposes. A "qualified real property interest" means any of the following interests in real property:
1. The entire interest of the donor,
  2. A remainder interest,
  3. A restriction (e.g., an easement), granted in perpetuity, on the use which may be made of the real property.

A "conservation purpose" means:

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1. The preservation of land areas for outdoor recreation by, of the education of, the general public,
2. The protection of a relatively natural habitat of fish, wildlife, plants, or similar ecosystems,
3. The preservation of open space (including farmland and forest land) where such preservation is for the scenic enjoyment of the general public or is in accordance with governmental conservation policy, or
4. The preservation of an historically important land area or a certified historic structure.

See section 170(h) for additional information, including special rules with respect to the conservation purpose requirement for buildings in registered historic districts. See also *conservation easement*.

**qualified intellectual property**

Any patent, copyright (other than certain self created copyrights), trademark, trade name, trade secret, know-how, software (other than certain “canned” or “off-the-shelf” software or self created software), or similar property, or applications or registrations of such property. See also *intellectual property*.

**qualified state or local political organization**

A type of political organization that meets the following requirements:

- It limits its exempt function to the *selection process* relating solely to any state or local public office or office in a state or local political organization;
- It is required under a state law to report to a state agency (and does report) information that otherwise would be required to be reported on Form 8872 or it is required to report under state law (and does report) at least the following information:
  - o The name and address of every person who contributes a total of \$500 or more during the calendar year and the amount of each contribution;
  - o The name and address of every person to whom the organization makes expenditures aggregating \$800 or more during the calendar year, and the amount of each expenditure; and
  - o Any additional information specified in section 527(j)(3), if the state law requires the reporting of that information to the state agency.
- The state agency makes the reports filed by the organization publicly available;
- The organization makes the reports filed with the state agency publicly available in the manner described in section 6104(d); and
- No federal candidate or office holder controls or materially participates in the direction of the organization, solicits contributions to the organization, or directs any of the organization's disbursements.

**quasi-endowment**

Funds functioning as an endowment but established by the organization itself, either from donor or institutional funds, and which retain the purpose and intent as specified by the donor or source of the original funds. See SFAS 117.

**quid pro quo contribution**

A payment made to the organization partly as a contribution and partly in consideration for goods or services provided to the payor by the organization.

**reasonable compensation.**

The value that would ordinarily be paid for like services by like enterprises under like circumstances.

**refunding escrow**

One or more funds established as part of a single transaction or a series of related transactions, containing *proceeds* of a refunding issue and any other amounts to provide for payment of principal or interest on one or more prior issues. See Regulations section 1.148-1(b).

**refunding issue**

For purposes of Schedule K, an issue of obligations the proceeds of which are used to pay principal, interest, or redemption price on another issue (a prior issue), including

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the issuance costs, accrued interest, capitalized interest on the refunding issue, a reserve or replacement fund, or similar costs, if any, properly allocable to that refunding issue. A current refunding issue is a refunding issue that is issued not more than 90 days before the last expenditure of any proceeds of the refunding issue for the payment of principal or interest on the prior issue. An advance refunding issue is a refunding issue that is not a current refunding issue. See Regulations section 1.150-1(d)(1),(3),(4).

**regions**

For purposes of Schedule F, include:  
Central America and the Caribbean  
East Asia and the Pacific  
Europe (including Iceland and Greenland)  
Middle East and North Africa  
North America (which includes Canada and Mexico, but not the United States)  
Russia and the newly Independent States  
South America  
South Asia  
Sub-Saharan Africa

**related organization**

An organization that stands in one or more of the following relationships to the filing organization:

- Parent—an organization that *controls* the filing organization
- Subsidiary—an organization controlled by the filing organization
- Brother/Sister—an organization controlled by the same person or persons that control the filing organization
- Supporting/Supported—an organization that is (or claims to be) at any time during the organization's tax year (i) a supporting organization of the filing organization within the meaning of section 509(a)(3), if the filing organization is a supported organization within the meaning of section 509(f)(3), or (ii) a supported organization, if the filing organization is a supporting organization

**reportable compensation**

Compensation that is reported on Form W-2, box 5, or Form 1099-MISC, box 7, filed for the calendar year ending with or within the organization's tax year, and other taxable compensation if such forms are not required to be filed to report such taxable compensation to the recipient (such as payments to most independent contractors that are entities, and payments below the threshold reporting amount).

**research**

For purposes of research conducted by a *hospital* (see Schedule H), *research* means any study or investigation that receives funding from a tax-exempt or government entity of which the goal is to generate generalizable knowledge that is made available to the public, such as about underlying biological mechanisms of health and disease, natural processes or principles affecting health or illness; evaluation of safety and efficacy of interventions for disease such as clinical trials and studies of therapeutic protocols; laboratory-based studies; epidemiology, health outcomes and effectiveness; behavioral or sociological studies related to health, delivery of care, or prevention; studies related to changes in the health care delivery system; and communication of findings and observations (including publication in a medical journal).

**review of financial statement**

An examination of an organization's financial records and practices by an independent accountant with the objective of assessing whether the *financial statements* are plausible, without the extensive testing and external validation procedures of an *audit*.

**Sarbanes-Oxley**

The Sarbanes-Oxley Act of 2002 (Pub. L. No. 107-204, 116 Stat. 745, also known as

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the Public Company Accounting Reform and Investor Protection Act of 2002) and commonly called “SOX” or “Sarbox. The legislation established new or enhanced governance and accountability standards for certain companies.

**security/securities**

Any bond, debenture, note, or certificate or other evidence of indebtedness, issued by a corporation or a government or political subdivision, share of stock, voting trust certificate, or any certificate of interest or participation in, certificate of deposit or receipt for, temporary or interim certificate for, or warrant or right to subscribe to or purchase, any of the foregoing.

**SFAS 116**

Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made (June 1993)

**SFAS 117**

Statement of Financial Accounting Standards No. 117, Financial Statements of Not-for-Profit Organizations.

**Scientific specimens**

Objects or materials that relate to, or exhibit, the methods or principles of science.

**section 170(c)**

Refers to certain contributions or gifts to the following types of organizations:

1. A State, a possession of the United States, or any political subdivision of any of the foregoing, or the United States or the District of Columbia.
2. An organization described in section 501(c)(3) (other than an organization that tests for public safety), created or organized in the United States or in any possession thereof, or under the law of the United States, any State, the District of Columbia, or any possession of the United States.
3. A veterans' organization, organized in the United States or any of its possessions, no part of the net earnings of which inures to the benefit of any private shareholder or individual, that meets the requirements to receive deductible contributions under section 170(c)(3). [See Rev. Rul. 84-140, 1984-2 C. B. 51.]
4. A domestic fraternal organization described in section 501(c)(8) or (10) that uses charitable contributions exclusively for charitable purposes.
5. A cemetery company described in section 501(c)(13).

**section 527 exempt function activities**

All functions that influence or attempt to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors, whether or not such individual or electors are selected, nominated, elected, or appointed.

**short period**

An accounting period of less than 12 months, which exists when an organization changes its annual accounting period, and which may exist in its initial or final year of existence (see *tax year*).

**significant disposition of net assets**

A disposition of net assets, consisting of a sale, exchange, disposition or other transfer of more than 25% of the organization's net assets to another organization during the year, regardless of whether the organization received full or adequate consideration. A significant disposition or substantial contraction of net assets involves:

1. More than 25% of the fair market value of the organization's net assets at the beginning of the tax year; or
2. One of a series of related dispositions commenced in a prior year, that when combined comprise more than 25% of the net assets of the organization as of the beginning of the tax year when the first disposition in the series was made. Whether a significant disposition of net assets occurred through a series of

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related dispositions depends on the facts and circumstances in each case.

The types of sales or exchanges that are “a significant disposition of net assets” required to be reported in Schedule N, Part II include:

- taxable or tax-free sales or exchanges of exempt assets for cash or other consideration (such as a social club described in section 501(c)(7) selling land or other exempt organization selling assets used to further its exempt purposes);
- sales, contributions or other transfers of assets to establish or maintain a partnership, joint venture or a corporation (for-profit or nonprofit) regardless of whether such sales or transfers are governed by section 721 or section 351, whether or not the transferor receives an ownership interest in exchange for the transfer;
- Sales of assets by a partnership or joint venture where the exempt partner has an ownership interest.
- transfers of assets pursuant to a reorganization in which the organization is a surviving entity.

<b>special fundraising event</b>	Any <i>event</i> (other than an event conducted in the course of a trade or business that is regularly carried on) at which the organization sells donated goods or services, or for which the organization charges a fee (that may exceed the fair market value of comparable events) to attend or participate, including, but not limited to, a dinner; a spectator sports event; an entertainment or artistic performance (such as a concert) or display; a participatory athletic event, such as a “walk-a-thon,” golf tournament, or bike ride; a carnival; or a tour of one or more homes, gardens, or other places of interest. A “Special fundraising event” does not include the sale of merchandise that is not donated, even if the sale is conducted only annually.
<b>specific legislation</b>	Includes (1) <i>legislation</i> that has already been introduced in a legislative body and (2) specific legislative proposals that an organization either supports or opposes.
<b>sponsoring organization</b>	Any organization which: <ul style="list-style-type: none"><li>- is described in section 170(c), except for governmental entities or organizations described in section 170(c)(1) and without regard to 170(c)(2)(A);</li><li>- is not a private foundation as defined in section 509(a); and</li><li>- maintains one or more donor advised funds.</li></ul>
<b>state of legal domicile</b>	The state of formation or incorporation of the organization.
<b>substantial contraction</b>	See <i>significant disposition of net assets</i> .
<b>substantial contributor</b>	In general, a person that contributed or bequeathed an aggregate amount of more than \$5000 to the organization, if such amount is more than 2% of the total contributions and bequests received by the organization before the close of the organization’s tax year in which the contribution or bequest is received by the organization from the person. The creator of a trust is also deemed a substantial contributor with respect to the trust. For special rules, see sections 507(d)(2) and 4958(c)(3) and Regulations section 1.507-6.
<b>supported organization</b>	A <i>public charity</i> described in section 509(a)(1) or 509(a)(2)) that is supported by a

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*supporting organization* described within section 509(a)(3).

<b>supporting organization</b>	A <i>public charity</i> described in section 509(a)(3). A supporting organization is organized and operated to support <i>supported organizations</i> . Supporting organizations are classified as either Type I (operated, supervised, or controlled by one or more supported organizations), Type II (supervised or controlled in connection with one or more supported organizations), Type III functionally integrated (operated in connection with one or more supported organizations, if the supporting organization is not required to make payments to supported organizations due to the activities of the supporting organization related to performing the functions, or carrying out the purposes, of such supported organizations), or Type III other (operated in connection with one or more supported organizations and not functionally integrated).
<b>tax-exempt bond</b>	An obligation issued by or on behalf of a governmental issuer on which the interest paid is excluded from the holder's gross income under section 103. For this purpose, a bond can be in any form of indebtedness under federal tax law, including a bond, note, loan or lease-purchase agreement.
<b>tax year</b>	The annual accounting period for which the Form 990 is being filed, whether the calendar year ending December 31 <sup>st</sup> or a fiscal year ending on the last day of any other month. The organization may have a "short" tax year in its first year of existence, in any year when it changes its annual accounting period (e.g., from December 31 year-end to a June 30 year-end), and in its last year of existence, e.g., when it merges into another organization or dissolves. See also <i>fiscal year</i> and <i>short period</i> .
<b>taxidermy</b>	Any work of art that is the reproduction or preservation of an animal, in whole or in part; is prepared, stuffed, or mounted to recreate one or more characteristics of the animal, and contains a part of the body of the dead animal.
<b>term endowment</b>	An endowment fund maintained to provide a source of income for either a specified period of time or until a specific event occurs. See SFAS 117.
<b>unit</b>	For gaming purposes, two or more organizations that are authorized under state law to conduct bingo or other gaming at the same location and that join together to account for and/or share revenues, authorized expenses, and inventory related to bingo and gaming operations.
<b>United States</b>	For purposes of Schedule F, includes the 50 States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, Guam, American Samoa, and the United States Virgin Islands.
<b>unrelated business income</b>	Income from an <i>unrelated trade or business</i> as defined in section 513.
<b>unrelated business gross income</b>	Gross income from an <i>unrelated trade or business</i> as defined in section 513.
<b>unrelated trade or business</b>	Any trade or business, the conduct of which is not substantially related to the exercise or performance by the organization of its charitable, educational, or other purpose or function constituting the basis for its exemption.[IRC 513] See Publication 598 and the Form 990-T Instructions for a discussion of what is an unrelated trade or business.
<b>unusual grant</b>	A substantial grant, contribution, or bequest from a disinterested person that is: <ol style="list-style-type: none"><li>1. attracted because of the organization's publicly supported nature,</li><li>2. unusual and unexpected because of the amount, and</li><li>3. large enough to endanger the organization's status as a publicly supported</li></ol>

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organization under section 170(b)(1)(A)(iv) or (vi) or 509(a)(2) if taken into account.

A grant that meets these requirements may be treated as an unusual grant that is entirely excluded from the publicly supported computation even if the organization receives the funds over a period of years.

See Rev. Rul. 76-440, 1976-2 C.B. 58 and Regulations sections. 1.170A-9(e)(6)(ii) and 1.509(a)-3(c)(3) and (4) for details about unusual grants.

**volunteer**

A person who serves the organization without compensation. “Compensation” includes tips and non-cash benefits, except for:

- reimbursement of expenses under an accountable plan,
- liability insurance coverage for acts performed on behalf of the exempt organization, and
- de minimis fringe benefits.

**voting member of the governing body**

A member of the organization’s governing body with power to vote on all matters that may become before the governing body (other than a conflict of interest that disqualifies the member from voting).

**whistleblower policy**

A policy that encourages staff and volunteers to come forward with credible information on illegal practices or violations of adopted policies of the organization, specifies that the organization will protect the individual from retaliation, and identifies those staff or board members or outside parties to whom such information can be reported.

**works of art**

Include paintings, sculptures, prints, drawings, ceramics, antiques, decorative arts, textiles, carpets, silver, photography, film, video, installation and multimedia arts, rare books and manuscripts, historical memorabilia and other similar objects. Art does not include collectibles such as autographs, sports memorabilia, dolls, stamps, coins, phonographic records, gems, jewelry, sports memorabilia, dolls, etc.

**year of formation**

The year in which the organization was created or formed under applicable state law (if a corporation, the year of incorporation).