

Highlights

Schedule D contains a compilation of various financial statement attachments.

Part I requires information regarding donor advised funds and other similar funds or accounts. This information is unchanged from the 2007 Form 990. The IRS will consider further changes to this reporting after pending guidance projects and studies are completed.

Part II requires information regarding conservation easements. The instructions clarify that the financial statement reporting positions taken by the organization with regard to easements is to be explained, including the basis for its position under applicable financial reporting principles.

Part III requires information from organizations that maintain collections of art, historical treasures and other similar assets. The instructions clarify that the Part III reporting relies on SFAS 116 for guidance regarding the meaning of terms used in Part III.

Part IV requires information regarding escrow accounts, custodial arrangements and similar arrangements. The instructions provide examples and clarify that reporting is not limited to credit counseling organizations. The IRS specifically requests comments regarding whether, and if so the extent to which, a carveout from Part IV reporting is appropriate for certain charitable giving arrangements in which the organization is a trustee, such as charitable remainder trusts.

Part V requires information from organizations that maintain endowment funds. The instructions clarify that the Part V reporting relies on SFAS 117 for guidance regarding the meaning of terms used in Part V, and that reported gains and losses includes both realized and unrealized amounts.

Parts VI – IX require supplemental reporting of certain assets (land, buildings and equipment; other securities; program related investments; and other assets). The instructions explain the 5% of total asset threshold below which supplemental reporting is not required for certain of these asset categories, and provide information and examples regarding certain asset types to be used for these Parts.

Part X requires information regarding the organization's Federal income tax liability and certain other liabilities. An organization must separately report its total liability for federal income taxes on the line provided. The instructions clarify that in the context of consolidated financial statements which contain FIN 48 footnote reporting that is not specific to the filing organization, the organization may summarize that portion of the footnote that pertains to uncertain tax positions or liability shared by the filing organization and other organizations, provided that the summary fairly describes the uncertain tax position and liability of the filing organization. Footnote material specific to the filing organization must be provided verbatim. Also, the instructions clarify that liabilities to related organizations are to be separately reported in this Part.

Parts XI – XIII are required for organizations that have audited statements prepared in accordance with SFAS 117, and optional for other filing organizations.

2008 Schedule D (Form 990) Instructions Supplemental Financial Statements

Section references are to the Internal Revenue Code unless otherwise noted.

General Instructions

Purpose of Schedule

Schedule D (Form 990) is used by an organization that files Form 990 to provide the required reporting for donor advised funds, conservation easements, certain art and museum collections, escrow accounts and custodial arrangements, endowment funds, and supplemental financial information.

Who Must File

Any organization that answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, lines 6 through 12 must complete the appropriate parts of Schedule D and attach Schedule D to Form 990.

If an organization is not required to file Form 990, it is not required to file Schedule D.

Specific Instructions

Part I Donor Advised Funds

Complete Part I if the organization answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 6.

A *sponsoring organization* is any organization which:

- is described in section 170(c), except for governmental entities or organizations described in section 170(c)(1) or 170(c)(2)(A);
- is not a private foundation as defined in section 509(a); and
- maintains one or more donor advised funds.

Generally, a *donor advised fund* is a fund or account:

1. That is separately identified by reference to contributions of a donor or donors;
2. That is owned and controlled by a sponsoring organization; and
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.

A *donor advisor* is 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.

Exception. A donor advised fund does not include any fund or account:

1. That makes distributions only to a single identified organization or governmental entity, or
2. In which a donor or donor advisor gives advice about which individuals receive grants for travel, study, or other similar purposes, if:

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- 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;
 - b. No combination of donors or donor advisors (and related persons as defined below) directly or indirectly control the committee;
 - 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
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.

In regards to donor advised funds, a *related person* is any family member (as defined in section 4958(f)) of the donor or donor advisor and any 35% controlled entity (as defined in section 4958(f)) of the donor or donor advisor.

See Notice 2006-109, and any future related guidance for more information.

Column (a). Complete column (a) for all donor advised funds held by the organization as a sponsoring organization.

Column (b). Complete column (b) for separate funds or accounts held by the organization, other than donor advised funds, where donors have the right to provide advice on the distribution or investment of amounts held in such funds or accounts.

Line 1. Report in column (a) the total number of donor advised funds and in column (b) the total number of other funds or accounts held by the organization.

Line 2. Report in column (a) the aggregate amount of contributions to all donor advised funds and in column (b) the aggregate amount of contributions to all other funds or accounts held by the organization.

Line 3. Report in column (a) the aggregate amount of grants made from all donor advised funds and in column (b) the aggregate amount of grants made from all other funds or accounts held by the organization.

Line 4. Report in column (a) the aggregate value of all donor advised funds and in column (b) the aggregate value of all other funds or accounts held by the organization.

Part II Conservation Easements

Complete Part II if the organization answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 7.

A *conservation easement* is 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,

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or recreational purposes. Qualified organizations include governmental units and certain tax-exempt organizations described in section 501(c)(3) of the Internal Revenue Code that have a commitment to protect the conservation purposes of the easement and the resources to enforce the restrictions. Also report on Part II other real property interests in real property that under state law have attributes similar to an easement (e.g., a restrictive covenant or equitable servitude).

Line 1. Check the box for the purpose or purposes for which the organization held the easement(s) during the year. Check all that apply.

Line 2. Provide an answer for each item.

Line 2a. Enter the number of conservation easements held by the organization at the end of the year. This should not be an estimate or a rounded off number.

Line 2b. Enter the total acreage restricted by conservation easements held by the organization. Complete the total acreage by adding together all the acres of land subject to all the easements held as of the end of the year. Do not include conservation easements on certified historic structures. Acreage may be expressed in decimal points for properties subject to easements where the acreage consists of less than whole numbers. For example, two and one-half acres may be expressed as 2.5 acres.

Line 2c. Enter the number of conservation easements on certified historic structures held by the organization at the end of the year.

Line 2d. Enter the number of easements included in the answer to Line 2c which the organization acquired after August 17, 2006.

Line 3. In general, a grant of a conservation easement to a qualified organization is required to be made in perpetuity. Enter the total number of conservation easements held by the organization that were modified, transferred, released, extinguished and/or terminated during the year. For example, if 2 easements were modified and 1 easement was terminated during the year, enter the number 3. For each easement that was modified, transferred, released, extinguished, or terminated, explain the changes in Part XIV of this Schedule. *An easement is modified* when the terms of easement are amended. For example, if the deed of easement is amended to increase or decrease the amount of land subject to the easement and/or to add or remove restrictions regarding the use of the property subject to the easement, the easement is modified. *An easement is transferred* when the organization assigns the deed of easement whether with or without consideration. *An easement is released or terminated* when it is condemned, extinguished by court order, transferred to the land owner, or in any way rendered void and unenforceable.

Line 4. A qualified organization must have a commitment to protect the conservation purposes of the easement, and have the resources to enforce the restrictions. Enter as a total number, the number of states where property is located which is subject to a conservation easement or easements held by the organization during the year.

Line 5. Report whether the organization has a written policy or policies regarding how the organization will monitor, inspect, respond to violations, and enforce conservation

easements. If “Yes,” briefly summarize such policy or policies in Part XIV of this Schedule. Also, indicate whether such policy or policies are reflected in your easement documents. *Monitoring* means that the organization investigates the use or condition of the real property restricted by the easement to determine if the property owner is adhering to the restrictions imposed by the terms of the easement to ensure that the conservation purpose of the easement is being achieved. *Inspection* means an onsite visit to observe the property to carry out a monitoring purpose. *Enforcement* of an easement means action taken by the organization after it discovers a violation to compel a property owner to adhere to the terms of the conservation easement. Such activities may include communications with the property owner explaining his or her obligations with respect to the easement, arbitration, or litigation.

Line 6. Enter the total number of hours devoted during the year to monitoring, inspecting, and enforcing easements, as those terms are defined in the preceding paragraph. Include the hours devoted to this purpose by any of your paid or unpaid staff and by any of your agents or contractors.

Line 7. Enter the total amount of expenses incurred by the organization during the year to monitor, inspect, and enforce the easements it held during the year as those terms are defined in the second paragraph above, under the heading for “Line 5. Written Policy Regarding Monitoring.”

Line 8. Answer “yes” if each of your façade easements acquired after August 17, 2006, satisfies the requirements of both section 170(c)(4)(B)(i) and section 170(c)(4)(B)(ii) of the Code. Section 170(c)(4)(B)(i) requires each façade easement donated after August 17, 2006, to include a restriction which preserves the entire exterior of the building, including the front, sides, rear, and height of the building, and to prohibit any change in the exterior of the building which is inconsistent with the historical character of such exterior. Section 170(c)(4)(B)(ii) requires the donor and donee to enter into a written agreement certifying, among other things, that the donee organization has the resources to manage the historic preservation property and a commitment to do so.

Line 9. Enter on Part XIV of this Schedule a description of how the organization reports conservation easements (1) in its revenue and expense statements, (2) on its balance sheets, and (3) include, if applicable, the text of the footnote to the organization’s financial statements that describes the organization’s accounting for conservation easements and the basis for its reporting position (e.g., FASB EITF 02-7, Example 1).

Part III Organizations Maintaining Collections of Art, Historical Treasures, and Other Similar Assets

Complete Part III if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 8.

For this Part, refer to SFAS 116 for meanings of the various terms.

Lines 1 through 5. Pursuant to SFAS 116, certain organizations may choose one of two methods to report collections of art, historical treasures, or other similar assets held for public exhibition, education or research in furtherance of public service. An organization that does not recognize and capitalize its collections for financial statement purposes will report its collections on the face of its statement of activities, separately

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from revenues, expenses, gains, losses and assets. An organization that recognizes and capitalizes its collections for financial statement purposes will report its collections as assets and revenues based upon its fair value measurement. Line 1 pertains to collection items held by the organization in furtherance of public service, and line 2 pertains to collection items held by the organization for financial gain, as those terms are described in SFAS 116.

Line 1a. If an organization has elected not to capitalize its collections, then provide in Part XIV of this Schedule the footnote(s) to the organization's financial statements that describe these collection items.

Line 1b. If an organization has elected to capitalize its collections, then provide on line 1(b)(i) the revenues reported as to these collection items from the total revenues reported on Form 990, Part VIII, line 1; and, on line 1(b)(ii), provide the asset value assigned to these collection items from the total assets reported on Form 990, Part X.

Line 2. If an organization has received or held collections for financial gain, then provide on line 2(a) the revenues reported as to these collection items from the total revenues included on Form 990, Part VIII, line 1; and, on line 2(b), provide the asset value assigned to these collection items from the total assets reported on Form 990, Part X.

Line 3. Based upon the organization's acquisition, accession, and other records, check all boxes that best describe how the organization utilizes its collections, including the collection's most significant use.

Line 4. On Part XIV of this Schedule, provide a description of the organization's collections and explain how these collections further the organization's exempt purposes.

Line 5. Answer "Yes" to line 5 if during the year the organization solicited or received donations of art, historical treasures or other similar assets to be sold in order to raise funds rather than to be maintained as part of the organization's collection.

Part IV Trust, Escrow, and Custodial Arrangements

Complete Part IV if the organization answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 9.

Lines 1a and b. If the organization acts as an agent, trustee, custodian or other intermediary for funds payable to other organizations or individuals and has not reported those amounts on Form 990, Part X as an asset or liability, check "Yes" and provide an explanation in Part XIV.

Organizations that maintain custodial accounts not reported on Form 990, Part X, must record increases or decreases in such accounts by completing lines 1c through 1f.

Examples:

- A credit counseling organization that collects amounts from debtors to remit to creditors may hold funds in a custodial account. If the organization acts as a go-between and does not report these funds as its

assets or liabilities, it must report the fund balances on lines 1c through 1f.

- An organization providing down-payment assistance that collects amounts from donors to be used toward the purchase of qualifying housing may hold funds in a custodial account. If the organization acts as a go-between and does not report these funds as its assets or liabilities, it must report the fund balances on lines 1c through 1f.

Line 2. Amounts reported in Form 990 Part X, line 21. If “yes,” explain the arrangements under which the amounts reported in line 21 are held, including any obligations to other persons.

Part V Endowment Funds

Complete Part V if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 10. For this Part V, the definitions of endowments and types of endowments are governed by SFAS 117, paragraphs 14 through 17. Information reported in Part V should pertain to the aggregate of the organization’s endowments.

Lines 1 through 4. *Term endowments* are endowment funds that are maintained to provide a source of income for either a specified period of time or until a specific event occurs. *Permanent (true) endowments* are 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.

Board designated or *quasi-endowments* are funds functioning as an endowment but are established by the organization itself, either from donor or institutional funds, and must retain the purpose and intent as specified by the donor or source of the original funds.

For 2008, columns (b) through (e) may be left blank.

Line 1a. Enter the beginning year balance of the organization’s endowment funds. The amount entered should agree with the organization’s total of permanent (true), term, and quasi endowment funds at the beginning of the year.

Line 1b. Enter the amount of current year contributions to the organization’s endowment funds. This amount includes all donor gifts, grants and contributions received, as well as additional funds that have been established by the organization’s governing board to function like an endowment but that may be expended at any time at the discretion of the board.

Line 1c. Enter the current year net amount of investment earnings, gains, and losses, including both realized or unrealized amounts.

Line 1d. Enter the current year amounts distributed for grants or scholarships.

TIP: Because scholarships represent direct aid to individuals, they are distinguished from general programmatic aid referenced in line 1e.

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Line 1e. Enter the current year amounts distributed for facilities and programs. Amounts on this line should include amounts withdrawn or disinvested from an organization's quasi endowments.

Line 1f. Enter the amount of current year administrative expenses.

Line 1g. Enter the year-end balance of the endowments. To achieve the year-end balance, add lines 1a, 1b and investment earnings of line 1c, and subtract line 1c investment losses and the amounts on lines 1d through 1f.

Line 2. On lines 2a through 2c, enter the estimated percentage of the organization's total endowment funds at year end held in (a) board designated/quasi-endowment funds, (b) permanent endowments funds, or (c) term endowment funds. These totals should equal 100%.

Line 3a(i). Enter "Yes" on line 3a(i) if any of the organization's endowment funds are in the possession of and administered by unrelated organizations.

Line 3a(ii). Enter "Yes" on line 3a(ii) if any of the organization's endowment funds are in the possession of and administered by related organizations.

Line 3b. Enter "Yes" on line 3b if the organization answered "Yes" to line 3a(ii) and the organization listed all of the related organizations on Schedule R.

Line 4. Describe in Part XIV of this Schedule the intended uses of the organization's endowment funds.

Part VI Land, Buildings and Equipment

Complete Part VI if the organization answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 11, and reported an amount in Form 990, Part X, *Balance Sheet*, lines 10a, 10b, or 10c, column (B). Reporting is required if any amount other than zero is reported in such lines.

Column (a). Enter the cost or other basis of all land, buildings, leasehold improvements, equipment, and other fixed assets held for investment purposes, such as rental properties.

Column (b). Enter the cost or other basis of all other land, buildings, leasehold improvements, equipment, and other fixed assets held for other than investment purposes, including any land, buildings, and equipment owned and used by the organization in conducting its exempt activities. The total amounts reported in columns (a) and (b) must equal the amount reported on Form 990, Part X, line 10a.

Column (c). Enter the accumulated depreciation recorded with respect to the assets listed in columns (a) and (b). Do not enter an amount in column (c) for line 1a, Land. The total of column (c) must equal the amount reported on Form 990, Part X, line 10b.

Column (d). Enter column (b) minus column (c). The total of column (d) must equal the amount reported on Form 990, Part X, line 10c, column (B).

Part VII Investments — Other Securities.

Complete Part VII if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 11, and reported an amount in Form 990, Part X, *Balance Sheet*, line 12, that is 5 percent or more of the total assets reported on Part X, line 16.

This includes stock in a closely held company whose stock is not available for sale to the general public or which is not widely traded. Other securities also include publicly traded stock for which the organization holds 5 percent or more of the outstanding shares of the same class. List and report for each separate class of publicly traded stock held by the organization that meets the 5 percent ownership test. Do not include program related investments.

Column (a). Describe the type of investment. However, each class of publicly traded stock for which the organization holds 5 percent or more of the outstanding shares must be listed by name and class, including the number of shares held.

Column (b). Enter the book value for each investment. The total of column (b) must equal the amount reported on Form 990, Part X, line 12, column (B).

Column (c). Indicate whether the investment is listed at cost or end-of-year market value. When valuing securities at fair market value, use commonly accepted valuation methods.

Part VIII Investments— Program Related

Complete Part VIII if the organization answered “Yes” in Form 990, Part IV, *Checklist of Required Schedules*, line 11, and reported an amount in Form 990, Part X, *Balance Sheet*, line 13, that is 5 percent or more of the total assets reported on Part X, line 16.

Program related investments are investments made primarily to accomplish the organization’s exempt purposes rather than to produce income. Examples 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, such as to make loans to students to pursue higher education.

Column (a). List each type of program related investment.

Column (b). Enter the book value of each program related investment.

Column (c). Indicate whether the investment is listed at cost or end-of-year market value.

Part IX Other Assets

Complete Part IX if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 11, and reported an amount in Form 990, Part X, *Balance Sheet*, line 15, that is 5 percent or more of the total assets reported on Part X, line 16.

Column (a). Enter a description of assets reported on Form 990, Part X, line 15. The organization may use any reasonable basis to classify by type of other assets.

Column (b). Enter the total book value of these assets. The total of column (b) must equal the amount reported on Form 990, Part X, line 16, column (B).

Part X Other Liabilities

Complete Part X if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 11, and reported an amount in Form 990, Part X, *Balance Sheet*, line 25. Organizations are required to separately report all liabilities for Federal income taxes, and amounts owed to related organizations, on Part X, line 25.

Column (a). List each type of liability not reported on lines 17 through 24 of Form 990, Part X. The organization may use any reasonable basis to classify by type of other liabilities.

Note: An organization must separately report its total liability for federal income taxes on the line provided. Amounts payable to related organizations must also be separately reported.

Column (b). Enter the book value of each liability.

The filing organization must provide the text of the footnote to its financial statements, if applicable, regarding the organization’s liability for uncertain tax positions under FIN 48. This includes, for example, the description of a liability for unrelated business income tax, or tax that may be assessed as a result of the revocation of exempt status. Any portion of the FIN 48 footnote that addresses only the filing organization’s liability must be provided verbatim. The filing organization may summarize that portion, if any, of the footnote that applies to the liability of multiple organizations including the organization (for example, as a member of a group with consolidated financial statements), to describe the filing organization’s share of the liability.

Parts XI, XII, and XIII Reconciliation of Change in Net Assets, Revenues, and Expenses from Form 990 to Audited Financial Statements

Complete Part XI, Part XII, and Part XIII if the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 12.

An organization required to complete Parts XII and XIII is also required to complete part XI.

If the organization did not receive an audited financial statement for 2008 (or the fiscal year for which it is completing this Form 990) and prepared the return in accordance with SFAS 117, it does not need to complete Parts XI, XII or XIII.

Use the reconciliation statements of Parts XII and XIII to reconcile the differences between the revenue and expenses reported on the organization’s audited financial statements prepared in accordance with SFAS 117 and the revenue and expenses reported on the organization’s Form 990.

On line 4a of Parts XII and XIII, include only those investment expenses netted against investment income in the revenue portion of the organization’s audited financial statements. Do not include program-related investment expenses or other expenses reported as program service expenses in the audited statement of activities.

Parts XI, XII, and XIII do not have to be completed on group returns.

Part XIV Supplemental Information

Complete Part XIV to provide narrative information required in:

- Part II, line 9 (conservation easements);
- Part III, lines 1a and 4 (collections of art, historical treasures, or other similar assets);
- Part IV, lines 1b and 2b (trust, escrow, and custodial arrangements);
- Part V, line 4 (endowment funds);
- Part X (FIN 48 footnote text);
- Part XI, line 8 (reconciliation of change in net assets);
- Part XII, lines 2d and 4b (reconciliation of revenue); and
- Part XIII, lines 2d and 4 (reconciliation of expenses).

Also use Part XIV to provide additional narrative explanations and descriptions. Identify the specific part and line number that the response supports, in the order that it appears on Schedule D (Form 990).

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