

Highlights

1. Identification of Regions. The 2008 Schedule F Instructions require reporting on a regional basis. The proposed regions are generally patterned upon the regional breakdown used by the World Bank, which recognizes 6 regions. The World Bank does not have a North America or South America region, and we have split the World Bank Europe and Central Asia region into two regions (Europe; Russia and the newly Independent States). The draft instructions do not provide a list of the countries within each region. Final instructions will provide a listing of countries by region or otherwise instruct the organization how to determine the region within which a country or geographic area is located.
2. "Outside the United States" is defined, for purposes of the Schedule F, as regions outside the United States. For purposes of Schedule F, "United States" includes the 50 States and the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States (including Guam, American Samoa, and the United States Virgin Islands).
3. "Foreign organization" is defined for purposes of Schedule F, as a foreign estate or trust, nonprofits or other non-governmental organizations, partnerships, corporations, or other business entities that are 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 filing organization, but does not include any branch office, account, or employee of the filing organization located outside the United States.
4. Foreign government is a governmental unit, or entity, that is not classified as a United States government agency.
5. "Foreign individual" or "individual outside the U.S." is a person who lives or resides outside the United States, including a U.S. citizen or resident.
6. For 2008, the IRS is not requiring the reporting of the names or EINs of grantee organizations for Part II, columns (a) and (b).
7. The instructions clarify that volunteers are not treated as agents for purposes of determining whether an organization must complete Schedule F because it has agents outside the U.S.

2008 Schedule F (Form 990) Instructions Statement of Activities Outside the United States

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

General Instructions

Purpose of Schedule

Schedule F (Form 990) is used by an organization that files Form 990 to provide information on its activities conducted outside the United States by the organization during the tax year. *Activities conducted outside the United States* include grantmaking, fundraising, unrelated trade or business, program services, or maintaining offices, employees, or agents in regions outside the United States for the purpose of conducting any such activities. This includes passive investments other than financial accounts that are reported on Form 990, Part V, *Statements Regarding Other IRS Filings and Tax Compliance*, lines 4a and 4b.

For purposes of Schedule F, the "United States" means the 50 States and the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, and the territories and possessions of the United States (including Guam, American Samoa, and the United States Virgin Islands).

Information is to be reported based on the geographic regions described below. Report activities conducted by the organization directly or indirectly through a disregarded entity, or through a joint venture taxed as a partnership.

For purposes of this schedule, *grantmaking* includes awards, prizes, cash allocations, stipends, scholarships, fellowships, research grants, and similar payments and distributions made by the organization during the tax year to foreign organizations, foreign governments, or foreign individuals. It does not include salaries or other compensation to employees. *Foreign organizations* include a foreign estate or trust, nonprofits or other non-governmental organizations, partnerships, corporations, or other business entities that are 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. For purposes of defining grantmaking for Schedule F, a foreign organization includes an affiliate that is separately organized from the filing organization, but does not include any branch office, account, or employee of the filing organization located outside the United States. *Foreign governments* do not include a U.S. government agency regardless of where it is located or operated. *Foreign individuals* are persons who live or reside outside the United States, including U.S. citizens or residents.

For purposes of this schedule: *program services* are activities that form the basis of the organization's exemption from federal income tax conducted by the organization outside the United States. Examples of program services include providing assistance, such as food, shelter, clothing, medical assistance or supplies. *Fundraising* includes soliciting contributions, gifts, grants, or conducting special events specifically to generate gifts or contributions, outside the United States. *Maintaining offices, employees or agents* includes principal, regional, district,

or branch offices, and such offices maintained by agents, and persons situated at those offices paid wages for services performed. For purposes of this schedule, "agent" is defined under traditional agency principles, but does not include volunteers.

Use Schedule F-1 to report additional information for Parts I, II, or III of Schedule F. Use as many Schedules F-1 as needed.

Who Must File

Any organization that answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 14b, 15, or 16, must complete the appropriate parts of Schedule F and attach Schedule F to Form 990.

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

Specific Instructions

Regions

Reporting on Schedule F is based on geographic regions. Use the following regions for this purpose:

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

Part I General Information on Activities Outside the United States

Complete this part if the organization answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 14b.

Lines 1 and 2. Complete these lines only if the organization made grants directly to foreign organizations, foreign governments, or foreign individuals. Indicate "Yes" or "No" regarding whether the organization maintains records to substantiate amounts, eligibility, and selection criteria used for grants. Describe how the organization monitors its grants to ensure that such grants are used for proper purposes or are not otherwise diverted from the intended use. For example, the organization may describe periodic reports required or field investigations conducted; or it may indicate that the organization is a "friends of" organization that supports specified foreign organizations. Use Part IV of this Schedule for the narrative response to line 2.

Line 3. Activities Per Region. Complete this table if the organization answered "Yes" to Form 990, Part IV, *Checklist of Required Schedules*, line 14b. A "Yes" response to Form 990, Part IV, line 14b means that the organization had aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States.

Enter the details for each region on a separate line of Part I. Use the regions listed above.

Column (a). Identify each region in which the organization conducts grantmaking, fundraising, business, or program service activities.

Column (b). If the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 14a, and the organization maintained offices outside the United States, list in this column the number of offices maintained by the organization in each region listed during the tax year. See *Purpose of Form*, above, for definition of “maintaining offices.”

Column (c). If the organization answered “Yes” to Form 990, Part IV, *Checklist of Required Schedules*, line 14a, and the organization maintained employees or agents outside the United States, list in this column the total number of employees and agents working in each region listed, during the tax year. Do not include in this number any of the organization’s employees or agents whose only presence in the region is to conduct on-site visits, or persons who serve as volunteers. See *Purpose of Form*, above, for definition of “maintaining employees or agents”.

Column (d): Specify in this column the type(s) of activity conducted in each region. List all that apply for each region. See *Purpose of Form*, above, for types of activities and definitions.

Column (e). If program services are listed in Column (d), provide a description of the specific program service. Examples of program services include: operating an orphanage, school, hospital, or church, temple, mosque, or synagogue; disaster relief efforts; and providing indigent relief.

Column (f). Enter the total amount of expenditures for activities conducted in each listed region. Expenditures include salaries, wages and other employment-related costs paid to or for the benefit of employees located in the region; rent and other costs relating to offices located in the region; grants to recipients located in the region; bank fees and other financial account maintenance fees and costs; and payments to agents located in the region. Do not report expenditures paid in the United States or outside of the listed region, even if they are allocable to the listed activity.

Totals. Add the totals for Columns (b), (c), and (f).

Part II Grants and Other Assistance to Organizations or Entities Outside the United States

Line 1. Complete this table if the organization answered “Yes” on Form 990, Part IV, *Checklist of Required Schedules*, line 15. A “Yes” response to Form 990, Part IV, line 15, means that the organization reported on Form 990, Part IX, *Statement of Functional Expenses*, line 3, more than \$5,000 of grants or assistance to any foreign organization or entity (including a foreign government). See *Purpose of Form* above, for definitions of foreign organization and foreign government. Enter information only for each recipient organization or entity that received more than \$5,000 total amount of grants or assistance from the organization for the tax year.

TIP: Do not complete this table if no one recipient received more than \$5,000.

2008 Schedule F (Form 990) Instructions - Draft
April 7, 2008

Enter the details of each organization or entity on a separate line of Part II. If there are more organizations or entities to report in Part II than space available, report the additional organizations or entities in Part II of Schedule F-1. Use as many Schedules F-1 as needed.

Do not complete Columns (a) or (b). However, complete Columns (c) – (i) as if Columns (a) and (b) were completed.

Column (c). Specify the region where the principal office of the recipient organization or entity is located. See list of regions above.

Column (d). Describe the purpose or ultimate use of the grant funds. Do not use broad terms such as charitable, educational, religious or scientific. Rather, use more specific descriptions such as school or hospital construction, payments for purchase of medical supplies or equipment, or of school books or school supplies, provision of clothing, food, etc. In the case of specific disaster assistance, the description should include a description of the disaster, such as tsunami or earthquake relief.

Column (e). Enter total dollar amount of cash grants, in U.S. dollars, to each recipient foreign organization or entity for the tax year. Cash grants include grants or allocations paid by cash, check, money order, wire transfers, and other charges against funds on deposit at a financial institution.

Column (f). Describe manner of cash disbursement, such as by cash payment, money order, electronic fund or wire transfer, check, other charges against funds on deposit at a financial institution, or other. List all that apply for each recipient.

Columns (g). Enter the fair market value of any non-cash property, in U.S. dollars.

Column (h). For non-cash property or assistance, enter a description of the property or assistance. List all that apply. Examples of non-cash assistance include medical supplies or equipment, pharmaceuticals, blankets, books or other educational supplies.

Column (i). Describe method of valuation. Report property with a readily determinable market value at its fair market value. When fair market value cannot be readily determined, use an appraised or estimated value.

Line 2. Add number of recipient foreign organizations listed in line 1 above (a) that are recognized by the Internal Revenue Service as exempt from federal income tax as described in section 501(c)(3), (b) that are recognized as a charity by a foreign country, or (c) for which the grantee or counsel has provided a section 501(c)(3) equivalency letter. Enter total.

Line 3. Enter total number of recipient foreign organizations listed in line 1 above that are not described in line 2 above.

Part III Grants and Other Assistance to Individuals Outside the United States

Complete this table if the organization answered "Yes" on Form 990, Part IV, *Checklist of Required Schedules*, line 16. A "Yes" response to Form 990, Part IV, line 16 means that the organization reported on Form 990, Part IX, *Statement of Functional Expenses*, line 3, more

2008 Schedule F (Form 990) Instructions - Draft
April 7, 2008

than \$5,000 of grants or assistance to foreign individuals. See *Purpose of Form* above, for definition of foreign individual.

Enter information for grants or assistance directly made to or for the benefit of foreign individual recipients. Do not complete Part III for grants or assistance provided to individuals through another organization or entity. Instead, complete Part II above. For example, report a payment to a hospital to cover the medical expenses of a particular individual in Part III. Report a contribution to a hospital to provide some service to the general public or to unspecified charity patients in Part II.

Enter the details of each type of assistance to individuals on a separate line of Part III. If there are more types of assistance than space available, report the additional assistance transactions in Part III of Schedule F-1. Use as many Schedules F-1 as needed.

Column (a). Specify type(s) of assistance provided, or describe the purpose or use of grant funds. List all that apply for each region. Do not use broad terms such as charitable, educational, religious, or scientific. Rather, use more specific descriptions, such as scholarships, food, clothing, shelter for indigents or disaster victims, direct cash assistance to indigents, medical supplies or equipment, books or other educational supplies, etc. In the case of specific disaster assistance, the description should include a description of the disaster, such as tsumani or earthquake.

Column (b). List each region in which grants or other assistance were provided to foreign individual recipients. See list of regions above.

Column (c). For each type of assistance provided in each region listed, enter the number of recipients that received the type of assistance in that region. If you do not have a way to determine a specific number, estimate the number. Explain in Part IV how you arrived at the estimate.

Column (d): Enter aggregate amount of cash grants, in U.S. dollars, provided to recipients in each region for each type of assistance. Cash grants include only grants or allocations paid by cash, checks, money orders, electronic fund or wire transfers, and other charges against funds on deposit at a financial institution.

Column (e). Describe the manner of disbursement of cash grants, such as by cash payment, money order, electronic fund or wire transfer, other charges against funds on deposit at a financial institution, or other. List all that apply for each region.

Columns (f): Enter the fair market value of non-cash property, in U.S. dollars for each type of assistance. If multiple properties were transferred for the type of assistance, provide information for each.

Column (g). For non-cash property, provide a description of the property. If multiple properties were transferred, provide a description of each.

Column (h). Describe the method of valuation. Report property with a readily determinable market value at its fair market value. When fair market value cannot be readily determined, use an appraised or estimated value.

Part IV Supplemental Information

Use Part IV to provide narrative information required in Part I, line 2, regarding monitoring of funds. Also use Part IV to provide other narrative explanations and descriptions. Identify the specific part and line(s) that the response supports.

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