

**SAMPLE  
ANNUAL FORM 990 QUESTIONNAIRE  
(RELATIONSHIPS/TRANSACTIONS/INDEPENDENCE)**

The IRS has released a redesigned Form 990 that must be filed by the Organization beginning with its 2008 fiscal year. The new Form 990 incorporates many new questions and supplemental schedules, some of which require the organization to make a *reasonable effort* to obtain the information before completing the Form 990. The Form 990 instructions state the organization will have made a *reasonable effort* if a questionnaire is completed annually by all officers, directors, trustees and key employees.

The Form 990 instructions require the questionnaire to include the pertinent instructions and definitions for the corresponding line item. Items in ***bold italics*** are further explained and defined at the end of the questionnaire, in the section titled "instructions and definitions".

***The following document is a sample questionnaire and is provided as a starting point to assist nonprofits in developing their own questionnaire after reviewing the instructions for the Form 990 and consulting with an accountant.***

**SECTION 1 – INDEPENDENCE**

Page 6, Part VI, line 1b of the Form 990 instructs the organization to enter the number of voting members of the governing body who are ***independent***.

**After reviewing the requirements for independence in the "instructions and definitions" section of the questionnaire, answer the following question:**

- I am aware of no transactions undertaken by myself or my family members or entities affiliated with myself or my family members during the year that would impair my independence with respect to the <insert organization name>.
  
- I am aware of the following transactions undertaken by myself or my family members or entities affiliated with myself or my family members during the year that would impair my independence with respect to the <insert organization name>:

| Describe the transaction(s) detailing individual/entity engaging in the transaction, amount of transaction, and identify other party to the transaction (<insert organization name>) | Relationship of individual/entity engaging in the transaction (self, spouse, 35% controlled entity, etc.) |
|--|---|
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**SECTION 2 – RELATIONSHIPS**

Page 6, Part VI, Line 2 asks “Did any officer, director, trustee, or key employee have a **family relationship** or a **business relationship** with any other officer, director, trustee, or key employee?”

After reviewing the definitions included in the “instructions and definitions” section of the questionnaire, identify any **family** or **business relationships** that you had with any of the individuals listed on Exhibit A.

- I have no family relationship with any of the individuals listed on Exhibit A.
- I have no business relationship with any of the individuals listed on Exhibit A.
- I certify I have only the family or business relationships noted below:

| Name of Other Individual(s) | Type of Relationship (family or business) | Only if the business relationship comes from common ownership of a business or investment entity, name the common entity and denote your individual and family members’ ownership percentages |
|-----------------------------|---|---|
|                             |   |   |
|                             |   |   |
|                             |   |   |
|                             |   |   |

**SECTION 3 – GRANTS OR ASSISTANCE**

Page 3, Part IV, Line 27 asks “Did the organization provide a **grant or other assistance** to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? If “yes”, complete Schedule L, Part III

After reviewing the definitions included in the “instructions and definitions” section of the questionnaire, confirm whether or not any **grant or assistance** was provided to you or your family members or related entities.

1. Was any grant or assistance provided to you by <insert organization name> during 2008?

Yes

No

2. Do you have any knowledge that there was or may have been any grant or assistance provided by <insert organization name> to one of your family members or an entity in which you or any of your family members owns more than a 35% interest?

Yes

No

If the answer to question 1 or 2 is yes, provide the following details about the grant or assistance provided:

| Name each party for whom you are aware received a grant or assistance | Relationship of party to you (self, spouse, 35% controlled entity, etc.) |
|---|--|
|   |  |
|   |  |
|   |  |

**SECTION 4 – BUSINESS TRANSACTIONS**

Page 4, Part IV, Lines 28a and 28b, ask “During the tax year, did any person who is a current or former officer, director, trustee, or key employee:

- a. Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with another person(s)).....If “yes”, complete Schedule L, Part IV.
- b. Have a family member who had a direct or indirect business relationship with the organization? If “yes”, complete Schedule L, Part IV.

After reviewing the definitions included in the “instructions and definitions” section of the questionnaire, answer the following question regarding *business transactions* with the organization:

- I am aware of no business transactions undertaken between my family members or entities affiliated with myself or my family members and the <insert organization name> during the year that exceed the reporting thresholds described in the “instructions and definitions” section of the questionnaire.
- The only business transactions undertaken between my family members or entities affiliated with myself or my family members and the <insert organization name> during the year that exceed the reporting thresholds described in the “instructions and definitions” section of the questionnaire that I am aware of are as follows:

**Describe the transaction(s) detailing individual/entity engaging in the transaction, amount of transaction, and identify other party to the transaction (<insert organization name>). Attach a separate page if additional space is necessary.**

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|--|
|  |
|  |

## ACKNOWLEDGMENT AND SIGNATURE

To the best of my knowledge and belief, the above information is true and accurate.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

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### INSTRUCTIONS AND DEFINITIONS

#### SECTION 1 – INDEPENDENCE

A member of the governing body is considered “independent” only if all three of the following circumstances applied at all times during the organization’s tax year.

1. The member was not compensated as an officer or other employee of the organization or of a related organization.
2. The member did not receive total compensation or other payments exceeding \$10,000 during the organization’s tax year from the organization or from related organizations as an independent contractor, other than reimbursement of expenses under an accountable plan or reasonable compensation for services provided in the capacity as a member of the governing body.
3. Neither the member, nor any family member of the member, was involved in a transaction with the organization (whether directly or indirectly through affiliation with another organization) that is required to be reported on Schedule L (Form 990) for the organization’s tax year. Transactions reported on Schedule L include excess benefit transactions, loans to and from interested persons, grants or assistance benefiting interested persons, and business transactions involving interested persons.

#### SECTION 2 – RELATIONSHIPS

Family relationships include:

- Your legal spouse
- Your ancestors (this category does not include step-parents/grandparents)
- Your children (biological or adopted) and their legal spouses
- Your grandchildren and great-grandchildren and their legal spouses
- Your siblings (whether by whole or half blood) and their legal spouses

Business relationships include:

- 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.
- One person is transacting business with the other (other than in the ordinary course of either party’s business on the same terms as are generally offered to the public), 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 \$10,000 in the aggregate during the organization’s 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).

- 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, membership interest in a nonprofit organization, or beneficial interest in a trust. Ownership includes indirect ownership (for example, ownership in an entity that has ownership in the entity in question); there may be ownership through multiple tiers of entities.

*Privileged relationship exception.* A “business relationship” does not include a relationship between an attorney and client, a medical professional (including psychologist) and patient, or a priest/clergy and penitent/communicant.

### **SECTION 3 – GRANTS OR ASSISTANCE**

The term “grant or other assistance” includes cash or non-cash grants, scholarships, fellowships, internships, prizes and awards, as well as the provision of goods, services, or use of facilities. A grant also includes any transaction in which you purchased goods or services from the Foundation for less than their fair market value.

### **SECTION 4 – BUSINESS TRANSACTIONS**

*Business Transactions* include but are not limited to contracts of sale, lease, license, and performance of services, whether initiated during the organization’s tax year or ongoing from a prior year. Business transactions also include joint ventures, whether new or ongoing, in which either the profits or capital interest of the organization and of the interested person each exceeds 10%. The organization’s charging of membership dues to its officers, directors, etc. are not considered business transactions for purposes of this form.

*Reportable Business Transactions include:*

- Compensation of one’s family member by the <insert organization name> (whether as an employee or in providing independent contractor services) in an amount greater than \$10,000 during the course of the year beginning January 1, 2008 and ending December 31, 2008. Reimbursement of expenses under an accountable plan, expenses separately itemized in billing for providing independent contractor services, and reasonable compensation for services provided in the capacity as a member of the governing body do not constitute compensation.
- Family members, or entities affiliated with you or your family member(s), that had engaged in a business transaction in an amount greater than \$10,000 OR whose business transactions in the year in the aggregate are greater than \$100,000. Identify any family member or any entity (other than Section 501c tax-exempt organizations) of which you or a family member was serving (at the time of the transaction(s)) as a director/trustee, officer, key employee, or in which you or your family members together had a greater than 5% partnership/membership or shareholder interest (in the case of an entity taxed as a partnership or a professional corporation, respectively), or an entity more than 35% owned by yourself or your family member, *which engaged in any one business transaction with <insert organization name> in amount greater than \$10,000 or whose aggregate business transactions with <insert organization name> were greater than \$100,000.*

**EXHIBIT A**

**With respect to 2008 Form 990 Reporting**

The following is a list of individuals who are anticipated as being reported on the Form 990 as having been a current or former Trustee/Director, Officer or Key Employee of <insert organization name>.

| <b>Name</b> | <b>Title</b>      |
|-------------|-------------------|
|             | President and CEO |
|             | Chairman          |
|             | Vice-Chairman     |
|             | Secretary         |
|             | Treasurer         |
|             | Director          |
|             | Director          |
|             | Director          |
|             | Director          |
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