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### **Background**

The Form 990 is an information reporting form required to be filed with the IRS by most organizations exempt from income tax under section 501(a). The form can be quite complex, and the IRS dictates how the information should be reported. Many of the pages “hold hands” with one another. There can never be enough education on how to read and interpret the form. I’m hoping to clarify the IRS instructions on how expenses and grants are reported in this context.

Form 990, Page 2, Part III – Statement of Program Service Accomplishments & Page 10, Part IX – Statement of Functional Expenses are two of the most important pages of the Form 990. Page 2 is where the activities and successes of each program are reported and the amounts reported there tie directly to the Program column on page 10. Page 10 shows all of the expenses and how they are divided into three reporting buckets: Program, Management & General and Fundraising. Every organization wants the majority of the money to be spent on programs since these represent the organization’s mission.

### **Specific Reporting – 2022 Form 990**

Per the Form 990 instructions on Page 2, Part III – Statement of Program Service Accomplishments, organizations must describe their accomplishments for each of their three largest programs, as measured by total expenses. Included in the total Program expense number is the total of the grants or assistance given to governments, organizations, or individuals.

#### **Page 2, Part III, Statement of Program Service Accomplishments**

Per the 2022 Form 990, there are three programs listed: Financial Assistance, Hospital Backpack, and Forever Faith. Per the Form 990 instructions, these are reported by total expenses, largest to smallest. Included in the Program expense total is the grants or assistance given to governments, organizations or individuals. These are the monies your organization uses to help families, children, or other organizations.

- Page 2, Part III, line 4a, Financial Assistance – Total **Program** expenses reported = \$329,502, which **includes grants or assistance** given of \$251,891.
- Page 2, Part III, line 4b, Hospital Backpack – Total **Program** expenses reported = \$52,585, which **includes grants or assistance** given of \$46,040.
- Page 2, Part III, line 4c, Forever Faith – Total **Program** expenses reported = \$12,681, which **includes grants or assistance** given of \$3,330.
- Page 2, Part III, line 4e, The total of **Program** expenses = \$394,768 (\$329,502 + \$52,585 + \$12,681). This total equals Page 10, Part IX, Column B, line 26, Statement of Functional Expenses.
- The total of grants (included in the total Program expenses) = \$301,261 (\$251,891 + \$46,040 + \$3,330). This total equals Page 10, Part IX, Column B, lines 1 & 2.

**Please note: On page 2, line 4e, only the total Program expenses are provided. This page does not include the total of grants that are already included in the total Program expenses.**

## Page 10, Part IX, Statement of Functional Expenses

Per the Form 990 instructions this is where all of the expenses are reported and broken down into three buckets: Program Service, Management & General, and Fundraising. (not events, but monies spent for general fundraising)

Per the 2022 Form 990 the following is the breakdown of page 10, Part IX – Statement of Functional Expenses:

- **Program Service Expenses:** Column B, line 25 -- \$394,768 - **94.4%** of total expenses. This is excellent!
- **Management & General:** Column C, line 25 -- \$5,845 - **1.4%** of total expenses. Not much is being spent on admin/management which is the way it should be.
- **Fundraising:** Column D, line 25 -- \$17,534 - **4.2%** of total expenses.
- **Total Expenses** (all buckets): Column A, line 25 -- \$418,147

### Page 10, Part IX, Column B, line 25 must tie to Page 2, Part III, line 4e.

\$394,768 in total Program expenses (which includes \$301,261 in grants and assistance) was reported on Page 10, Part IX, Column B, line 25 and this equals what was reported on Page 2, Part III, line 4e.

\$301,261 in grants and assistance are reported on Page 10, Part IX, Column B, lines 1 & 2.

This means that of the \$394,768 spent for Program service expenses, \$301,261 was used to provide assistance to individuals and families. This is what your mission is all about!

In general, most organizations strive to spend about 80-85% on Program expenses. You are exceeding that goal! The most important thing for any organization is to live their mission and support their programs. Chasin A Dream Foundation does exactly that. Your passion for your mission and helping others is apparent in all the great you do each and every year.