



Items to pay attention to on Form 990

The Jacob and Terese Hershey Foundation is a 501(c)(3) private grantmaking foundation based in Houston, Texas, that supports those working boldly toward a healthy environment, reproductive justice and the nurture of nature, primarily in Texas.

In 2025, as part of a larger project to provide additional supports to its grantees, the Foundation retained the services of a recently retired CPA with deep experience reviewing 501(c)(3) public charities' tax returns (Form 990) – Hilda Macías Hendrix, the Foundation's former Director of Finance. We asked her to review the 990s of Foundation grantees who requested this particular offer of support. One output of that effort was a checklist of common items she found, presented and shared here in hopes that it might be a useful tool for the wider community of public charities that file 990s.

Please note that this checklist is geared towards preparation of Form 990, not Form 990-EZ, and is based on the 2023 Form 990. If you are currently filing Form 990-EZ, some of these instructions will not be applicable to you. Once your organization's receipts exceed \$200,000 annually, you will be required to prepare Form 990 - **we strongly recommend that you seek professional assistance from a tax firm that specializes in non-profit tax returns or that has a practice/department that specializes in non-profit tax returns, as the 990 form and related regulations are complex.**

Sections A – M

Carefully review every entry, confirm all information is correct.

Part I, lines 3-5

Part VII should include all board members and key employees (see 990 instruction sheet for full definition).

Part I, lines 8-22 and Part X

If filing organization has been operational for more than one year, make sure previous years' columns are completed.



Part VI, Section B, Lines 11

It is best practice and strongly encouraged that the filing organization's board review the tax return (990) before filing. Describe the process on Schedule O.

Part VI, Section B, Lines 12 - 14

The goal of the filing organization is to be able to answer each of these "Yes"; they represent best practices for public charities. If these policies and procedures are not currently in place, make securing them a top priority.

Part IX

Expenses should be distributed across the appropriate columns. If your accounting system doesn't track expenses across the four types indicated in the column headings, work with your bookkeeper to address that. Note compensation is listed on lines 5, 6 or 7. If there are entries on these lines, make sure employee benefits and taxes are broken out on lines 8, 9 and 10. If line 24 expenses exceed 10% of total, be sure to complete Schedule O with the details.

Part XII, Line 1

If audited financial statements are the source of the financial data for the tax return, confirm the accounting method chosen on Line 1 agrees with the method used in the audited Financial Statements.

References to attached schedules

When the answer to a question on form 990 references a Schedule, i.e. see schedule A, verify that the information in the Schedule has been completed. The most frequent schedules that are required are Schedules A, B and O.

Schedule A, Parts I, II and III

Confirm the box that is checked in Part I agrees with your organization's designation in the organization's IRS determination letter (the letter should be kept in the organization's permanent records). If you don't have access to the letter, look in the IRS Business Master File. Typically, designation as a Section 509(a)(1) would indicate completion of Part II, while a designation as a Section 509(a)(2) would indicate completion of Part III. Be sure to complete all columns for all years that the entity has been in existence.



State filing requirements

Verify that all state filing requirements for the entity have been met. For instance, an entity in Texas that is a corporation is required to file a Texas Franchise Tax Report annually.

This information should not be used as a substitute for consultation with professional tax, accounting, legal, or other competent advisers. Before making any decision or taking any action, you should consult a professional adviser who has been provided with all pertinent facts relevant to your particular situation.