

GOVERNANCE IS THE GAME

Understanding IRS Form 990, Part VI

Governance, Management & Disclosure — Education Foundation Staff Training

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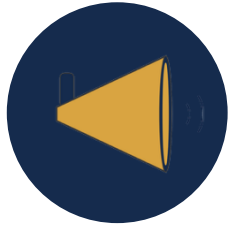
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FOUNDATION
Innovation
inspiring communities to engage in public education



The Scoreboard Everyone Can See

- The Form 990 is public. Donors, grantors, watchdog sites like Candid/GuideStar and Charity Navigator, and state regulators all read Part VI before they read anything else.
- Most Part VI questions have no “wrong” yes/no answer — but a pattern of “no” with no explanation reads like a team with no playbook. It shapes trust, grant eligibility, and audit risk.
- You're a nonprofit operating right alongside a public school district. Part VI is where you prove you're independently and soundly governed — not just an extension of the district.



What Is Form 990, Part VI?

- Form 990 is the annual public “scorecard” nonprofits file with the IRS.
- Part VI is one of 12 parts on the form — it covers HOW the organization is run, not just its financials.
- Three sections: (A) Governing Body & Management, (B) Policies, (C) Disclosure.

TODAY'S GAME PLAN

Agenda

- Section A — The Team & The Coaching Staff (9 questions)
- Halftime check-in
- Section B — The Rulebook (7 questions)
- Section C — Instant Replay: Transparency (4 questions)
- Lightning Round review + Q&A



SECTION A

The Team & The Coaching Staff

Governing Body and Management — who's on the roster, and who's calling the plays.





SECTION A · LINE 1a & 1b

Roster Size & Independent Players

1a. “Enter the number of voting members of the governing body at the end of the tax year.”

1b. “Enter the number of voting members included on line 1a, above, who are independent.”

PLAIN ENGLISH

How big is your board, and how many members are free of conflicts — not paid staff, and no family or business ties that give them a financial stake in decisions?

REAL EXAMPLE

A 15-member community board — business owners, retired educators, parents. 13 are independent; the paid Executive Director sits as a voting member (not independent), and one board member's print shop bills the foundation for gala materials (not independent). Both are disclosed.



Your active roster — and who's playing conflict-free.



SECTION A · LINE 2

Family & Business Relationships



“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?”

PLAIN ENGLISH

Disclose it — spouses, parent/child, siblings serving together, or board members who do business together.

REAL EXAMPLE

The board treasurer and board secretary are married. Two other board members co-own a local insurance agency. Both relationships are disclosed on Schedule O, along with how the board manages related votes through recusal.



Related players on the roster — fine to disclose, not fine to hide.



SECTION A · LINE 3

Who's Really Calling the Plays



“Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?”

PLAIN ENGLISH

Is day-to-day management actually run by your own people — or effectively run by someone else, like a management company or, in the education-foundation world, the school district?

REAL EXAMPLE

This one's live for education foundations. It's common for a district to originally provide the staff who run a foundation's day-to-day operations. If those staff report to the district rather than the foundation's own board, that's delegated management — a “yes.” Foundations that bring those staff on as direct employees, reporting to the foundation's own ED and board, can answer “no” going forward — a real governance upgrade, and one state legislatures are watching closely as they push for clearer separation between districts and their foundations.

 *Who's really calling the plays on the field — your own coaching staff, or a coach on loan from a rival program?*



SECTION A · LINE 4

Changing the Rulebook

“Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?”

PLAIN ENGLISH

Amended your bylaws or articles of incorporation? Say so.

REAL EXAMPLE

The board amends its bylaws to move from two consecutive terms to three, or updates conflict-of-interest and indemnification language after a governance review.



Rewriting the official rulebook mid-season — the league office needs a copy.



SECTION A · LINE 5

Significant Diversion of Assets

“Did the organization become aware during the year of a significant diversion of the organization's assets?”

PLAIN ENGLISH

Theft, embezzlement, or serious misuse of funds above the reporting threshold — report it, and describe the fix.

REAL EXAMPLE

A bookkeeper is found redirecting classroom mini-grant funds to a personal account. The foundation answers “yes,” and describes the termination, restitution, and the new dual-signature control it put on checks going forward.



Someone skimming from the concession stand — you don't quietly bench them, you report it.



SECTION A · LINE 6

Members or Stockholders

“Did the organization have members or stockholders?”

PLAIN ENGLISH

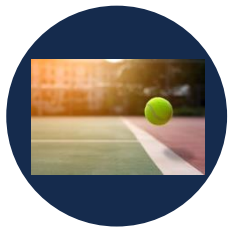
“Members” here means people with formal voting rights under your bylaws beyond the board itself — most education foundations don't have this.

REAL EXAMPLE

A typical single-district education foundation has no dues-paying voting “members” — the board is self-perpetuating and elects its own successors. A statewide foundation association with chapter votes would answer this differently.



No season-ticket holders with a vote on trades — just the front office.



SECTION A · LINE 7a & 7b

Who Else Has a Say



7a. “Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?”

7b. “Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?”

PLAIN ENGLISH

Does anyone outside your board — say, the district or the school board — get to appoint your members or veto your decisions?

REAL EXAMPLE

Some foundations reserve a seat for a superintendent's designee, or require district sign-off on bylaw changes — that's a “yes,” explained on Schedule O. Many independent foundations answer “no” to both, supporting the independence donors and state oversight increasingly expect.

 *Does the league commissioner pick your starting lineup, or is that the GM's call alone?*



SECTION A · LINE 8a & 8b

Keeping the Game Log



“Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: (a) the governing body? (b) each committee with authority to act on behalf of the governing body?”

PLAIN ENGLISH

Minutes taken at or near the time of the meeting — for the full board AND for any committee, like finance, grants, or executive, that can act on the board's behalf.

REAL EXAMPLE

Board minutes are drafted and circulated within a week of each quarterly meeting; the grants committee separately logs which classroom grant requests it approved and why, even though it meets between full board meetings.

 *The official box score for every board meeting — and every committee huddle.*



SECTION A · LINE 9

Can We Reach the Roster?

“Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address?”

PLAIN ENGLISH

Can correspondence for every listed officer, director, or key employee reach them through the organization's own address?

REAL EXAMPLE

All board members and staff use the foundation's office address for official correspondence; this is almost always “no” unless someone insists on a separate, unlisted address.



Can fan mail always reach the team through headquarters?



Quick Recap

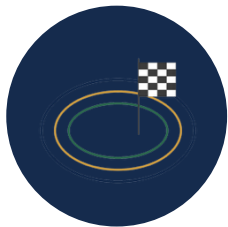
- Section A was about WHO governs and manages the foundation — the roster and the coaching staff.
- Section B, coming up, is about the WRITTEN RULES that keep everyone honest, even when the roster changes.
- Discussion prompt for the room: “Which Section A question surprised you most?”

SECTION B

The Rulebook

Policies — the written playbook that keeps the whole organization consistent, even when the roster changes.





SECTION B · LINE 10a & 10b

Farm Teams & Affiliates

10a. *“Did the organization have local chapters, branches, or affiliates?”*

10b. *“If ‘Yes,’ did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?”*

PLAIN ENGLISH

Do you have local chapters? If so, do written rules keep them aligned with your mission?

REAL EXAMPLE

A single-campus education foundation usually answers “no” here. A statewide association of education foundations with local chapters would need written policies so every chapter's fundraising and grants stay consistent with the parent mission.



Minor-league affiliates play by the same rulebook as the big club.



SECTION B · LINE 11a & 11b

Everyone Sees the Playbook First

11a. *“Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?”*

11b. *“Describe on Schedule O the process, if any, used by the organization to review this Form 990.”*

PLAIN ENGLISH

Does the whole board see the actual 990 before it's filed — and is there a real process behind that review?

REAL EXAMPLE

The Executive Director circulates the draft 990 to every board member two weeks ahead of the finance committee meeting, collects questions, and the full board formally accepts it before the CPA e-files. That process is spelled out on Schedule O.

 *The whole team reviews the game film before it goes to the league office — not just the coach.*



SECTION B · LINE 12a, 12b & 12c

The Conflict-of-Interest Playbook



12a. *“Did the organization have a written conflict of interest policy?”*

12b. *“Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?”*

12c. *“Did the organization regularly and consistently monitor and enforce compliance with the policy?”*

PLAIN ENGLISH

Written policy? Annual disclosure? And do you actually check that people follow it?

REAL EXAMPLE

Every board member signs an annual disclosure listing business or family ties — like a board member whose own child's teacher is applying for a classroom grant. That member is recused from the vote, and the audit or governance committee spot-checks disclosures and recusals every year.

 *Can a referee's family run the concession stand? Disclose it, recuse from that call, and double-check all season.*



SECTION B • LINE 13

The Whistleblower Whistle



“Did the organization have a written whistleblower policy?”

PLAIN ENGLISH

Is there a safe, written way for staff or volunteers to report suspected wrongdoing?

REAL EXAMPLE

The staff handbook lets any employee or volunteer report concerns — anonymously if they choose — to the board chair or an outside hotline, with an explicit no-retaliation clause.



A way for anyone on the bench to flag a bad call without fear of getting cut.



SECTION B • LINE 14

Keeping (and Retiring) the Game Tapes



“Did the organization have a written document retention and destruction policy?”

PLAIN ENGLISH

Written rules for how long you keep records, and how you dispose of them.

REAL EXAMPLE

Scholarship files and grant records are kept 7 years; board minutes, 990s, and audits are kept permanently; outdated donor records are destroyed on a set schedule under the policy — not shredded ad hoc when a filing cabinet gets full.

 *Keeping — and properly retiring — the game tape, on an actual schedule.*



SECTION B · LINE 15a & 15b

Setting the Coach's Contract

15a. “...include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision: the organization's CEO, Executive Director, or top management official?”

15b. “...Other officers or key employees of the organization?”

PLAIN ENGLISH

Is pay for your top leader — and other key staff — set using outside comparison data, reviewed by people without a personal stake, and documented at the time?

REAL EXAMPLE

An independent compensation committee — without the ED in the room for their own review — benchmarks Executive Director pay against a state education-foundation salary survey each year, documents the discussion in the minutes, and approves the figure before it takes effect. The same process applies to a Development Director classified as a key employee.

 *Setting the head coach's contract with league salary data and an independent front office — not a handshake.*



SECTION B · LINE 16a & 16b

Partnering with the Pros

16a. “Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?”

16b. “If ‘Yes,’ did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status?”

PLAIN ENGLISH

Do you enter business arrangements with for-profit partners — and if so, is there a written policy protecting your nonprofit status?

REAL EXAMPLE

The foundation co-produces its annual gala or auction with a for-profit event company, or places reserve funds through a for-profit investment manager. A written policy requires legal or tax review of any such arrangement before signing, to protect 501(c)(3) status.



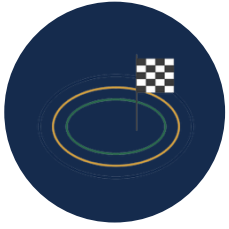
Co-branding fundraiser night with a for-profit sponsor is fine — as long as the contract protects the team's nonprofit status.

SECTION C

Instant Replay

Disclosure — showing your work to the fans, the league, and the regulators.





SECTION C • LINE 17

Every State You're Licensed to Play In

"List the states with which a copy of this Form 990 is required to be filed."

PLAIN ENGLISH

Which states require you to register and file, based on where you solicit donations?

REAL EXAMPLE

The foundation registers for charitable solicitation in its home state, and in any other state where it actively fundraises — for instance, an online giving campaign that draws out-of-state donors — and lists each one.



Every state where you're licensed to play a home game.



SECTION C • LINE 18

Publishing the Box Score



“Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (section 501(c)(3)s only) available for public inspection.” — Own website / Another's website / Upon request / Other

PLAIN ENGLISH

How can the public actually get a copy of your filings?

REAL EXAMPLE

The foundation posts its IRS determination letter and the last three years of 990s on its own “Financial Transparency” page, and is also listed on Candid/GuideStar — so it checks both “own website” and “another's website.”

 *Publishing the box score where any fan can find it — your own scoreboard, and the league's site too.*



SECTION C • LINE 19

Open Locker Room



“Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.”

PLAIN ENGLISH

Are your bylaws, conflict policy, and financials available on request or online?

REAL EXAMPLE

Bylaws, the conflict-of-interest policy, and independently audited financial statements sit on the same transparency webpage, or are provided within 5 business days of a written request — a timeline set by board policy and described on Schedule O.



The rulebook and the season stats, open to any fan who asks.



SECTION C • LINE 20

Who Holds the Team Archives

“State the name, address, and telephone number of the person who possesses the organization's books and records.”

PLAIN ENGLISH

Name a real person and a real business address and phone — usually the Executive Director or Finance Director, at the foundation's office.

REAL EXAMPLE

“Jane Doe, Executive Director — Foundation office address and phone” — not a board member's home address.



Who's the official keeper of the team archives, and where's their office?



The Governance Checklist

- Section A: an independent board, documented meetings, and clear management that isn't delegated to outside parties.
- Section B: written policies — conflict of interest, whistleblower, document retention, and independent compensation review.
- Section C: public, easy-to-find filings and financial statements.



True or False?

1. An education foundation with no dues-paying members should typically answer “yes” to Line 6.
2. If the school district's staff — not the foundation's own employees — run day-to-day operations, that's a “yes” on Line 3.
3. A written conflict-of-interest policy alone satisfies Line 12, even with no annual disclosure or monitoring.



True or False?

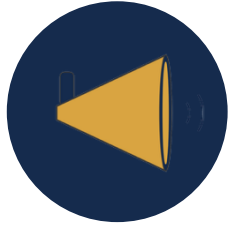
1. Executive Director pay only needs board approval — comparability data isn't necessary.

2. Posting your 990 on Candid/GuideStar counts as “another's website” for Line 18.

3. A significant diversion of assets only needs to be reported if the media finds out.

DISCUSSION

Q&A



- Where do we already have strong documentation — and where are the gaps?
- Which Section B policy do we need to write or refresh this year?
- Who owns updating our Schedule O language each filing season?

Thank You!

Great governance is a team sport.

- IRS Form 990 & Instructions: [irs.gov](https://www.irs.gov) (search “Form 990”)
- Your CPA or auditor for filing-specific questions
- Reach out to [Foundation contact] with follow-up questions



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