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FORM 990 WITHOUT FEAR



A plain-language guide to preparing your annual filing.

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From 990 Without Fear

A Plain-Language Guide to Preparing Your Annual Filing

For many nonprofits, Form 990 feels mysterious and stressful. But the filing process becomes straightforward when bookkeeping is current, records are organized, and your team understands what the form is actually asking.

This guide explains what Form 990 is, what information you'll need, and how to prepare smoothly — without panic or last-minute scrambling.

This guide was created for:

- Executive Directors
- Volunteer Treasurers
- Board of Officers responsible for oversight
- New nonprofit founders
- Anyone who wants to understand what Form 990 really requires

If any of these sound like you — you're in the right place. **No tax background required.**

WHY FORM 990 MATTERS

Form 990 is more than a tax filing. It is a public reflection of your organization's financial integrity — reviewed by funders, donors, watchdog sites like Charity Navigator, and the IRS. A well-prepared filing protects your tax-exempt status and supports every future funding relationship.

Why It Matters	What This Means for Your Organization
Maintains tax-exempt status	Three consecutive missed filings result in automatic revocation of 501(c)(3) status
Demonstrates transparency	Form 990 is a public document — donors, funders, and watchdog sites review it
Builds donor trust	Clear, accurate financials signal that your organization manages resources responsibly
Reviewed by grantors	Most foundation funders review your last 1–3 Form 990s before making a grant decision
Becomes part of the public record	Filed 990s are posted on IRS website and GuideStar/Candid — permanently

ACCOUNTABILITY & STEWARDSHIP

When board members understand financial reports and participate in oversight, it demonstrates accountability, strengthens compliance, and builds confidence with donors and funders.

Strong financial systems help nonprofit leaders and board members serve as good stewards of all funding — including donor gifts, grant awards, and public funds — by ensuring transparency and responsible financial management.

Clear systems support trust. Trust supports funding. Funding supports mission.



AT A GLANCE: THE FORM 990 PREPARATION FLOW

A smooth filing process follows a steady rhythm maintained throughout the year — not just in the weeks before the deadline.

Step	Purpose
Step 1 — Keep Books Up to Date	Current bookkeeping is the foundation of every accurate filing
Step 2 — Organize Supporting Documentation	Save financial statements, grant records, payroll, and board minutes year-round
Step 3 — Track Governance Requirements	Board roster, conflict-of-interest policy, meeting minutes, and comp approvals
Step 4 — Confirm Payroll & Contractor Reporting	W-2s, 1099-NECs, quarterly filings, and correct expense categorization
Step 5 — Review Financial Reports	Statement of Activities, Financial Position, budget vs. actual, restricted balances
Step 6 — Work with Your CPA & File on Time	Provide organized records, review the draft, meet the May 15 deadline

Simple preparation prevents stress. Each step below includes a checklist, quick win, pro tip, and watch-out to keep you on track.

WHAT'S INSIDE THIS GUIDE

Section	What You'll Find
Why Form 990 Matters	Benefit table and public accountability overview
Accountability & Stewardship	Board oversight and the clear systems → trust → mission chain
At a Glance: The Preparation Flow	Six-step summary with purpose of each step
Step 1 — Keep Books Up to Date	Monthly habits that make year-end filing routine
Step 2 — Organize Documentation	What to save, where to save it, and for how long
Step 3 — Track Governance Requirements	Board records, conflict-of-interest, and comp approvals
Step 4 — Payroll & Contractor Reporting	W-2s, 1099-NECs, thresholds, and categorization
Step 5 — Review Financial Reports	The four reports Form 990 pulls from directly
Step 6 — Work with CPA & File	Handoff checklist, deadline calendar, extension rules
Common Form 990 Challenges	Problem/solution table for the most frequent issues
Form 990 Readiness Check	Self-assessment with step-by-step action mapping
Form 990 Master Checklist	Complete six-section checklist with notes column



Section	What You'll Find
About OakPath / Free Review Offer	Our services and your free 30-minute financial review

STEP 1 Keep Books Up to Date
1 Current bookkeeping is the foundation of every accurate filing

Accurate Form 990 filings begin with accurate records maintained throughout the year. When bookkeeping is current, Form 990 preparation becomes routine instead of reactive — and your CPA spends less time (and you spend less money) cleaning up before filing.

Checklist Item	Notes / Follow-Up
<ul style="list-style-type: none"> All bank accounts and credit cards reconciled through year-end 	
<ul style="list-style-type: none"> Proper restricted and unrestricted fund tracking using Classes in QuickBooks 	
<ul style="list-style-type: none"> Clean and consistent expense categories applied throughout the year 	
<ul style="list-style-type: none"> Grant activity recorded accurately and separated by grant 	
<ul style="list-style-type: none"> Donation income recorded with restriction status at point of entry 	
<ul style="list-style-type: none"> All payroll runs posted to QuickBooks and reconciled to payroll provider reports 	
<ul style="list-style-type: none"> Investment account activity recorded if applicable 	

Quick Win:
Never wait until year-end to clean up records. A monthly 30-minute review prevents the scramble that turns a straightforward filing into a stressful one.

Pro Tip:
In QuickBooks Online, run a Profit and Loss report and a Balance Sheet at month-end every month. If any account looks unusual, investigate it then — not in April. Go to Reports → Profit and Loss (or Balance Sheet).

Watch Out:
Bookkeeping errors discovered during Form 990 preparation often require prior-period adjustments that delay filing. Your CPA will thank you — and charge you less — if records are clean before the handoff.



STEP 2 **Organize Supporting Documentation**
Save the right records in the right place — all year long

Form 990 requires clear supporting records. Strong documentation protects your organization during IRS reviews, audits, and funder checks. The best time to organize documentation is when it's created — not at filing time.

Checklist Item	NOTES / FOLLOW-UP
<input type="checkbox"/> Year-end financial statements (Statement of Activities, Statement of Financial Position)	
<input type="checkbox"/> Grant agreements, award letters, and final grant reports saved by grant name	
<input type="checkbox"/> Payroll summaries and W-2/1099-NEC documentation available	
<input type="checkbox"/> Contractor payment records retained with W-9s on file	
<input type="checkbox"/> Board meeting minutes maintained for the full fiscal year	
<input type="checkbox"/> Receipts and invoices for significant expenses saved digitally	
<input type="checkbox"/> In-kind donation records with fair market value documentation	
<input type="checkbox"/> Prior year Form 990 on file for reference	

Quick Win:

Create a digital folder labeled "Form 990 – [Year]" at the start of each fiscal year and save relevant documents there as they come in. By year-end, your CPA package is nearly assembled.

Pro Tip:

Use Google Drive or SharePoint to store Form 990 documentation. Create subfolders: Financial Statements, Payroll, Grants, Governance, and Prior Returns. Cloud storage protects against data loss and makes CPA handoff easy.

Watch Out:

The IRS can require documentation for up to 7 years after filing. Store Form 990 records — and the supporting documents behind them — for at least 7 years in a secure, accessible location.



STEP 3

Track Governance Requirements

Form 990 asks how your organization is governed — be ready to answer

Form 990 Part VI asks detailed governance questions: Do you have a written conflict-of-interest policy? Did the board review the 990 before filing? Are meeting minutes maintained? Clear governance documentation demonstrates accountability and transparency to the IRS, funders, and the public.

Checklist Item	Notes / Follow-Up
<input type="checkbox"/> Current board roster with names, titles, and addresses	
<input type="checkbox"/> Written conflict-of-interest policy on file and acknowledged by board members annually	
<input type="checkbox"/> Board meeting minutes maintained for all meetings held during the fiscal year	
<input type="checkbox"/> Executive compensation reviewed and approved by the board through an independent process	
<input type="checkbox"/> Whistleblower policy on file (required disclosure on Form 990)	
<input type="checkbox"/> Document retention and destruction policy on file (required disclosure on Form 990)	
<input type="checkbox"/> Board reviewed and approved the Form 990 before filing (required by Form 990 Part VI)	

Quick Win:

Store all governance documents in one shared board folder — accessible to board members and your CPA. Label it clearly and keep it updated after every board meeting.

Pro Tip:

Form 990 Part VI, Section B asks whether key policies exist. Review these questions with your CPA before filing. If a policy is missing, your CPA can help you create one — but it's better to have them in place year-round.

Watch Out:

Answering 'No' to governance questions on Form 990 is not automatically disqualifying — but it can trigger IRS scrutiny and raise red flags with funders who review your filing. When in doubt, implement the policy.



STEP 4 **Confirm Payroll & Contractor Reporting**
Accurate payroll and 1099 records prevent filing delays and penalties

Payroll and contractor reporting are among the most compliance-sensitive areas of Form 990. Schedule H, Part VII asks for compensation of officers and key employees. Errors or missing 1099s can trigger IRS notices and delays. Getting this right during the year eliminates scrambling at filing.

Checklist Item	Notes / Follow-Up
All quarterly payroll tax filings (Form 941) completed and reconciled to QuickBooks	
W-2 forms issued to all employees by January 31 (February 3, 2026 for tax year 2025)	
1099-NEC forms issued to contractors paid \$600+ (2025) or \$2,000+ (2026 and forward)	
W-9 forms on file for all contractors before first payment	
Payroll expenses properly categorized in QuickBooks by program or function	
Executive and key employee compensation documented with board approval records	
Employee vs. contractor classifications documented to support Form 990 Part VII	

Quick Win:

Track all contractor payments in QuickBooks throughout the year against the reporting threshold. Don't wait until January to calculate who qualifies — it's too late to collect W-9s by then.

Pro Tip:

In QuickBooks Online, go to Expenses → Vendors to track contractor payments. The Contractor Payments section helps you prepare 1099s at year-end. Run a vendor payment summary report in December to confirm who crosses the threshold before year-end.

Watch Out:

The 1099-NEC threshold is \$600 for tax year 2025 payments, increasing to \$2,000 for tax year 2026 payments. Missing a required 1099 filing can result in IRS penalties of \$60–\$330 per form depending on how late the correction is made.



STEP 5 **Review Financial Reports**
Form 990 pulls directly from your financial reports — make sure they're accurate

Form 990 is not prepared from scratch — it is assembled from your organization's financial statements and QuickBooks reports. If those reports are accurate and current, Form 990 preparation is largely a data-transfer exercise. If they're not, preparation becomes cleanup.

Checklist Item	Notes / Follow-Up
<input type="checkbox"/> Statement of Activities (Income Statement) finalized for the full fiscal year	
<input type="checkbox"/> Statement of Financial Position (Balance Sheet) finalized as of fiscal year-end	
<input type="checkbox"/> Budget vs. Actual Report reviewed and significant variances explained	
<input type="checkbox"/> Restricted fund balances reviewed — confirm all restrictions are properly tracked	
<input type="checkbox"/> Statement of Functional Expenses prepared <input type="checkbox"/> (required for 990 Schedule O)	
<input type="checkbox"/> Prior year comparative numbers available for review	
<input type="checkbox"/> All bank and investment accounts reconciled through fiscal year-end	

Quick Win:

Run financial reports monthly throughout the year so year-end numbers are already verified before your CPA starts. A 10-minute monthly review prevents a 10-hour year-end cleanup.

Pro Tip:

In QuickBooks Online, the four reports your CPA will need most are: Profit and Loss (Statement of Activities), Balance Sheet (Statement of Financial Position), Statement of Functional Expenses, and Profit and Loss by Class. Run all four before the CPA handoff and review them for obvious errors.

Watch Out:

Form 990 numbers must match your audited or reviewed financial statements. If there are discrepancies between your QuickBooks reports and your CPA's financial statements, resolve them before filing — not after.



STEP 6

Work with Your CPA & File on Time

A clean handoff and a clear deadline calendar make filing straightforward

Most nonprofits work with a CPA to prepare and file Form 990. Your role is to provide organized, accurate records — their role is to translate those records into a complete, compliant filing. A smooth handoff saves time, reduces fees, and prevents last-minute amendments.

Checklist Item	Notes / Follow-Up
<input type="checkbox"/> CPA engagement confirmed and filing timeline agreed upon	
<input type="checkbox"/> All documentation from Steps 1–5 organized and ready to hand off	
<input type="checkbox"/> Prior year Form 990 provided to CPA for reference	
<input type="checkbox"/> Board briefed on Form 990 governance questions (Part VI) before CPA meeting	
<input type="checkbox"/> Draft Form 990 reviewed by at least one board member before signing	
<input type="checkbox"/> Form 990 filed by May 15 (for calendar-year nonprofits) or extension filed	
<input type="checkbox"/> Form 8868 filed by May 15 if extension needed (extends deadline to November 15)	
<input type="checkbox"/> Copy of filed Form 990 saved in permanent records and shared with board	

Quick Win:

Add the Form 990 due date (May 15 for calendar-year filers) to your board calendar at the start of each year, with a CPA handoff target of March 1 and a board review target of April 15.

Pro Tip:

If your organization’s fiscal year does not end December 31, your Form 990 is due on the 15th day of the 5th month after your fiscal year ends. For example, a June 30 fiscal year end means Form 990 is due November 15.

Watch Out:

Three consecutive years of missed Form 990 filings result in automatic revocation of tax-exempt status — which requires a full IRS reinstatement process to restore. Filing Form 8868 for an extension is always better than a missed deadline.



KEY FORM 990 DEADLINES

Deadline	Requirement
January 31	W-2s due to employees; 1099-NEC due to contractors and IRS 2026 note: deadline is February 3, 2026 for 2025 tax year (Jan 31 falls on Saturday) 1099-NEC threshold: \$600 for 2025 payments \$2,000 for 2026 payments
April 30, July 31, Oct 31, Jan 31	Form 941 (Employer’s Quarterly Federal Tax Return) due dates
May 15	Form 990 due for calendar-year nonprofits (15th day of 5th month after fiscal year end) File Form 8868 by May 15 for automatic 6-month extension to November 15 Warning: Three consecutive missed filings = automatic loss of tax-exempt status
November 15	Extended Form 990 deadline (if Form 8868 was filed by May 15)
Ongoing	State charitable registration renewals vary — check your state requirements annually

COMMON FORM 990 CHALLENGES — AND HOW TO FIX THEM

Many nonprofits face the same recurring filing difficulties. Here’s what to watch for and what to do about it:

Challenge	How to Fix It
Missing documentation	Create a “Form 990 – [Year]” folder at the start of each year and save documents as they arrive. Board minutes, W-9s, and grant agreements should never be hunted down at filing time.
Late filings	Add May 15 to your board calendar on January 1 with a CPA handoff target of March 1. File Form 8868 before May 15 if you need more time — never miss the deadline entirely.
Misreported restricted funds	Use QuickBooks Classes to track restricted and unrestricted funds separately year-round. Restricted fund balances feed directly into Schedule D on Form 990.
Inconsistent bookkeeping	Monthly reconciliations and a consistent chart of accounts prevent the year-end cleanup that delays filings. Your CPA prepares Form 990 from your books — clean books mean a clean filing.
Unclear governance records	Maintain board minutes, a current roster, and written policies year-round. Form 990 Part VI asks governance questions — and your answers need documentation to back them up.
Incorrect functional expense allocation	Expenses must be allocated across Program, Management & General, and Fundraising. Use QuickBooks Classes and a written allocation methodology reviewed by your CPA.
Missing 1099-NECs	Track contractor payments in QuickBooks throughout the year. Collect W-9s before the first payment — not in January when you’re trying to file.



FORM 990 READINESS CHECK

Use this quick check to assess your current filing readiness. Each “No” points to a specific step in this guide.

Question	If No → Action
■ Can we produce all four required financial reports from QuickBooks in under 15 minutes?	If No → Step 1 & 5: Keep Books Current / Review Financial Reports
■ Are all receipts, grant records, and board minutes stored in one organized folder?	If No → Step 2: Organize Supporting Documentation
■ Do we have a written conflict-of-interest policy acknowledged by board members?	If No → Step 3: Track Governance Requirements
■ Are all W-2s and 1099-NECs filed and copies saved?	If No → Step 4: Payroll & Contractor Reporting
■ Are restricted fund balances accurately tracked separately from operating funds?	If No → Step 1 & 5: Keep Books Current / Review Financial Reports
■ Have all bank accounts been reconciled through fiscal year-end?	If No → Step 1: Keep Books Up to Date
■ Is the Form 990 due date on our calendar with a CPA handoff date set?	If No → Step 6: Work with CPA & File on Time

If you answered “No” to two or more questions, your Form 990 preparation process may need attention — and that’s okay. Small, consistent improvements make a big difference. The steps in this guide give you a clear path forward.

FORM 990 PREPARATION MASTER CHECKLIST

Use this checklist to stay on track throughout the year and at filing time. Work through each section in order and use the notes column for questions, corrections, or follow-ups.

Step 1 — Keep Books Up to Date

Checklist Item	Notes / Follow-Up
<input type="checkbox"/> All bank accounts reconciled through year-end	
<input type="checkbox"/> Restricted and unrestricted funds tracked separately in QuickBooks	
<input type="checkbox"/> Expense categories clean and consistent all year	
<input type="checkbox"/> Grant activity recorded accurately by grant	
<input type="checkbox"/> Donation income recorded with restriction status	
<input type="checkbox"/> All payroll runs posted and reconciled	
<input type="checkbox"/> Investment account activity recorded (if applicable)	



Step 2 — Organize Supporting Documentation

Checklist Item	Notes / Follow-Up
<input type="checkbox"/> Year-end financial statements saved	
<input type="checkbox"/> Grant agreements and reports saved by grant name	
<input type="checkbox"/> Payroll summaries and W-2/1099-NEC documentation available	
<input type="checkbox"/> Contractor payment records retained with W-9s on file	
<input type="checkbox"/> Board meeting minutes complete for full fiscal year	
<input type="checkbox"/> Receipts and invoices for significant expenses saved digitally	
<input type="checkbox"/> Prior year Form 990 on file for reference	

Step 3 — Track Governance Requirements

CHECKLIST ITEM	NOTES / FOLLOW-UP
<input type="checkbox"/> Current board roster with names, titles, and addresses	
<input type="checkbox"/> Written conflict-of-interest policy on file and annually acknowledged	
<input type="checkbox"/> Board meeting minutes maintained for all meetings	
<input type="checkbox"/> Executive compensation reviewed and approved by independent process	
<input type="checkbox"/> Whistleblower policy on file	
<input type="checkbox"/> Document retention and destruction policy on file	
<input type="checkbox"/> Board will review Form 990 draft before filing	

Step 4 — Payroll & Contractor Reporting

CHECKLIST ITEM	NOTES / FOLLOW-UP
<input type="checkbox"/> All quarterly Form 941 filings completed and reconciled	
<input type="checkbox"/> W-2 forms issued to all employees	
<input type="checkbox"/> 1099-NEC forms issued to qualifying contractors	
<input type="checkbox"/> W-9 forms on file for all contractors	
<input type="checkbox"/> Payroll expenses categorized by function in QuickBooks	
<input type="checkbox"/> Executive compensation documented with board approval records	
<input type="checkbox"/> Employee vs. contractor classifications documented	



Step 5 — Review Financial Reports

CHECKLIST ITEM	NOTES / FOLLOW-UP
<input type="checkbox"/> Statement of Activities finalized for full fiscal year	
<input type="checkbox"/> Statement of Financial Position finalized as of year-end	
<input type="checkbox"/> Budget vs. Actual Report reviewed, variances explained	
<input type="checkbox"/> Restricted fund balances confirmed and accurately tracked	
<input type="checkbox"/> Statement of Functional Expenses prepared	
<input type="checkbox"/> All accounts reconciled through fiscal year-end	

Step 6 — Work with CPA & File on Time

CHECKLIST ITEM	NOTES / FOLLOW-UP
<input type="checkbox"/> CPA engagement confirmed and timeline agreed upon	
<input type="checkbox"/> All documentation from Steps 1–5 organized for handoff	
<input type="checkbox"/> Prior year Form 990 provided to CPA	
<input type="checkbox"/> Board briefed on governance questions before CPA meeting	
<input type="checkbox"/> Draft Form 990 reviewed and approved by board	
<input type="checkbox"/> Form 990 filed by May 15 — or Form 8868 extension filed	
<input type="checkbox"/> Copy of filed Form 990 saved and shared with board	

YOU DON'T HAVE TO DO THIS ALONE

Form 990 preparation doesn't need to feel overwhelming. Many nonprofits choose to work with a professional bookkeeper to keep bookkeeping accurate year-round, maintain organized documentation, ensure compliance with reporting requirements, support CPA coordination, and prevent last-minute filing stress. With the right systems, Form 990 filing becomes routine — not rushed.

Core Values

- Trust — Your financial records are handled with care and integrity.
- Accuracy — Precise, up-to-date records support confident decisions.
- Partnership — Supportive bookkeeping so you're never facing finances alone.

Clear financial reporting strengthens board leadership. You're building transparency, trust, and long-term stability for your mission. When your bookkeeping is clear and current, your organization can focus fully on its mission — with confidence and peace of mind.



YOUR FREE NONPROFIT BOOKKEEPING REVIEW

If you'd like a second set of eyes on your current bookkeeping and Form 990 readiness, OakPath offers a free 30-minute Nonprofit Financial Review. During this session, we:

- Review your current bookkeeping setup and Form 990 readiness
- Identify compliance risks in your QuickBooks setup
- Highlight opportunities for immediate improvement
- Answer your bookkeeping, payroll, and compliance questions

No preparation required — just bring your questions.

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ABOUT OAKPATH BOOKKEEPING SERVICES

OakPath provides trusted bookkeeping support for organizations that want clear, dependable financial systems — whether you're running a business or leading a nonprofit.

We believe bookkeeping is more than entering numbers — it's about creating clarity, supporting compliance, and building confidence in every financial decision.

Based in Jefferson County, Washington, OakPath serves organizations locally and nationwide through secure, cloud-based bookkeeping services that are organized, accessible, and reliable.

Value	What It Means for You
Trust	Your financial records are handled with care and integrity
Accuracy	Precise, up-to-date records support confident decisions
Partnership	Supportive bookkeeping so you're never facing finances alone

Clear financial reporting strengthens board leadership.

You're building transparency, trust, and long-term stability for your mission.

Rooted in Trust. Grounded in Accuracy.