

# **KROKIDAS & BLUESTEIN**

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**CLIENT UPDATE: March 3, 2008**

## **IRS POSTS NEW GUIDANCE FOR EXEMPT ORGANIZATIONS ON CORPORATE GOVERNANCE AND RELATED TOPICS**

The Internal Revenue Service recently posted new guidance for 501(c)(3) organizations on its website which should be reviewed by all individuals and committees charged with governance oversight of your organization. A copy of the Guidance is attached to this email (the “Guidance”). For a direct link to the Guidance and related topics, click on “governance and related topics” next to sub heading “life cycle” at <http://www.irs.gov/charities/article/0,,id=178221,00.html>.

The Guidance replaces the draft document released by the IRS this winter entitled “Good Governance Practices for 501(c)(3) Organizations”, serving as a final update in light of the expanded governance disclosure provisions contained in the IRS’s new Form 990 (Return of Organizations Exempt from Income Tax), effective for tax years commencing 2008.

The Guidance lays out the IRS’s expectations regarding six specific governance topics, demonstrating the IRS’s commitment to monitor these areas: Mission, Organizational Documents, Governing Body, Governance and Management Policies, Financial Statements and Form 990 Reporting, and Transparency. It is generally reasonable and consistent with advice and model policies that Krokidas & Bluestein provides, particularly with respect to such items as executive compensation (including establishing the rebuttable presumption in an excess benefit transaction and conflicts of interest policies generally), fundraising, compliance matters (including whistleblower and document retention policies), and governance (e.g. board size/composition and minute taking). Some newer areas highlighted by the Form 990 also are addressed.

Please contact us if you have questions regarding updating your organization’s governance policies in connection with the Guidance and Form 990 generally.