



## HHN IRS Compliant Templates for Part VI of Form 990

### Is your House in need of the “good governance” policies and procedures addressed at Part VI of IRS Form 990?

Part VI asks about the presence of various policies and procedures, including

- Conflict of Interest
- Whistleblower
- Records Retention
- Joint Ventures Policy
- and others

While the policies are *not mandatory*, the IRS has stated its opinion that the absence of these policies may suggest wrongdoing or lack of compliance. The IRS has also described the content which the IRS expects for these policies. **In other words, when the Form 990 asks about the presence of governance policies, the IRS is not only asking whether the policies exist, but whether the policies contain the provisions specified by the IRS.**

As a service to its members, HHN asked its legal counsel, J. Daniel Beirute, to prepare **IRS-compliant templates of each of the policies and procedures addressed at Part VI of Form 990.**

These policies are available to HHN members at a much lower cost than the typical market price to have them created. The set includes the following:

**Procedure for Determining Independence of Directors** *(Question 1b of Part VI, Section A)*

Assists the organization to determine which members of the Board of Directors are “independent”, as defined by the IRS.

**Procedure for Determining Relationships Among Officers, Directors, and Key Employees**

*(Question 2 of Part VI, Section A)*

Assists the organization to determine family and business relationships among its officers, directors, and key employees.

**Policy Regarding Documentation of Meetings and Actions** *(Question 8, Part VI, Section A)*

Requires documentation, usually in minutes, of all meetings of the Board of Directors and its committees and all written decisions thereof.

**Procedure Regarding Distribution and Review of IRS Form 990** *(Question 11, Part VI, Section B)*

Provides guidelines for review and correction of the Form 990 before its submission to the IRS.

**Conflict of Interest Policy** *(Question 12, Part VI, Section B)*

Requires disclosure of conflicts of interest experienced by directors, officers, and key employees; addresses means of reviewing potential conflicts; and prohibits participation in certain conflict of interest transactions.

**Policy Regarding Disclosure of Wrongdoing** *(Question 13, Part VI, Section B [Whistleblower policy])*

Commonly referred to as a whistleblower policy. Requires directors, officers, employees, and volunteers to disclose wrongdoing when it becomes known, and prohibits retaliation against whistleblowers.

**Document Retention and Destruction Policy** *(Question 14, Part VI, Section B)*

Provides minimum time frames for retention of documents and provides procedures for destruction of documents. The organization should insert the manner of record keeping (e.g., the location that records are maintain in tangible or electronic form) into the Records Retention Schedule.

**Procedure for Determining Compensation** *(Question 15, Part VI, Section B. This also addresses section 53.4958-6 of the Code of Federal Regulations.)*

Establishes a compensation committee for review and determination of compensation to officers, key employees, and top management officials, in order to facilitate determination of compensation amounts which are “reasonable” under federal law.

**Policy Regarding Participation in Joint Ventures** *(Question 16b of Part VI, Section B. This also incorporates the rules and requirements for joint ventures as set out at IRS Revenue Ruling 2004-51.)*

Lists requirements for any joint venture which the organization enters into with a person or a for-profit entity, to assist the organization in avoiding loss of federal income tax exemption as a result of participation in a joint venture.

This offer is available only to HHN members, current in dues.

To order the policy templates, please contact Karylenn Echols at [kechols@nahhh.org](mailto:kechols@nahhh.org) or at 800.542.9730