



**WHEREAS**, the Ohio Water Environment Association (OWEA) is a 501(c)(3) Organization and a Member Association (MA) of the Water Environment Federation (WEF); and

**WHEREAS**, the IRS has imposed reporting requirements outlined in Section 990 for nonprofit organizations that OWEA must follow, and

**THEREFORE**, OWEA adopts the following policy regarding Form 990.

### **POLICY**

1. The Internal Revenue Service has issued a new Form 990 annual tax return/report that must be submitted by most federal income tax exempt organizations, including the Ohio Water Environment Association (OWEA). It must be submitted four and a half months following the end of the organization's fiscal year
2. Among other new features, the form asks in Part VI if the filing organization has adopted certain governance policies. The organization must answer "yes" or "no" for each. While a "no" answer does not indicate any violation of law or inconsistency with federal income tax exemption requirements, it could trigger scrutiny by the IRS. To minimize that risk, many organizations using the new form will want to be able to answer "yes" to all five of these governance policy questions.
3. Each governance policy must be adopted by the end of the year for which the form is being submitted if the organization is to answer "yes" on the Form 990. While not specified by the IRS, it would be typical for such policies to be adopted by the organization's principal governing body such as its Board of Directors.
4. The OWEA staff, in conjunction with its auditors, has conducted a review of the governance policies currently approved by the OWEA Executive Committee, and identified policies that need to be implemented.
5. Attached are draft policies that reflect the narrowly-defined IRS definitions/instructions for Part VI of the new Form 990. According to the American Society of Association Executives (ASAE), each would likely be sufficient to permit the organization to respond "yes" to the Form 990 question about that policy. OWEA must draft policies/ that include the following:
  - Conflict of Interest Policy – Board of Directors
  - Conflict of Interest Policy Acknowledgement
  - Conflict of Interest Disclosure - Staff
  - Whistle Blower Policy
  - Document Retention and Destruction Policy
  - Policy on the Process of Determining Compensation
  - Joint Venture Policy