

Relief from Filing Form 3115 for a Change in Methods of Accounting Required by Statement of Financial Accounting Standards No. 116

Notice 96-30

The purpose of this Notice is to provide relief from filing Form 3115, Application for Change in Accounting Method, to organizations described in section 501(c) of the Internal Revenue Code that are changing their methods of accounting for federal income tax purposes to comply with the provisions of Statement of Financial Accounting Standards No. 116, Accounting for Contributions Received and Contributions Made (SFAS 116).

In SFAS 116 the Financial Accounting Standards Board revised certain generally accepted accounting principles relating to contributions received and contributions awarded by not-for-profit organizations. Not-for-profit organizations described in section 501(c) of the Code that change to the methods of accounting provided in SFAS 116 for federal income tax purposes, will not be required, in this situation, to file Form 3115, Application for Change in Accounting Method.

Not-for-profit organizations described in section 501(c) may change to the methods provided in SFAS 116 for federal income tax purposes for any tax year beginning after December 15, 1994, by properly reflecting the effect of the change, in the manner described below, on a timely filed (including extensions) Form 990-series return for the tax year of the change. Any not-for-profit organization described in section 501(c) that is not required to file a Form 990-series information return for the tax year of the change may change to the methods provided in SFAS 116 for federal income tax purposes without notifying the Service of the change.

A not-for-profit organization that changes its methods of accounting for federal income tax purposes to conform to the methods provided in SFAS 116 should report any adjustment required by section 481(a) on line 20 of Form 990 or 990-EZ or in Part III of Form 990-PF as a net asset adjustment made during the year the change is made. The adjustment should be identified as the effect of changing to the methods

provided in SFAS 116. The beginning of year statement of financial position (balance sheet) should not be restated to reflect any prior period adjustments. If the adjustment reflects contributions not reported under the old methods for year(s) preceding the year of change and not reported under the new methods in the year of change or any subsequent year, any contributor of an amount included in the adjustment who meets the criteria described in the instructions to line 1 of Form 990 or 990-EZ or line 1 of Part 1 of Form 990-PF should be included in the list of contributors required to be attached to Form 990, 990-EZ or 990-PF for the year of the change.

For further information regarding this notice, contact John Roman Faron at (202) 622-7645 (not a toll free call).
