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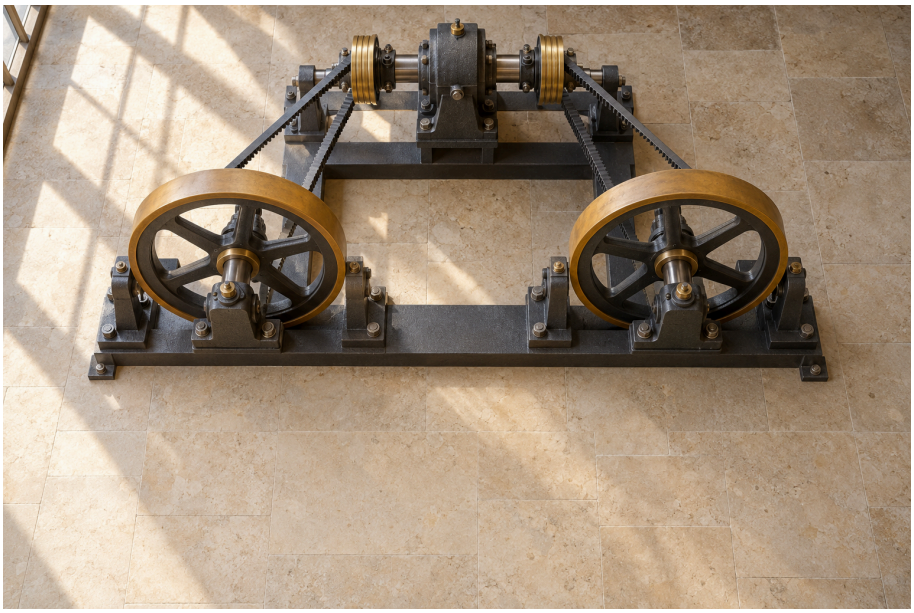
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Form 990 Schedule R Taxable Related Organizations: PE Guide

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Executive Summary

Form 990 Schedule R taxable related organizations can identify a taxable business connected to a tax-exempt filer, but a listed organization is not automatically its subsidiary or an independently saleable acquisition target. The Internal Revenue Service (IRS) recognizes several relationships, including parent/subsidiary and brother/sister relationships. Analysts should classify the relationship first and establish current operator identity separately. (www.irs.gov) Delaware does not maintain corporate shareholder information, and California expressly excludes ownership and subsidiary relationships from its business records. Those limitations make registry corroboration useful without making it an ownership conclusion. (corp.delaware.gov) (www.sos.ca.gov)

As of **October 30, 2026**, the available Schedule R instructions remain the **December 2024 continuous-use revision**, applicable from tax year **2024** until superseded. (www.irs.gov) The core distinction for an acquisition screen is between **reported tax-year control**, **current legal identity**, and **mandate eligibility**. A live state registration cannot bridge those concepts by itself: Washington does not record ownership changes, while Illinois describes good standing as compliance with its business-services requirements. (www.sos.wa.gov) (www.ilsos.gov) The Library of Congress cautions that online returns can appear **12 to 18 months** after fiscal year end, a broad availability warning rather than a promised delay. (guides.loc.gov)

This report recommends a **pass, hold, or escalate** decision backed by a retained filing, an entity crosswalk, and a dated ownership question. Crosswalk the legal name and employer identification number (EIN) to the appropriate jurisdiction and operating record. Florida annual reports can provide a federal EIN field; California does not disclose EINs through its Secretary of State records. (dos.fl.gov) (www.sos.ca.gov) Preserve identifiers by type: the Department of Justice describes a Unique Entity Identifier (UEI) as a **12-character** alphanumeric value, separate from the IRS tax identifier. (justicegrants.usdoj.gov) A Legal Entity Identifier (LEI) record supplies another identity anchor, but its parent data concerns accounting consolidation. (www.gleif.org)

The practical output is an evidence record, not a sale prediction. Read earlier filings when necessary, as North Carolina explicitly advises; check the scope of searches, because Oregon's alternate search returns active names only. (www.sosnc.gov) (sos.oregon.gov) Public ownership research also has access limits: Census

establishment records are confidential, and FinCEN beneficial ownership information is held in a non-public database. (www.census.gov) (www.fincen.gov) The worksheet below preserves unresolved questions instead of converting missing records into proof of independence.

Introduction and Background

A private equity (PE) origination analyst may encounter a services company whose website presents a commercial business while its name also appears beside a nonprofit group. The decision is narrower than whether the company looks attractive: does the mandate permit this ownership structure, and has the analyst identified the legal operator? **Related organization**, **subsidiary**, and **saleable target** should therefore remain separate labels throughout the screen.

This report takes Docket's acquisition-research perspective: a target classification should carry evidence and an explicit unresolved question. It concentrates on the Schedule R decision rather than a general guide to limited liability company (LLC) ownership or company-name matching. State records have important limits in this setting. Texas does not maintain general LLC ownership information; New York describes shareholder records as internal corporate documents. (www.sos.state.tx.us) (dos.ny.gov)

Start with a written mandate interpretation. A fund screening independent businesses may treat nonprofit control as a disqualifier, while another strategy may permit a corporate carve-out after further diligence. Those are investment-policy choices, not classifications supplied by a tax return. The analyst should record which choice applies before researching borderline organizations.

Identity evidence and **relationship evidence** answer different questions. A registry can help establish the entity's jurisdiction and status, while a document naming owners addresses a different issue. California's certificate of status concerns current entity status, and New Jersey's status reports include management and filing information. Neither description makes those documents capitalization schedules. (www.sos.ca.gov) (www.nj.gov) A registered agent's role also needs care: Florida defines it through acceptance of service of process. (dos.fl.gov)

Throughout this report, recommended confidence labels and workflow rules are editorial methods, not IRS requirements. All calculations and example businesses are explicitly fictional. The report is **not tax or legal advice**. When the screen turns on governance rights, an ambiguous filing treatment, or transaction approvals, the diligence question should go to qualified counsel or a certified public accountant (CPA). Massachusetts's charitable-asset guidance specifically directs charities, boards, and counsel to assess whether notice is required. (www.mass.gov)

Key Changes

Continuous-use instructions require version control

The operative change is a document-maintenance change, not evidence that an entity's ownership changed. The current form is marked **Rev. December 2024**. (www.irs.gov) Record the revision separately from the return's tax year and the date downloaded. For subsequent comparisons, preserve the original filing rather than replacing it with the latest downloaded copy.

The same discipline applies outside the return. New York says its entity database is updated daily, but a current database observation is not the date a share transfer occurred. (dos.ny.gov) North Carolina warns that the latest annual report alone may omit information still available in earlier filings. (www.sosnc.gov) A research record should therefore allow an older document to remain relevant without presenting it as current ownership evidence.

The ownership question changes with the relationship

The useful question is directional: who controls whom? A taxable corporation could be above the filer, beneath it, or under common control. Part IV can list a parent or brother/sister entity in which the filer has no ownership interest, with not applicable (N/A) required in specified fields. (www.irs.gov) Record an analyst-assigned relationship label only after reading the row and any explanation. **Do not create a general IRS relationship-code field**: the official form instead separates entity identification, ownership information, and transaction reporting. (www.irs.gov)

A similar caution applies to corroborating records. An organizer is not necessarily an owner: Colorado's LLC formation instructions say the person forming the entity need not be a member. (www.sos.state.co.us) A manager name should remain a manager name; Washington's guidance does not treat its filings as a record of ownership changes. (www.sos.wa.gov) Reclassifying either role as beneficial ownership would introduce a claim the record does not establish.

Missing entries remain bounded negative findings

Absence from a list should be recorded as “not found in this source,” with the source's scope. **Group-exemption exceptions** can affect Schedule R Part II listings without eliminating every transaction disclosure. (www.irs.gov) That exception should not be generalized into permission to omit every taxable affiliate.

The cross-check has equivalent scope limits. Delaware's free search includes active and inactive entities; Oregon's alternate active-business search has the opposite scope restriction. (corp.delaware.gov) (sos.oregon.gov) A missing or present search result therefore needs interpretation before it changes a mandate status. For broader record discovery, the National Association of Secretaries of State (NASS) describes state filings that include mergers and dissolutions. The next question should be which filing history explains the identity, rather than whether a name happens to appear. (www.nass.org)

Implementation Considerations and Process Changes

Locate the filer before mapping the operator

Use **IRS Tax Exempt Organization Search (TEOS)** to locate the exempt organization's filing, then search by EIN or organization name. (www.irs.gov) The taxable business is the subject of the relationship review; do not assume a search for that business alone will locate the exempt parent's return.

Retain the following retrieval fields:

- **Filer identity:** legal name and EIN exactly as shown.
- **Return period:** tax-year beginning and ending dates.

- **Document identity:** original or amended return, source URL, and download date.
- **Scope:** individual organization, central organization, or group-return context.
- **Attachment completeness:** Schedule R and any explanatory continuation pages.
- **Search outcome:** found, unavailable, or not found under the tested names.

These are recommended evidence-management fields. They prevent one document from silently standing in for an entire corporate group. A second identifier can help with matching: LEI reference data includes official name and registered address, while the Department of Justice distinguishes UEI from EIN. (www.gleif.org) (justicegrants.usdoj.gov) The System for Award Management (SAM.gov) entity checklist also describes validation of name and address, a useful identity check rather than an equity-ownership conclusion. (sam.gov)

Read the trigger, then the relevant part

Form 990 Part IV **line 33** points to Schedule R Part I; **line 34** points to Parts II through IV and Part V line 1 as applicable; **lines 35b and 36** point to Part V line 2; and **line 37** points to Part VI. (www.irs.gov) Use that routing to inspect the attachment rather than treating every Schedule R row as a taxable subsidiary.

The operational review should then ask:

- **Entity treatment:** which part contains the row?
- **Direction:** does the filer control the listed entity, or is another relationship involved?
- **Controller:** which entity is actually named?
- **Interest:** is an ownership percentage reported, unavailable, or inapplicable?
- **Activity:** does the description concern operations, management, or asset holding?
- **Explanation:** does supplementary text qualify the apparent relationship?

Do not solve an identity conflict by choosing the most convenient name. California does not supply EINs in these records, whereas Florida's annual-report instructions include a federal EIN field. (www.sos.ca.gov) (dos.fl.gov) An EIN match, when actually present, is different evidence from an approximate name match.

Keep tax classification separate from legal form

Parts I through IV distinguish disregarded entities, exempt organizations, partnerships, and corporations or trusts for federal tax purposes. Additional fields depend on that treatment. In Part IV, C denotes a C corporation, S an S corporation, and T a trust. (www.irs.gov) Thus, “LLC” in a state record should not determine which Schedule R part the analyst expects to find.

Keep the registry fields in their own namespace. Colorado distinguishes its entity ID from the federal tax ID, and Florida distinguishes the legal entity name from other displayed business information. (www.sos.state.co.us) (dos.fl.gov) Preserve the original strings and document any normalization. If the candidate remains ambiguous, leave the relationship unresolved rather than merging different businesses.

Field-to-Claim Worksheet for Schedule R

The worksheet should retain the **filing organization's EIN**, **tax year**, **related organization's name and EIN**, **tax treatment**, **direct controller**, **relationship label**, **reported percentage**, **permitted inference**, **excluded inference**, **corroboration**, **current-status check**, and **confidence**. These are research fields, not a reproduction of the return. The IRS identifies primary activity, legal domicile, and direct controlling entity among the reported identity fields. (www.irs.gov)

Table 1 is a **blank extraction worksheet**. Bracketed cells are placeholders; “analyst label” is never represented as an IRS relationship code. Record actual Part V transaction codes in a separate **Part V transaction type** field. Each row is a route for evidence, not a fictional finding about an actual organization.

Trigger / section	Filer EIN	Tax year	Related name / EIN	Tax treatment	Direct controller	Analyst-assigned relationship label	Percentage where reported	What can be inferred	What cannot	Corroborating state / sector record	Current-status check	Confidence
Part IV trigger review	[Copy]	[Copy]	[Pending]	[Pending]	[Pending]	[Analyst label pending]	[Pending]	Which attachment needs reading	Operator identity	[Registry route]	[Date / result]	[Unresolved]
Schedule R Part I	[Copy]	[Copy]	[Copy row]	Disregarded	[Copy]	[Analyst label]	[Do not invent]	Reported disregarded-entity treatment	Standalone financial scale	[Legal entity / operator match]	[Date / result]	[Evidence basis]
Schedule R Part II	[Copy]	[Copy]	[Copy row]	Exempt	[Copy]	[Analyst label]	[If applicable]	Reported exempt relationship	Taxable operating business	[Entity / charity record]	[Date / result]	[Evidence basis]
Schedule R Part III	[Copy]	[Copy]	[Copy row]	Partnership	[Copy]	[Analyst label]	[Copy / basis]	Reported partnership relationship	Corporation share ownership	[Entity / agreement request]	[Date / result]	[Evidence basis]
Schedule R Part IV	[Copy]	[Copy]	[Copy row]	[C / S / T]	[Copy]	[Analyst label]	[Copy / basis]	Reported taxable corporation or trust relationship	Current sale authority	[Entity / capitalization request]	[Date / result]	[Evidence basis]
Schedule R Part V	[Copy]	[Copy]	[Copy counterparty]	[Link identity]	[Cross-reference]	[Analyst label, if assigned]	[Do not derive]	A reported transaction	Equity ownership from payment alone	[Counterparty / dated document]	[Date / result]	[Evidence basis]

Trigger / section	Filer EIN	Tax year	Related name / EIN	Tax treatment	Direct controller	Analyst-assigned relationship label	Percentage where reported	What can be inferred	What cannot	Corroborating state / sector record	Current-status check	Confidence
Schedule R Part VI	[Copy]	[Copy]	[Copy partnership]	Partnership	[Do not assume]	[Unrelated partnership route]	[Copy if reported]	Reported significant activity route	Controlled subsidiary merely from listing	[Entity / operating match]	[Date / result]	[Evidence basis]

Read the worksheet across each row before combining rows into a family tree. **Part I** entities are generally treated as part of the filer for Form 990 purposes, rather than as separate organizations in the ordinary reporting treatment. (www.irs.gov) **Part VI**, conversely, concerns partnerships not controlled by the organization; listing there is not evidence of subsidiary status. (www.irs.gov) The “cannot” column is an instruction to the researcher to preserve the question, not a legal conclusion about transaction feasibility.

For corroboration, retain exact registry fields rather than a generic “verified” flag. Illinois's file detail reports contain specified management information, while New Jersey status reports identify filing and annual-report dates. (www.ilsos.gov) (www.nj.gov) Delaware's corporate shareholder information remains with the corporation itself; California does not make subsidiaries a matter of registry record. (corp.delaware.gov) (www.sos.ca.gov) Those limitations belong beside the extracted row so later reviewers do not overread the crosswalk.

Use a short evidence note for every decision:

- **Reported:** identify the return, part, row, and literal value.
- **Matched:** identify the separate legal-entity record and matching fields.
- **Qualified:** record exceptions, missing percentages, or conflicting names.
- **Dated:** distinguish the tax period from the current observation.
- **Requested:** specify the document needed to resolve the remaining question.
- **Decided:** record the mandate result separately from the relationship result.

An analyst can therefore hold a high-confidence historical identity match alongside unresolved current ownership. New York's current search information and Washington's ownership-record limitation illustrate why those are compatible findings. (dos.ny.gov) (www.sos.wa.gov)

Corroborating the Legal Entity and Current Operator

Match within the correct jurisdiction

Start with the reported domicile, legal name, and EIN. Look for name changes, formations, mergers, or dissolutions in the appropriate record history. NASS describes these document categories as part of state corporate registration. (www.nass.org) Then test whether the entity is the business performing the services relevant to the mandate.

Table 2 summarizes **targeted corroboration routes**, not a complete state-law matrix. The field named in a record should remain attached to its original role.

Source	Useful corroboration	Boundary for the Schedule R claim
Delaware	Search entity identity and status scope	Results include inactive entities; corporate shareholders are not a state-maintained ownership list. (corp.delaware.gov)
California	Entity details and status certificate	Ownership, subsidiaries, and EINs are not supplied by these records. (www.sos.ca.gov)
New York	Entity identity and current status	Database updates are daily; corporate shareholder books remain internal. (dos.ny.gov)
Texas	Formation and management information	General LLC ownership information is not maintained by the Secretary of State. (www.sos.state.tx.us)
Florida	Legal name, reported federal EIN, registered agent	A service-of-process agent is not thereby identified as an owner. (dos.fl.gov)
Illinois	File detail and good-standing evidence	Good standing concerns state compliance, not a reported ownership percentage. (www.ilsos.gov)
North Carolina	Earlier filings and annual-report history	Do not rely solely on the latest annual report. (www.sosnc.gov)
Washington	Entity filings and role information	Ownership changes are not recorded by the Secretary of State. (www.sos.wa.gov)
Oregon	Active-name registry search	The alternate search only returns active business names. (sos.oregon.gov)
Colorado	Formation record and state entity ID	An organizer need not be a member; the state ID is not the federal tax ID. (www.sos.state.co.us)
New Jersey	Status, managers, and annual-report dates	Ownership information in tax returns is confidential. (www.nj.gov)

The table's result is a **bounded match**. It can strengthen the link between the Schedule R name and a state entity without establishing current stock ownership. Keep conflicting records together. Texas does not require notification when shares transfer, and Washington does not record ownership changes; silence in those systems cannot settle a later transfer question. (www.sos.state.tx.us) (www.sos.wa.gov)

Add operating identifiers selectively

For a government contractor, SAM.gov can corroborate name and address; its checklist also permits restricting public visibility. A missing public result is therefore incomplete evidence. (sam.gov) Keep UEI and EIN in separate columns, using the Department of Justice's identifier definitions. (justicegrants.usdoj.gov)

For entities with an LEI, use official name and registered address to test identity, then treat Level 2 relationships as **accounting-consolidation relationships**. (www.gleif.org) Do not equate that parent concept automatically with the control test used on the tax return. If a public-company filing is relevant, the Securities

and Exchange Commission (SEC) provides public Electronic Data Gathering, Analysis, and Retrieval (EDGAR) access, and Item 601(b)(21) permits some subsidiary-name omissions. (www.sec.gov) (www.ecfr.gov) These are corroboration routes, not universal coverage.

Some apparent lookup routes cannot supply a public ownership answer. Census does not publish individual establishment data from its Business Register. (www.census.gov) FinCEN describes its beneficial ownership database as non-public. (www.fincen.gov) Record those access boundaries rather than implying that another search query will necessarily reveal the missing capitalization.

Applying Pass, Hold, and Escalate Classifications

A screening decision should include **relationship status**, **operator identity**, and **mandate treatment**. Do not combine them into a single “owned” field. For example, an active legal entity can be well matched while its current owners remain undocumented. California's status certificate and Delaware's shareholder-record limitation address precisely different evidence categories. (www.sos.ca.gov) (corp.delaware.gov)

Use **pass** to mean the record satisfies the written screen, not that the company is available for acquisition. Suggested pass conditions are:

- **Identity resolved:** the operating candidate and legal entity are matched.
- **Relationship documented:** the claimed structure has affirmative supporting evidence.
- **Mandate applied:** the ownership structure is permitted under the recorded rule.
- **Time bounded:** the decision states the period the evidence supports.

Use **hold** when another factual step could materially change the decision:

- **Identity ambiguity:** a brand maps to more than one plausible entity.
- **Historical evidence:** a tax-year relationship lacks a current bridge.
- **Incomplete records:** the filing or supporting pages are missing.
- **Contradictory roles:** a manager or agent has been described elsewhere as an owner.
- **Unclear scope:** the search excluded inactive names or earlier filings.

Oregon's active-only route and North Carolina's warning about earlier annual reports are practical examples of scope requiring a hold rather than an independence conclusion. (sos.oregon.gov) (www.sosnc.gov) Florida's registered-agent definition and Colorado's organizer guidance likewise support keeping role labels literal. (dos.fl.gov) (www.sos.state.co.us)

Use **escalate** when the next question requires specialist interpretation or transaction documents:

- **Governance rights:** control depends on appointment or contractual powers.
- **Tax treatment:** the row's treatment or reporting basis is unclear.
- **Conflicting evidence:** dated ownership records do not reconcile.
- **Transfer conditions:** counsel must assess restrictions or required approvals.
- **Mandate exception:** a carve-out or related-party structure needs investment-team judgment.

A control assessment may involve more than economic ownership. The IRS describes nonprofit control through continuing appointment or election powers and special partnership control rules for an organization among **three or fewer** managing partners or members. (www.irs.gov) A closing feasibility question is separate: Massachusetts's charitable-asset guidance calls for evaluating notice requirements with the relevant professional advisers. (www.mass.gov)

“Independent” should be an affirmative research conclusion under the mandate, not the default remaining after an unsuccessful search. New Jersey's confidential ownership-tax information and New York's internal shareholder records make that distinction consequential. (www.nj.gov) (dos.ny.gov) Where those records are unavailable, the honest result may remain **unresolved**.

Data Analysis and Evidence

What the reported percentage measures

For a corporation, the IRS generally uses **more than 50%** of stock measured by voting power or value for the related-organization control test; partnership control generally refers to profits or capital. Special control rules can apply. (www.irs.gov) The reported percentage must therefore retain its basis rather than becoming an unexplained number in a customer relationship management system.

Part IV column (h) generally uses the greater of voting power or value for corporate ownership, but for a related S corporation it uses the percentage reported on Schedule K-1 (Form 1120-S) for the year ending with or within the filer's tax year. (IRS instructions) Keep this reporting rule separate from the related-organization control test. C corporation income share uses stock value instead. Reporting follows the related entity's tax year ending with or within the filer's year. C and S corporation asset shares also use the stock-value fraction. (www.irs.gov) Part III ownership uses the greater of profits or capital interest. (www.irs.gov)

Table 3 is a **Hypothetical Example** using fictional entities and invented inputs. It illustrates extraction and arithmetic only; it is not observed filing data or a valuation.

Fictional case	Directly reported inputs	Permitted calculation / result	Decision boundary
Fictional Alder Services Corp., Part IV	Voting interest 80%; value interest 60%; column (h) reports 80%	Retain reported ownership of 80%, with voting-power basis. If total income is reported separately as $10 million, a 60% value-based share would be $6 million.	Do not infer a 60% economic interest solely from the reported 80%.
Fictional Birch Services partnership, Part III	Profits interest 40%; capital interest 30%; reported ownership 40%	Retain the reported 40%; do not infer absence of control from the percentage alone.	Review managing-partner rights and the recorded relationship.
Fictional Cedar Management Corp.	Income share $6 million; ownership percentage blank	No ownership percentage is calculated.	Income is not a substitute for the missing ownership field.

In the first row, **$10 million × 60% = $6 million** uses fictional value inputs; it does not reverse-engineer ownership from an income share. The second row shows why a percentage below the ordinary majority threshold does not settle special control rules. The third preserves missing information. The table's governing field definitions are the current form and the IRS's description of partnership information. (www.irs.gov)

Indirect relationships also need their own evidence. IRS guidance explicitly addresses direct and indirect control; a downstream link is not limited to an immediate subsidiary. (www.irs.gov) For a public-company cross-check, however, an Exhibit 21 absence still has the omission boundary specified in the regulation. (www.ecfr.gov) Retain the chain and the evidence for each link instead of assigning a universal ownership percentage.

Quantify evidence age without implying a service guarantee

The normal return deadline is the **15th day of the fifth month** after fiscal year end, with a possible **six-month** extension. (www.irs.gov) The Library of Congress's **12 to 18 month** availability caution is broader and should not be converted into an exact publishing timetable. (guides.loc.gov)

Likewise, state-data timing is source-specific: New York says its database is updated **daily**, while North Carolina warns paper annual reports can take up to **180 days** to become available during peak periods. (dos.ny.gov) (www.sosnc.gov) These figures measure different processes. They are useful for explaining a gap, not for treating a record as current ownership.

For an internal audit, calculate **evidence age** from the document's effective period and **collection age** from the retrieval date. Keep those calculated fields separate from the reported source values. A current New Jersey status report and an older shareholder record need not answer the same question. (www.nj.gov) (dos.ny.gov) This report provides no empirical estimate of Schedule R coverage, acquisition conversion, or independent-target yield.

Implications and Future Directions

The practical improvement is a **claim-specific research record**. A reviewer should be able to see why the analyst accepted a legal-entity match while holding the ownership conclusion open. That distinction matters wherever state records stop short of ownership information, including Texas and Washington. (www.sos.state.tx.us) (www.sos.wa.gov) Do not overwrite the historical conclusion when a later document arrives; record what changed and which period the new evidence supports.

A useful handoff should contain:

- **Identity chain:** filer, reported affiliate, registry entity, and operator.
- **Relationship chain:** direct links, indirect links, and unresolved direction.
- **Document trail:** return, relevant row, continuation text, and registry filings.
- **Date trail:** reporting period, document date, access date, and later events.
- **Decision trail:** mandate rule, outcome, confidence rationale, and open question.
- **Next evidence:** specific capitalization, governance, or transaction document requested.

Where a later merger or dissolution matters, obtain the relevant filing rather than treating the name change as a complete answer. NASS identifies those document types; North Carolina's guidance reinforces the need to read beyond the latest report. (www.nass.org) (www.sosnc.gov) A different public source can add context, but only within its remit: EDGAR is a filing-access system, and GLEIF's relationship data uses an accounting-consolidation concept. (www.sec.gov) (www.gleif.org)

Automation can help extract rows and preserve dates, but the acceptance rule should require an explicit source-to-claim link. Restrict the output vocabulary so a service agent is not silently converted into an owner and good standing is not converted into transferability. Florida's service-agent definition and Illinois's description of good standing provide concrete checks for those two errors. (dos.fl.gov) (www.ilsos.gov)

There is no basis here to forecast how many targets will qualify or whether any owner will transact. The research improvement is narrower: a repeatable distinction between **reported related**, **affirmatively independent**, and **unresolved**, followed by a separate mandate decision. When current ownership requires private records, say so. Delaware and New York both point researchers toward information maintained by the corporation itself. (corp.delaware.gov) (dos.ny.gov)

Frequently Asked Questions (FAQs)

Does Schedule R prove company ownership?

It provides evidence of a reported relationship and, in applicable rows, ownership information. A controlled entity is only one type of related organization. (www.irs.gov) To establish ownership today, reconcile the tax-year finding with later records and documents. Texas's share-transfer notification limits show why a current registry search alone may not settle that question. (www.sos.state.tx.us)

How can an analyst identify nonprofit-owned for-profit companies?

Start with the exempt filer's return, extract the relevant taxable-entity rows, then match legal identities and test the direction of control. Keep the state corroboration bounded: California does not record subsidiary relationships, and Delaware does not maintain corporate shareholder information. (www.sos.ca.gov) (corp.delaware.gov) A missing corroborating owner field should remain missing rather than become a finding of independence.

Is an LLC in Part III necessarily a controlled subsidiary?

No. Retain federal tax treatment, reported interest, and governance evidence separately. An organizer's identity is also insufficient: Colorado says the person forming an LLC need not be a member. (www.sos.state.co.us) The acquisition screen should resolve the relationship before applying a subsidiary label.

What if the current operator has a different name?

Preserve both names and investigate continuity through the relevant documents. NASS identifies merger and dissolution records among state filings, and North Carolina cautions against reading only the latest annual report. (www.nass.org) (www.sosnc.gov) If the documentary bridge is unavailable, keep operator identity

unresolved.

Conclusion

Schedule R is useful when the research question is precisely stated: what relationship did this exempt filer report, for which period, concerning which legal entity? It is less useful when a researcher asks it to answer every ownership and acquisition question at once. The defensible result separates the historical relationship, the current operator match, and the mandate's treatment.

The worksheet supports that separation by retaining reported fields alongside explicit limits on inference. A percentage remains attached to its stated basis. An income share remains a financial field. An analyst-assigned relationship label remains distinguishable from the return. An unresolved operator match stays visible rather than disappearing inside a confident family tree.

The same discipline applies to corroboration. State status, management roles, public identifiers, and later filings can strengthen particular claims. They should be recorded for the claim they actually support. The official state guidance summarized above illustrates why current status and shareholder information often require different sources. (www.sos.ca.gov) (dos.ny.gov)

For the origination team, **pass** means the evidence satisfies the written screen; **hold** identifies a factual gap; **escalate** identifies a question for specialist or investment-team judgment. None is a promise of a sale. The completed record should leave the next researcher with an exact entity, a dated relationship claim, a documented mandate decision, and a specific next question when the public evidence stops.

Source links

Links cited in this article, in order of first appearance. Full addresses are provided for readers using extracted text.

1. https://www.irs.gov/charities-non-profits/exempt-organizations-annual-reporting-requirements-form-990-schedule-r-meaning-of-related-organization
2. https://corp.delaware.gov/faqs
3. https://www.sos.ca.gov/business-programs/business-entities/information-requests
4. https://www.irs.gov/instructions/i990sr
5. https://www.sos.wa.gov/corporations-charities/business-entities/ownership
6. https://www.ilsos.gov/departments/business-services/business-searches.html
7. https://guides.loc.gov/nonprofit-sector/form-990
8. https://dos.fl.gov/sunbiz/manage-business/efile/annual-report/instructions
9. https://justicegrants.usdoj.gov/faqs/entity-management-entity-profile
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13. https://www.census.gov/econ/overview/mu0600.html
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About Docket

Docket provides deal-origination research software and managed research for private equity firms. We help investment teams investigate acquisition targets using structured screening criteria, retained sources and reviewable company evidence. Teams can work through a self-serve platform or use managed research, depending on how they want research delivered.

Research against a defined mandate

A useful target list needs more than company names. Docket focuses on the questions that determine whether a company fits an investment mandate, including the evidence needed to support or qualify each answer. Our research approach makes the connection between screening criteria, source material and conclusions visible to the team reviewing the work.

Triage, Scout and Audit

Docket's three named research agents perform complementary tasks. Triage resolves company identity and screens fit. Scout collects sourced answers against the mandate. Audit checks retained evidence, addresses contradictions and leaves unsupported answers visibly unresolved. This structure helps reviewers distinguish established findings from missing information and questions requiring further investigation.

Evidence that supports investment-team judgment

Our research library covers market mapping, screening criteria, private-company data, succession and ownership, source evaluation and evidence standards. These resources explain the methods and limitations behind origination research. Findings support a team's judgment; they do not establish that a company is for sale or guarantee a transaction or investment outcome.

Work with Docket

Visit Docket to explore the platform, managed research and the current contact path. Read about screening criteria, evidence standards, AI research agents and market mapping.

Public examples are illustrative unless explicitly identified otherwise. Research preparation and authorized outreach are separate activities; confidential target lists and customer outcomes should never be inferred from an educational example.

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