

Annual Requirements for Nonprofit Organizations in Minnesota



Whether you were recently approved as a charitable organization or you've been operating in the community for many years, there are requirements for nonprofits in Minnesota to maintain your charitable status and to legally solicit contributions and operate as a public charity.

This listing is a summary of the requirements to get you started. It's helpful to set calendar reminders for these reports and add them to the list of responsibilities for the staff or board member who oversees the finances for the organization. There are many more details to these requirements that may apply to your organization. We encourage you to research the specific requirements further with each of these agencies.

Note: The information here is not legal advice and is for educational/informational purposes only.

Maintaining your legal status as a nonprofit: Required annual reports and filings

Federal Requirements to Maintain 501(c)(3) Status

As a tax-exempt organization, you are required to file an annual information return report with the IRS, even if your revenue is \$0; this filing is generally referred to as a "990." There are various types of 990 forms. There is no IRS fee to file a 990. If your fiscal year ends on December 31 each year, then your IRS 990 must be filed by May 15 of the following year. If you have a different fiscal year, then the IRS 990 is due on the 15th day of the fifth month following the end of your fiscal year. You can find more information on Form 990s here: <https://www.irs.gov/charities-non-profits/annual-reporting-and-filing>

Which IRS 990 form to file:

Form 990-N: Organizations with revenues less than or equal to \$50,000/year can file an Electronic Notice ("e-Postcard"), found here: <https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>

Form 990-EZ: Organizations with annual revenues between \$50,000-\$200,000 and total assets under \$500,000

Form 990: Organizations with annual revenues over \$200,000 or total assets over \$500,000

Failure to file your annual Form 990 may result in penalties, and failure to file it for three consecutive years will result in the loss of your tax-exempt status. **Note: This is one of the commonly overlooked requirements, especially for small organizations.** Having an organization's 501(c)(3) status revoked is disruptive and puts the organization at risk.

State of Minnesota Requirements

Minnesota Attorney General:

If your organization pays staff or contractors (or professional fundraisers) to carry out its mission, raises more than \$25,000 in a year, or holds more than \$25,000 in charitable assets, it must register with the Minnesota Attorney General's office and file an annual report (online or by mail); there is a filing fee of \$25. The form can be found here: <https://www.ag.state.mn.us/Charity/Forms/CharAnnRepForm.pdf>

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Information from the Attorney General regarding the legal requirements and reporting obligations of a nonprofit organization can be found here: <http://www.ag.state.mn.us/Charity/InfoNonProfits.asp>.

Minnesota Secretary of State:

If the organization is a Minnesota Corporation, your organization's registration with the Minnesota Secretary of State must be renewed by December 31 each year, regardless of your fiscal year end. The renewal is free and can be completed online; search for your organization's name at the Secretary of State's website: <https://mbisportal.sos.state.mn.us/Business/Search>

Failing to file your renewal may result in the involuntary dissolution of your organization.

Other Annual Requirements

In Minnesota, legally you need to have at least **three board members**, including a Chair and Treasurer, that hold a **minimum of one meeting per year**. While the state requires one meeting per year, we recommend you meet at least quarterly or according to the frequency listed in your bylaws. Also, be sure to keep minutes at these meetings.

Publicly disclose your nonprofit's three most recent Form 990s and provide them on request.

This can mean posting them to your website or making sure your GuideStar profile is updated with your annual returns.

It's good practice to have your staff and board complete a **conflict of interest** form annually to disclose existing conflicts and to remind them to disclose any that arise throughout the year.

Boards of directors should do an **annual performance review of the executive director** and approve the director's compensation and benefits.

Create a budget for your upcoming fiscal year and have it approved by your board.

Be sure you've **thanked all donors**; know that donors who have contributed \$250 or more need written acknowledgment in order to claim a tax deduction. Best practice is to thank them as close to the timing of the gift as possible.

One-Time Tax Exemptions

Exemption from sales tax or property taxes is not automatic for nonprofit organizations. Note that these are not annual requirements, but rather one-time applications that are still good to be sure you have on record.

Sales Tax

In Minnesota, a 501(c)(3) organization organized for charitable, religious, and/or educational purposes, may request an exemption from paying Minnesota sales tax on its purchases. Not all 501(c)(3) organizations qualify. This request is made to the Minnesota Department of Revenue using Form ST16, available at www.revenue.state.mn.us. There is no fee to apply and this exemption does not expire; however, you will need to provide the form to each vendor or store you're seeking an exemption from for their records.

Property Tax

Nonprofits that own real estate may be eligible for exemption from property taxes. This exemption is granted by the county where the property is located and is based on criteria and procedures established by the county or city assessor. Minnesota Council of Nonprofits offers a guide to seeking property tax exemption: <https://www.minnesotanonprofits.org/resources-tools/resources-detail/9-step-checklist-for-seeking-a-property-tax-exemption>.