

MN charities in jeopardy of losing tax-exempt status

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As many as 5,500 small community-based nonprofits in Minnesota are in jeopardy of losing their tax-exempt status. The Internal Revenue Service is concerned because the loss of this status could greatly affect the organizations' charitable work and their donors' potential tax deductions.

Among the organizations that could lose their tax-exempt status are local sports associations and community support groups, volunteer fire and ambulance associations and their auxiliaries, social clubs, educational societies, veterans groups, church-affiliated groups, groups designed to assist those with special needs and a variety of others.

The organizations that are at risk failed to file the required returns for 2007, 2008 and 2009, according to IRS records. The requirement to file is the result of a tax law change that occurred in 2006. For many of these small organizations, complying with the new law may be as simple as completing a 10-minute form online. They can preserve their exempt status under a one-time relief program the IRS announced in July, but only if they file by Oct. 15, 2010.

The IRS has made numerous attempts to alert organizations, but are concerned that many may not have gotten the word. A list of the organizations that were at-risk as of the end of July is posted at IRS.gov along with instructions on how to comply with the new law.

The IRS encourages everyone who is connected with a small nonprofit community group to make sure that their organization is aware of the law change and is in compliance before the October 15 deadline.