



Nonprofit Legal Services Initiative



Minnesota Nonprofit Compliance Checklist

This checklist summarizes best practices and legal requirements for Minnesota nonprofit organizations to remain compliant with state and federal regulations. It includes key filing requirements, governance obligations, audit thresholds, and fraud prevention strategies. Sources include the Minnesota Council of Nonprofits, Minnesota Attorney General, Minnesota Department of Revenue, and IRS.

1. Registration & Annual Reports

- Register and file annually with Minnesota Secretary of State. Forms can be found at <https://www.sos.mn.gov/business-liens/business-forms-fees/minnesota-non-profit-corporation-forms>.
- Register with the Minnesota Attorney General's Office as a Soliciting Charity if your nonprofit solicits **or** receives over \$25,000 in contributions annually, **or** if your functions and activities, including fundraising, are **not** performed wholly by volunteers, **or** if you utilize a professional fundraiser. Forms can be found at <https://www.ag.state.mn.us/charity/InfoCharitableorgandTrusts.asp>.
 - Charities claiming to be exempt from registration must still file a Charitable Organization Exemption Form with the Minnesota Attorney General's Office.
- File an annual report with the Minnesota Attorney General, including required signatures.
 - If fundraising, Charitable Organization Annual Report Form due to AG by 15th day of 7th month following close of fiscal year.
 - If organization has assets of more than \$25,000 at any point during the year and is not required to register as a soliciting charity, Charitable Trust Annual Report Form due to AG by 15th day of 5th month following close of fiscal year.
- File an annual renewal with the Minnesota Secretary of State by December 31 to maintain active corporate status.
- Register staff as a lobbyist if your nonprofit pays them over \$3,000/yr to influence legislation or official action; AND file required lobbying disclosure reports 2x per year (by Jan 15 and Jun 15).

2. Minnesota Department of Revenue

- File Form M4NP if your nonprofit generates unrelated business income.
- Submit Form ST16 to apply for Minnesota sales tax exemption for qualifying purchases.

3. Governance & Board Responsibilities

- Maintain at least three board members, including a Chair and Treasurer.
- Hold at least one board meeting annually (quarterly meetings recommended).
- Keep board minutes, financial records (including board approved budgets), and conflict-of-interest disclosures.
- Conduct and document the Executive Director's performance review annually.

4. Federal Compliance

- File the correct IRS Form 990, 990-EZ, or 990-N by the 15th day of the 5th month after the end of your fiscal year.
- Retain three years of IRS filings and make them available to the public.
- Conduct an independent financial audit if annual revenue exceeds \$750,000.

5. Record-Keeping & Transparency

- Keep public records including IRS determination letter, Form 990s, and financial statements for at least three years.
- Document and retain donor acknowledgments for gifts of \$250 or more.
- Post financial documents on your website or platforms like GuideStar when appropriate.

6. Fraud Prevention Best Practices

- Separate financial duties: ensure no single staff member has control over all aspects of any financial transaction.
- Use dual signatures for checks and approvals over a set threshold.
- Conduct monthly bank reconciliations reviewed by someone other than the preparer.
- Develop a whistleblower and document-retention policy and train staff on how to report suspected misconduct.
- Regularly rotate duties or require cross-training to prevent long-term unchecked authority.

7. State Audit Guidance

- Minnesota nonprofits with revenues exceeding \$750,000 must conduct an independent audit and submit results to the Attorney General.
- Retain all supporting documentation for audit purposes for at least seven years.
- Prepare an annual financial report with footnotes and board review.
- Establish an audit committee or designate a subcommittee of the board for oversight.

8. Additional Annual Best Practices

- Collect and file signed conflict-of-interest forms annually from all board members (officers and directors).
- Send written acknowledgments for all major gifts.
- Annually approve and document executive compensation, including an examination of the reasonableness of executive compensation as compared to market conditions.

Sources

- Minnesota Council of Nonprofits – <https://minnesotanonprofits.org/maintaining-a-nonprofit/state-compliance>
- Understanding and Reporting Under Minnesota’s Revised Lobbying Statutes - <https://minnesotanonprofits.org/resources-tools/topics/advocacy-public-policy/registration-and-reporting-requirements-for-lobbyists>
- Minnesota Attorney General – <https://www.ag.state.mn.us/Charity/>
- Minnesota Secretary of State – <https://www.sos.mn.gov/business-liens/business-forms-fees/minnesota-non-profit-corporation-forms>
- Minnesota Department of Revenue – <https://www.revenue.state.mn.us/guide/nonprofit-organizations-industry-guide>
- IRS Charities and Nonprofits – <https://www.irs.gov/charities-non-profits>