

MONTPELIER – Nearly 1,000 Vermont nonprofits may lose their tax-exempt status if they don't file with the Internal Revenue Service in the next few days.

A change in law put in place through a 2006 federal pension bill requires all non-profits, even small ones, to file IRS form 990s or a simplified version of the form. Nonprofits with less than \$25,000 in annual revenue didn't use to have to file with the feds like larger organizations. But after the 2006 law that changed, although the smaller groups had three years to comply. That grace period ends by Monday.

"There are probably a lot of small nonprofits, whether they are 4-H clubs or historical societies ... which are managed by volunteers" and don't realize the deadline is impending, said Alex Aldrich of the Vermont Arts Council. "The worst-case scenario is that someone passes away and leaves a portion of their estate to the local historical society, and the estate tries to claim the tax benefit and cannot."

There are about 900 nonprofits in Vermont at risk of being out of compliance with the federal requirements, Aldrich said. Some of those may be defunct and no longer need their federal tax-exempt status. But others are merely unaware of the federal rule despite mailings from the IRS and risk having to try and regain their non-profit designation later if they lose it, he said.

As many as a quarter of nonprofits in the country – perhaps up to 400,000 – may be at risk of losing their federal tax-exempt status, according to the New York Times.

The list of at-risk organizations

include farm clubs, wildlife preservation organizations, little theaters and almost every other conceivable kind of charity or non-profit agency. And it includes many local historical societies, Aldrich added.

"We are trying to get in touch with those that we can," said Mark Hudson of the Vermont Historical Society. His statewide group is large enough that its filing status and requirements were not changed by the new law. But there are many local organizations for whom that is not true.

"One of the challenges they face is that they are all volunteer organizations," Hudson said. "It's unfortunate because I believe all of them are very earnest in their desire to be upright and properly run

organizations."

The federal deadline to file is May 15. Since that is a Saturday this year it is possible for organizations to file on Monday, if they can arrange the required documents, Aldrich said. All nonprofits must now file the form 990, 990ez or the 990N, also called the e-postcard on the IRS website.

In any case, an organization can file an extension fairly easily, which will preserve its tax-exempt status until its managers can complete the paperwork, Hudson said.

"We are making a last-ditch effort in the final few days," he said. "There is still an opportunity for them to address this. They can file for an extension. That is a rather painless process."