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**Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

**2008**

Open to Public Inspection for 501(c)(3) Organizations Only

Department of the Treasury  
Internal Revenue Service

For calendar year 2008 or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_

**A**  Check box if address changed

Name of organization (  Check box if name changed and see instructions.)

**D** Employer identification number (Employees' trust, see instructions for Block D on page 9)

**B** Exempt under section  
 501(c)(3)  408(e)  220(e)  
 408A  530(a)  
 529(a)

Print or Type

**MINNESOTA COUNCIL OF NONPROFITS INC**

**36-3501477**

Number, street, and room or suite no. If a P.O. box, see page 9 of instructions.

**2314 UNIVERSITY AVE WEST, NO. 20**

**E** Unrelated business activity codes (See instructions for Block E on page 9)

City or town, state, and ZIP code

**ST. PAUL, MN 55114**

**511140 541800**

**C** Book value of all assets at end of year

**2,665,609.**

**F** Group exemption number (See instructions for Block F.)

**G** Check organization type  501(c) corporation  501(c) trust  401(a) trust  Other trust

**H** Describe the organization's primary unrelated business activity. **SEE STATEMENT 1**

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group?  Yes  No

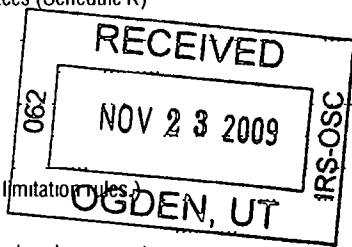
If "Yes," enter the name and identifying number of the parent corporation.

**J** The books are in care of **SONDRA REIS** Telephone number **651-757-3075**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales <b>3,580.</b>			
b	Less returns and allowances			
c	Balance	<b>3,580.</b>		
2	Cost of goods sold (Schedule A, line 7)	<b>10,164.</b>		
3	Gross profit. Subtract line 2 from line 1c	<b>-6,584.</b>		<b>-6,584.</b>
4a	Capital gain net income (attach Schedule D)			
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			
c	Capital loss deduction for trusts			
5	Income (loss) from partnerships and S corporations (attach statement)			
6	Rent income (Schedule C)			
7	Unrelated debt-financed income (Schedule E)			
8	Interest, annuities, royalties, and rents from controlled organizations (Sch. F)			
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			
10	Exploited exempt activity income (Schedule I)			
11	Advertising income (Schedule J)	<b>5,975.</b>	<b>2,816.</b>	<b>3,159.</b>
12	Other income (See instructions; attach schedule.)			
13	<b>Total.</b> Combine lines 3 through 12	<b>-609.</b>	<b>2,816.</b>	<b>-3,425.</b>

**Part II Deductions Not Taken Elsewhere** (see instructions for limitations on deductions)  
(Except for contributions, deductions must be directly connected with the unrelated business income)

14	Compensation of officers, directors, and trustees (Schedule K)			
15	Salaries and wages			
16	Repairs and maintenance			
17	Bad debts			
18	Interest (attach schedule)			
19	Taxes and licenses			
20	Charitable contributions (See instructions for limitation rules)			
21	Depreciation (attach Form 4562)			
22	Less depreciation claimed on Schedule A and elsewhere on return			
23	Depletion			
24	Contributions to deferred compensation plans			
25	Employee benefit programs			
26	Excess exempt expenses (Schedule I)			
27	Excess readership costs (Schedule J)			
28	Other deductions (attach schedule)			
29	<b>Total deductions.</b> Add lines 14 through 28			<b>3,159.</b>
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			<b>-6,584.</b>
31	Net operating loss deduction (limited to the amount on line 30)			<b>0.</b>
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			<b>-6,584.</b>
33	Specific deduction (Generally \$1,000, but see instructions for exceptions)			<b>1,000.</b>
34	<b>Unrelated business taxable income.</b> Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			<b>-6,584.</b>



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Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property) (see instr. on pg 19)

1 Description of property

Table with 4 rows for property description (1-4).

Table for Rent received or accrued (2) and Deductions directly connected with the income (3(a)).

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 0. (b) Total deductions Enter here and on page 1, Part I, line 6, column (B) 0.

Schedule E - Unrelated Debt-Financed Income (See instructions on page 19)

Table for Description of debt-financed property (1) and Gross income from or allocable to debt-financed property (2).

Table for Deductions directly connected with or allocable to debt-financed property (3(a) and 3(b)).

Table for Amount of average acquisition debt on or allocable to debt-financed property (4), Average adjusted basis (5), Column 4 divided by column 5 (6), Gross income reportable (7), and Allocable deductions (8).

Totals Total dividends-received deductions included in column 8 0.

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (See instructions on page 20)

Table for Exempt Controlled Organizations with columns for Name of controlled organization (1), Employer identification number (2), Net unrelated income (loss) (3), Total of specified payments made (4), Part of column 4 that is included in the controlling organization's gross income (5), and Deductions directly connected with income in column 5 (6).

Table for Nonexempt Controlled Organizations with columns for Taxable Income (7), Net unrelated income (loss) (8), Total of specified payments made (9), Part of column 9 that is included in the controlling organization's gross income (10), and Deductions directly connected with income in column 10 (11).

Totals Add columns 5 and 10 Enter here and on page 1, Part I, line 8, column (A) 0. Add columns 5 and 11 Enter here and on page 1, Part I, line 8, column (B) 0.

**Part III Tax Computation**

<b>35 Organizations Taxable as Corporations</b> See instructions for tax computation. Controlled group members (sections 1561 and 1563) check here <input type="checkbox"/> See instructions and: <b>a</b> Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order): (1) \$ _____ (2) \$ _____ (3) \$ _____ <b>b</b> Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) \$ _____ (2) Additional 3% tax (not more than \$100,000) \$ _____ <b>c</b> Income tax on the amount on line 34	35c	0.
<b>36 Trusts Taxable at Trust Rates</b> See instructions for tax computation. Income tax on the amount on line 34 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	36	
<b>37 Proxy tax</b> See instructions	37	
<b>38 Alternative minimum tax</b>	38	
<b>39 Total.</b> Add lines 37 and 38 to line 35c or 36, whichever applies	39	0.

**Part IV Tax and Payments**

<b>40a</b> Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	40a	
<b>b</b> Other credits (see instructions)	40b	
<b>c</b> General business credit. Attach Form 3800	40c	
<b>d</b> Credit for prior year minimum tax (attach Form 8801 or 8827)	40d	
<b>e Total credits.</b> Add lines 40a through 40d	40e	
<b>41</b> Subtract line 40e from line 39	41	0.
<b>42 Other taxes.</b> Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	42	
<b>43 Total tax.</b> Add lines 41 and 42	43	0.
<b>44a</b> Payments: A 2007 overpayment credited to 2008	44a	
<b>b</b> 2008 estimated tax payments	44b	
<b>c</b> Tax deposited with Form 8868	44c	
<b>d</b> Foreign organizations: Tax paid or withheld at source (see instructions)	44d	
<b>e</b> Backup withholding (see instructions)	44e	
<b>f Other credits and payments:</b> <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other _____ Total	44f	
<b>45 Total payments.</b> Add lines 44a through 44f	45	
<b>46 Estimated tax penalty</b> (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	46	
<b>47 Tax due.</b> If line 45 is less than the total of lines 43 and 46, enter amount owed	47	0.
<b>48 Overpayment.</b> If line 45 is larger than the total of lines 43 and 46, enter amount overpaid	48	0.
<b>49 Enter the amount of line 48 you want:</b> Credited to 2009 estimated tax <input type="checkbox"/> Refunded <input type="checkbox"/>	49	

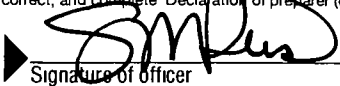
**Part V Statements Regarding Certain Activities and Other Information** (See instructions on page 18)

<b>1</b> At any time during the 2008 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here _____	Yes	No
<b>2</b> During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see page 5 of the instructions for other forms the organization may have to file		X
<b>3</b> Enter the amount of tax-exempt interest received or accrued during the tax year: \$ _____		

**Schedule A - Cost of Goods Sold.** Enter method of inventory valuation  N/A

<b>1</b> Inventory at beginning of year	1	0.	<b>6</b> Inventory at end of year	6	0.
<b>2</b> Purchases	2		<b>7</b> Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2	7	10,164.
<b>3</b> Cost of labor	3	8,162.	<b>8</b> Do the rules of section 263A (with respect to property produced or acquired for resale) apply to the organization?	Yes	No
<b>4a</b> Additional section 263A costs	4a				X
<b>b</b> Other costs (attach schedule)	4b	2,002.			
<b>5 Total.</b> Add lines 1 through 4b	5	10,164.			

**Sign Here** Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Signature of Officer:  Date: 11/13/09 Title: ASSOCIATE DIRECTOR

May the IRS discuss this return with the preparer shown below (see instructions)?  Yes  No

**Paid Preparer's Use Only**

Preparer's signature: KIM HUNWARDSEN Date: 11/12/09 Check if self-employed  Preparer's SSN or PTIN: P00484560

Firm's name (or yours if self-employed), address, and ZIP code: EIDE BAILLY LLP, 5601 GREEN VALLEY DRIVE, STE 700, MINNEAPOLIS, MN 55437-1145

EIN: 45-0250958 Phone no.: (952) 944-6166

**Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization**

(see instructions on page 21)

1 Description of income	2 Amount of income	3 Deductions directly connected (attach schedule)	4 Set-asides (attach schedule)	5 Total deductions and set-asides (col 3 plus col 4)
(1)				
(2)				
(3)				
(4)				
<b>Totals</b>	<b>0.</b>			<b>0.</b>

**Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income**

(see instructions on page 21)

1 Description of exploited activity	2 Gross unrelated business income from trade or business	3 Expenses directly connected with production of unrelated business income	4 Net income (loss) from unrelated trade or business (column 2 minus column 3) If a gain, compute cols 5 through 7	5 Gross income from activity that is not unrelated business income	6 Expenses attributable to column 5	7 Excess exempt expenses (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals</b>	<b>0.</b>	<b>0.</b>				<b>0.</b>

**Schedule J - Advertising Income** (see instructions on page 21)

**Part I Income From Periodicals Reported on a Consolidated Basis**

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1)						
(2)						
(3)						
(4)						
<b>Totals (carry to Part II, line (5))</b>	<b>0.</b>	<b>0.</b>				<b>0.</b>

**Part II Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis)

1 Name of periodical	2 Gross advertising income	3 Direct advertising costs	4 Advertising gain or (loss) (col 2 minus col 3) If a gain, compute cols 5 through 7	5 Circulation income	6 Readership costs	7 Excess readership costs (column 6 minus column 5, but not more than column 4)
(1) NONPROFIT NEWS	5,975.	2,816.	3,159.	4,736.	22,933.	3,159.
(2)						
(3)						
(4)						
(5) Totals from Part I	0.	0.				0.
<b>Totals, Part II (lines 1-5)</b>	<b>5,975.</b>	<b>2,816.</b>				<b>3,159.</b>

**Schedule K - Compensation of Officers, Directors, and Trustees** (see instructions on page 22)

1 Name	2 Title	3 Percent of time devoted to business	4 Compensation attributable to unrelated business
		%	
		%	
		%	
		%	
<b>Total</b> Enter here and on page 1, Part II, line 14			<b>0.</b>

