



Seven Great Reasons to Incorporate

By Carol Topp, CPA

Does my homeschool organization need to incorporate? Here's a short quiz to see if incorporating in your state as a not-for-profit organization would be beneficial

1. Do you consistently make a **financial surplus** (i.e. a profit)?
Yes. Incorporate as a not-for-profit so your state or the IRS does not try to tax your "profit". Some states only require you to register as a charity with them and incorporation is not needed. You can exist as an unincorporated organization.
2. Do you wish to legally and financially **protect your leadership**?
Yes. Incorporate as a not-for-profit so you can purchase Director & Officer insurance and protect your leaders. A nonprofit can be sued, but your members and directors are usually protected from personal liability, meaning that their own money, houses, or property isn't at risk.
3. Do you wish the organization to **last beyond the current leadership**?
Yes. Incorporate so your organization has a legal identity of its own. It will exist even after current leadership leaves.
4. Do you wish to **hire employees** or **purchase property** or equipment?
Yes. Incorporate so the organization pays employees or owns the property, not individuals. Also, nonprofits are usually exempt from paying property taxes on real estate and other property. Contact your county assessor's office for more information on this property tax exemption.
5. Do you have **donors who want a tax exemption** for their donations?
Yes. Incorporate with your state as a not-for-profit and then pursue the 501(c)3 charitable status with the IRS (called "tax exempt status" by the IRS). It is easier to get tax-exempt status as a corporation.
6. Do you expect to **receive private or public grant money**?
Your group is unlikely to qualify for many public and private grants without 501c3 status.
7. Do you do a lot of **bulk mailing**?

Nonprofits can receive a mailing permit that gives them a special reduced nonprofit rate for mailings. This is helpful for organizations that will do a lot of mailings. The post office will request to see Articles of Incorporation and By-laws.

Carol L. Topp, CPA is a home schooling mother of two daughters. She enjoys using her accounting skills helping non-profit organizations as well as serving as Treasurer on her home school coop board. She and her family live in Cincinnati, Ohio where they love to swim, visit museums and read books. Her website is www.HomeschoolCPA.com