

Welcome to the newsletter for homeschool group leaders!

Homeschool Leader Fall 2007

In this issue:

- Checking Accounts for Homeschool Organizations
- Blog entries
- Nonprofit Types: Where do you fit?
- Profile on Veritas Homeschool Co-op

Checking Accounts for Homeschool Organizations

by Carol Topp, CPA

I frequently recommend that homeschool organizations open a separate checking account. Sometimes a leader opens a personal checking account for the group's finances. I do not recommend this because the cash in the checking account could be seen as the leader's personal income in the eyes of the IRS. I'm sure he or she doesn't want that! Also a personal checking account should not be used when there is an organization operating. Most banks offer free checking to non profit organizations

Your bank may ask for your organization to get a "Tax Number". It is officially called an Employer Identification Number (EIN). This number is similar to a Social Security Number for a business or organization. Even though your organization may have no employees and no business with the IRS, you need to get IRS Form SS-4 to obtain an EIN. To get an EIN go to www.irs.gov and search for EIN. You can apply on-line, by phone or by mail.

To read more about Checking Accounts for homeschool groups read Chapter One in my free ebook *Money Management for Homeschool Organizations* available at my website www.HomeschoolCPA.com/5.html

Read my blog, www.Homeschoolblogger.com/HomeschoolCPA.

My web log (blog) is not a typical day-in-the-life-of-a-homeschooler blog. It is written to homeschool leaders like you and has entries on nonprofit organizations, homeschooling, leadership, and even a smattering about taxes and personal finances (basically anything a homeschooling CPA might be interested in!) Some recent entries include:

- Statements of Faith for homeschool groups
- New IRS reporting for even small non profits
- A homeschool co-op franchise

Nonprofit Types: Where do you fit it?

Homeschool groups can come in many sizes and types. A nonprofit organization can exist in several types from a simple unincorporated informal organization all the way to a large, structured, tax exempt organization. In order to help you understand the different legal formats a homeschool organization can take, I have created a visual diagram in the form of a pyramid. The bottom of the pyramid is the least organized type of homeschool group, but also the most popular and easiest to form. As you climb up the pyramid the organization increases in structure by adopting by laws, forming a board, obtaining nonprofit incorporation and ultimately applying for tax exempt status.

501c3 Tax Exempt Status (501c3 Status granted by the IRS)

Large, board, bylaws, 3 years budget, Incorporated

Non Profit Corporation (Incorporation filed with Secretary of State)

Medium or large size, cash surplus, board, by laws, Articles of Incorporation

Unincorporated Organization-formal

Medium-sized, checking account, board, bylaws

Unincorporated Organization-informal

Small, cash based, may be no board, may be no bylaws

It is typical for homeschool groups to start at the unincorporated levels (the two steps at the base in the pyramid diagram). They can exist at that those levels for as long as they wish and only progress to another level as their program and membership demands increase.

Note that at the top two levels you will start dealing with government agencies. At the state level your organization will deal with your Secretary of State's office if you become a Nonprofit Corporation. At the top of the pyramid you will deal with the IRS if you desire 501c3 tax exempt status

Profile on Veritas Homeschool Co-op in Lebanon Ohio

Every issue of Homeschool Leader will feature a homeschool group from various places around the US. You may get ideas for classes, vision statements, structure or activities from these profiles.

The Veritas Homeschool group in Lebanon OH meets weekly for classes. Classes run for 8 weeks and Veritas hold three semesters (called trimesters) of classes. Veritas has about 40 member families.

Their mission statement is: We are a Christ-centered community that provides a variety of educational and enrichment classes for home-schooling families in a safe and loving environment. We co-labor with each other and God to achieve excellence by serving each other through our strengths.

Veritas has a board (called a Leadership Team) of 5 members and another group of 6 volunteers in Support roles. The support roles include: Playgroup Coordinator, Information Coordinator, Assembly Coordinator, Fundraising Coordinator, Care Coordinator and Events Coordinator.

Some of the classes offered this year include: Ohio history, Sewing, Astronomy, Phys Ed, Christian Kids Explore Biology, Invention, Survival Skills, Investing Your Money (*HomeschoolCPA likes that one!!*), Economics, Living on My Own, Physical Science and Writing Techniques. Wow! What a selection! The students range from nursery to high school ages.

Veritas obtained 501c3 tax exempt status in 2007 so that they could participate in a fundraiser that is only opened to 501c3 organizations. The fundraiser is a reward program for shopping at a local grocery store. The co-op receives 4% of whatever members spend in the grocery store. It has been a very successful and easy way to raise funds for Veritas.

Veritas' website <http://www.veritaschristiancoop.org/> has many common forms used by homeschool co-ops including field trip permission, family commitment form, reimbursement form and a policy manual. If your homeschool group needs forms, visit Veritas' Forms page for ideas.

This is a quarterly newsletter written by Carol Topp, CPA for homeschool group leaders. Thanks for reading! Please feel free to forward this to other homeschool leaders.

Subscribe to this newsletter [here](#). Click the Newsletter button on the left.
