

Welcome to the newsletter for homeschool group leaders

Homeschool Leader

written by Carol Topp, CPA

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Do You Need to Incorporate?

If your organization is growing, you may need to consider becoming incorporated as a nonprofit organization in your state.

What is Incorporation?

Becoming a corporation means you are establishing a separate legal identity. It means your group can now put "Inc." behind their name. It is sort of like going from "Mom & Pop Store" to "Mom & Pop, Inc." The business operations may stay the same, but a separate, legal entity has been created. Incorporation is handled by state government, usually the Secretary of State's Office.

Do we need to Incorporate?

If there is a financial surplus at year-end, you should consider incorporating as a not-for-profit organization. State government considers your group as a profit-seeking venture until you notify them otherwise. Incorporating as a not-for-profit will legally establish your organization with your state and exempts you from taxes on your surplus.

Incorporation also allows you to legally protect your leadership. The corporation, not individuals, will become liable for any legal or financial problems. The directors of a corporation have limited liability. That means that if your corporation is found to be responsible for an injury or loss, the organization will be responsible for legal claims.

Other reasons to incorporate include a desire for the organization to exist beyond the current leadership, a desire for the organization to own property or hire employees. Finally, if you think your organization may desire to become a IRS 501c3 tax-exempt organization, you should become incorporated first.

What does incorporating involve?

The disadvantages to incorporating are primarily the cost and the paperwork. The paperwork is usually fairly simple. Most states require only a one-page form listing the legal name of the organization and the officers' names. You must research your choice of name. Sometimes this research can be done on-line. Your Secretary of State's office will have information on incorporating as a non-profit organization. The fees for incorporating run from \$50 to \$400. It may take 2-6 weeks.

To read more about nonprofit incorporation for homeschool groups visit my website

www.HomeschoolCPA.com and go to the Articles page

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:

[Apply for an Employer ID number \(EIN\) online.](#) It's fast and easy! You'll need an EIN from the IRS to open checking account, pay teachers or apply for 510c3 tax exempt status with the IRS.

[Can my family homeschool be a nonprofit?](#) If a state classifies your family homeschool as a private school, can your homeschool become a nonprofit?

[Paying co-op teachers is a sticky issue.](#) Should co-op teachers be paid or be volunteers? Are they employees or independent contractors?

NEW! NEW! NEW!

The [Old Schoolhouse magazine](#) will be publishing two articles I wrote in their Winter 2007 Edition (arriving in January 2008). The theme for the magazine is conventions and support groups. I wrote an article called ***Money Management for a Homeschool Group***. In the article I cover appointing a treasurer, creating a budget and preparing simple financial reports. You can also read about these topics in my free ebook *Money Management for Homeschool Organizations* available at www.HomeschoolCPA.com.

The other article is called ***Wanna be a WAHM? The Pitfalls and Possibilities of being a Work At Home Mom***. Written from my own knowledge of working from home and from my experience working with small business accounting clients, I offer advice on making a business plan, setting boundaries, and avoiding common pitfalls and scams for WAHMs. You can read more about being a WAHM at my accounting business website: www.CarolToppCPA.com

If you'd like to read these articles you can subscribe to The Old Schoolhouse [here](#), or find the magazine on sale at Barnes and Noble or Christian bookstores.

UPCOMING NEWS!

I'm writing a book called ***Homeschool Co-ops: How to Start Them, Run Them and Not Burn Out!*** It's in the editing stage right now and a cover is being designed. I hope to have it to the publisher by the end of the year and a finished copy in my hands by March 2008! It's a pretty exciting project. I've learned a lot! I hope the book is helpful to a lot of homeschool leaders like you! I'll make announcements on my blog and this newsletter when the book is ready for you to purchase.

PROFILE ON INDIANA FOUNDATION FOR HOME SCHOOLING, INC. From Indianapolis, IN

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.

Indiana Foundation for Home Schooling, Inc. is a 501c3 tax exempt homeschooling organization with a big mission and vision. The mission of the Indiana Foundation for Home Schooling is to enable students to achieve their potential by providing recognition, opportunities, and resources that inspire learning and make home schooling an option for any Indiana family. They accomplish their mission by organizing workshops and a very popular graduation ceremony. The proceeds of the workshops and graduation ceremony fund scholarships for homeschool students. Their long-term plans include a Resource Center/Bookstore, helping disadvantaged families to homeschool and offering more scholarships.

IFHS has a large and diverse board of directors. Led by Charlene Brown, President, the board has homeschool pioneers, current homeschool leaders and parents and members of the Indianapolis community at large with a heart for homeschool education. The board has more than one hundred years of practical experience home schooling collectively. You can read their bios [here](#)

One of IFHS's most popular workshops is the Map Your Future: a High School, College, and Career Prep event usually held in the fall. Map offers guest speakers, an information fair with 40 organizations and breakout sessions on High School Course Planning, Military Options, Career Plans, College Admission Process, College Financial Aid, Apprenticeships and more. The highlight of the weekend event comes with awarding three \$1,000 college scholarships to worthy homeschool students. Read more about Map Your Future [here](#)

IFHS is not your typical homeschool support group. They have a vision for encouraging homeschooling in different, unique and bold ways. I wish them all the best of success in the future. You can learn more about IFHS and their programs at www.ifhsonline.org. The website also has useful information on homeschooling in high school and preparing for college.

This is a quarterly newsletter written by Carol Topp, CPA for homeschool group leaders. Thanks for reading! Pass it along to another homeschool leader!