

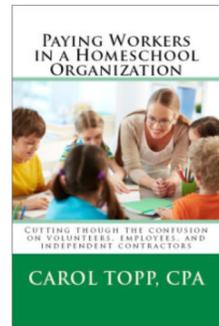
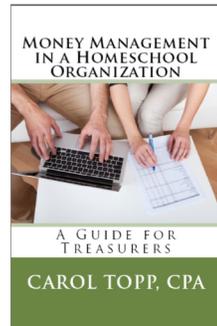
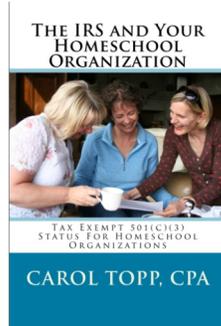
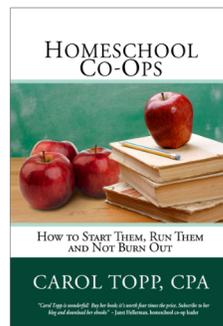
Create a Nonprofit for Your Homeschool Community

CAROL TOPP, CPA

HOMESCHOOLCPA.COM



Carol Topp, CPA



Agenda

- Difference between a business and a nonprofit
- Advantages and disadvantages
- Forming a board
- Nonprofit incorporation
- Creating bylaws
- Drafting a budget and setting up a bank account
- The time and expense

A nonprofit is:

Organized and

Operated

Founding document
Bylaws
Articles of Incorporation

Purpose
Educational



No profit motive
No owner. Board run



Business vs Nonprofit

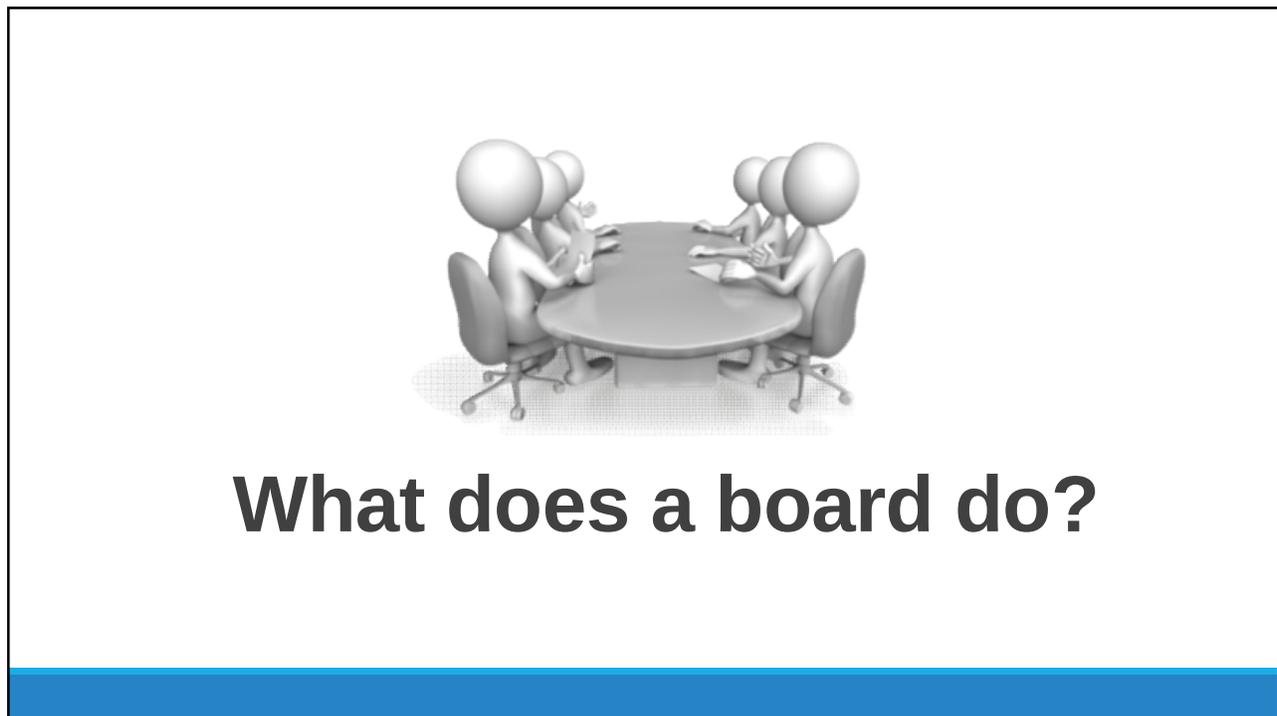
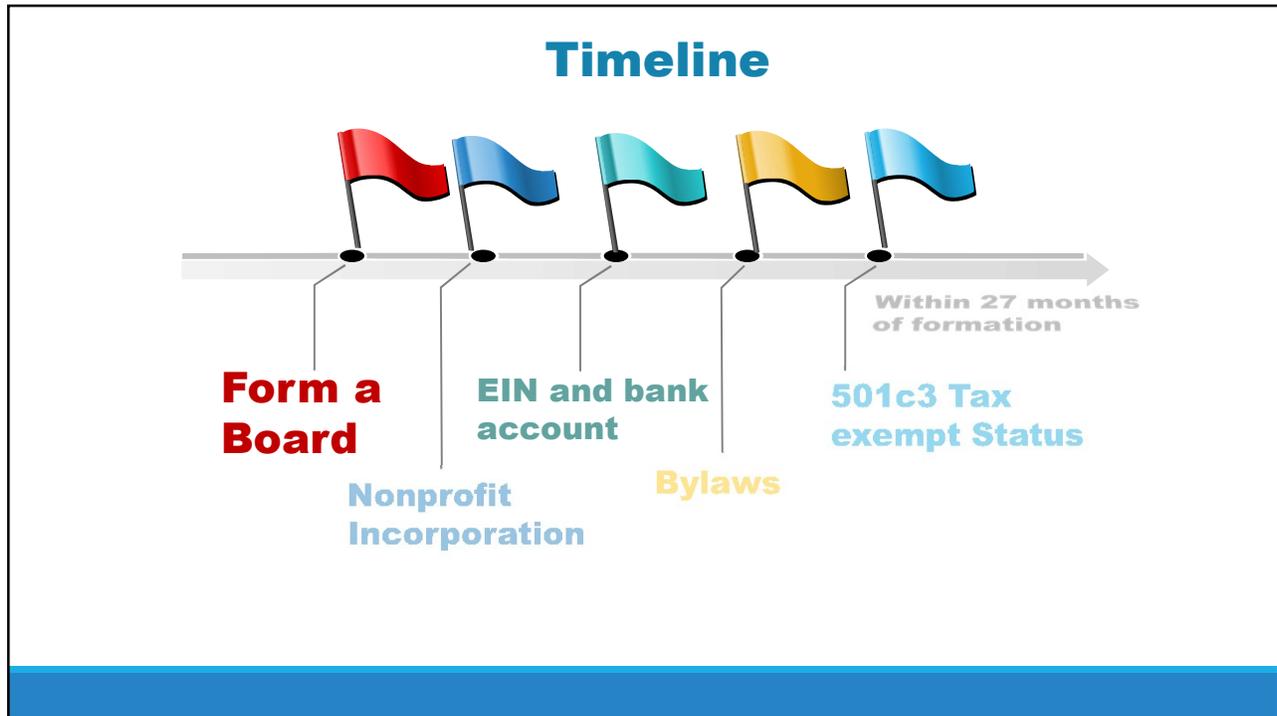


POSITIVES

- Teamwork
- Eligible for tax exempt status & donations
- Mission-oriented
- Volunteers
- Respectability

NEGATIVES

- Lose control
- Not tax exempt = taxes
- No exempt purpose
 - No church host! ☹️



BOARD



Governance:

Mission
 Strategy & goals
 Establish policies
 Accounting procedures
 Legal compliance
 Hire and appraise Exec Director

PAID STAFF



Management:

Day-to-day operations

Dual roles common in small and start up nonprofits

Excellent short videos: <https://www.youtube.com/user/foundationgroup/videos>

Board duties

Duty of Care: Attend meetings,
 read financial statements

Duty of Loyalty: Conflict of
 interest policy, avoid personal
 advantage



Board duties

Duty of Compliance/Obedience:

Read the bylaws and policies.
Know and obey the required IRS
and state laws.

Duty to Management: Develop a
budget, accounting checks and
balances, etc.



Financial Statements

Financial reports should
delivered to the board **every
month.**

Financial best practices at
HomeschoolCPA.com/Fraud

MONEY MANAGEMENT
IN A HOMESCHOOL
ORGANIZATION



A GUIDE FOR
TREASURERS

CAROL TOPP, CPA



Who can be on the board?

Board Qualifications

-  Passion
-  Business skills
-  Nonprofit or committee experience
-  Able to help make financial decisions
-  Integrity, value compliance and transparency

<https://www.501c3.org/setting-up-your-nonprofit/>

Unrelated board

Unrelated by **Family**

- AHG example

Unrelated by **Business and employment**

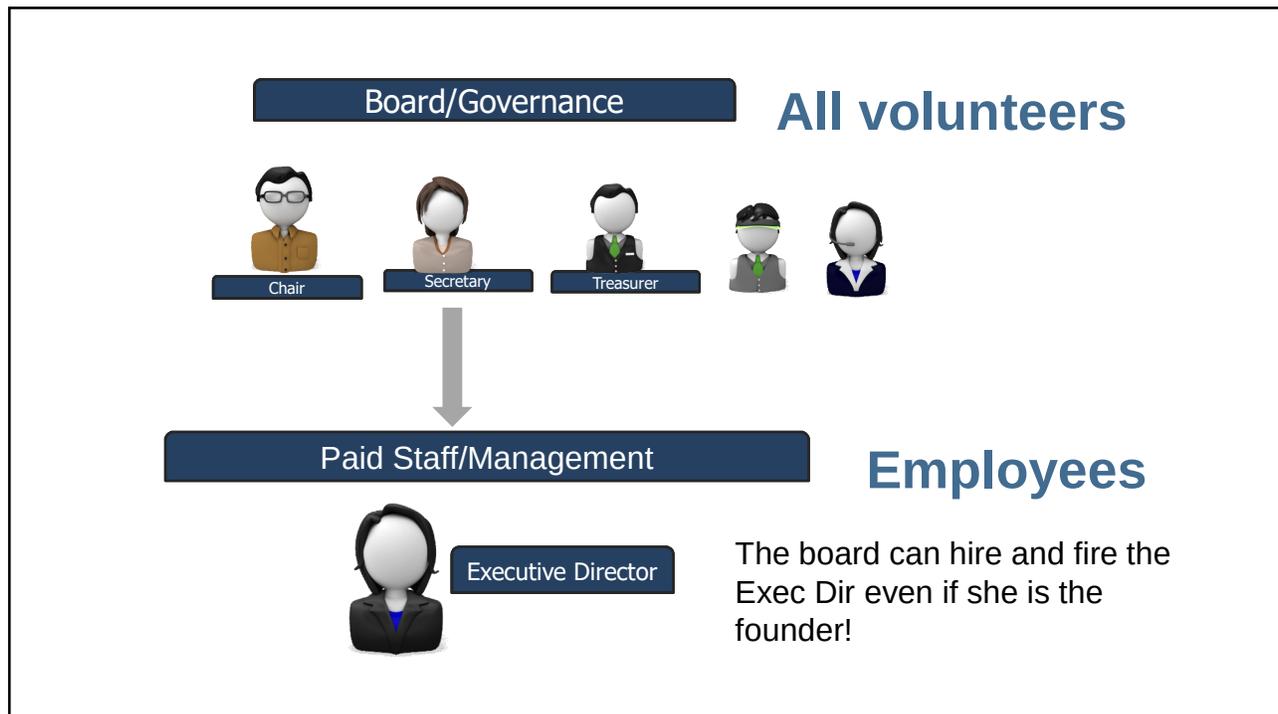


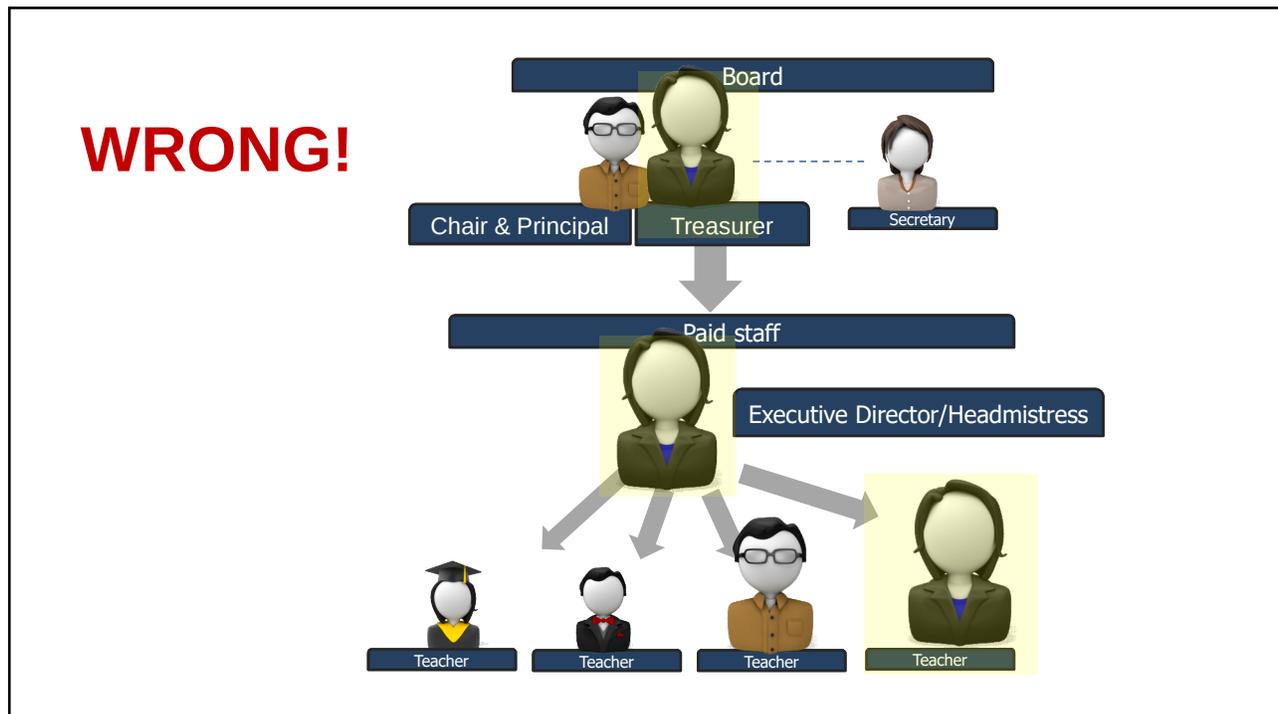
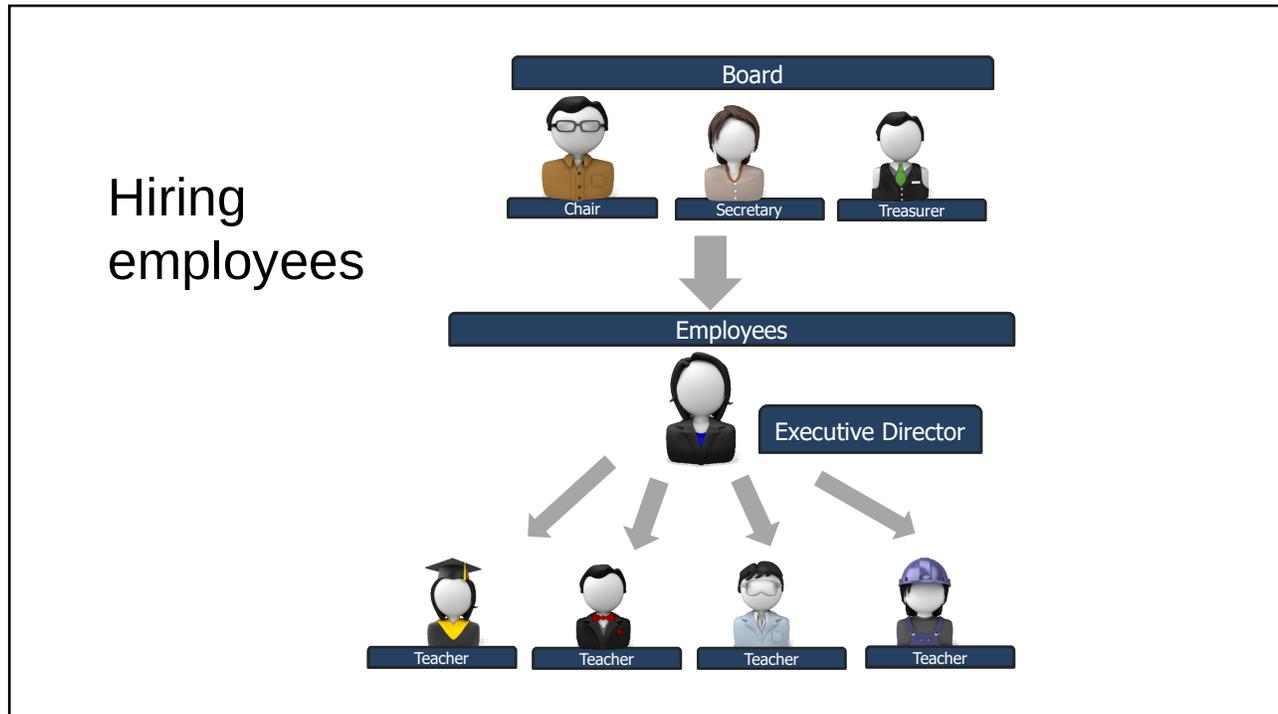
<https://www.501c3.org/nonprofits-board-directors/>

No rubber stamp boards!



Board Structure





Nonprofit Boards

Advice for homeschool leaders

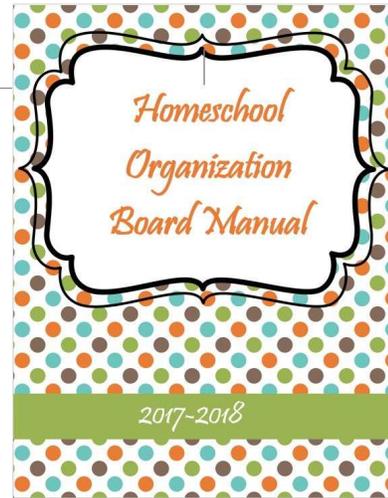
HomeschoolCPA

Podcast



with
Carol Topp, CPA

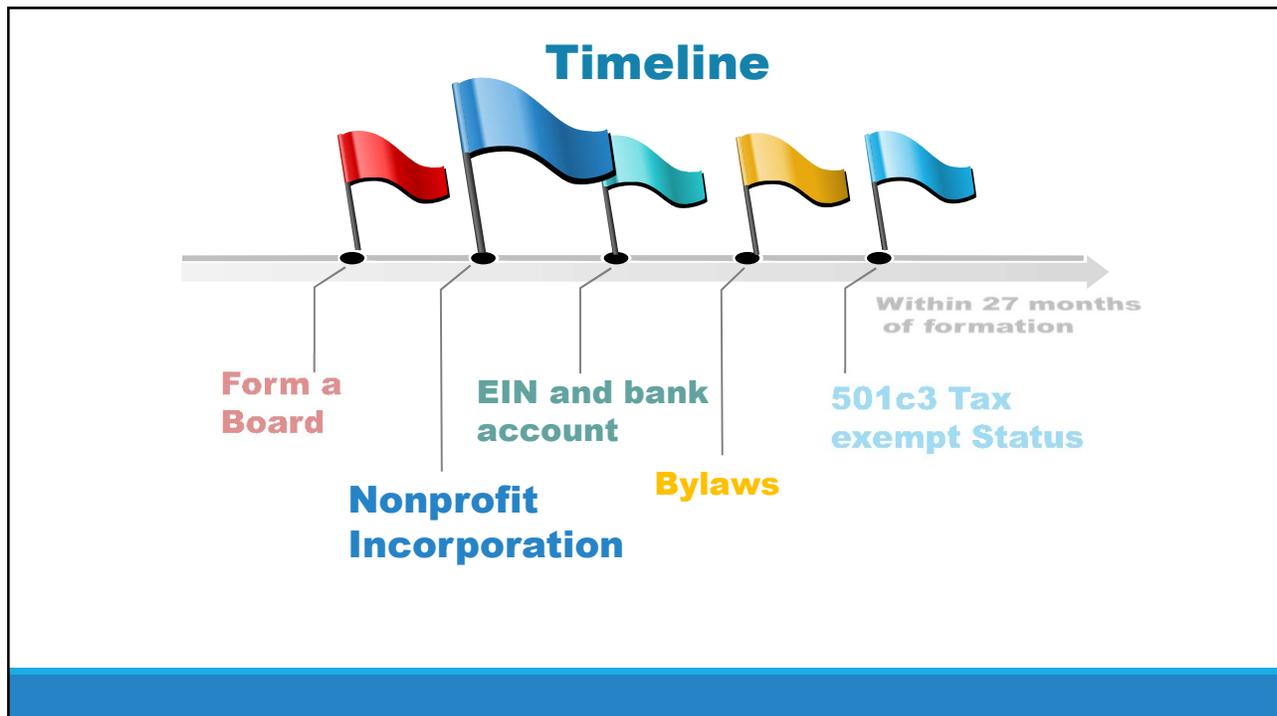
HomeschoolCPA.com/Podcast



Questions?



Nonprofit Incorporation



Advantages of NP Incorporation

Protect leadership: Limited liability

By default: *unincorporated association*

Individually and severally liable

Legal entity

Hire employees, sign lease/contracts/licenses, buy property *in name of corporation*

Longevity

Articles of Incorporation

Birth Certificate

Filed with your state's
Secretary of State

Use your state form

HarborCompliance.com>Information Center>Nonprofit Start Up Guide
>Formation by State



IRS required language for 501c3 status

1. Purpose statement
2. Limitations
3. Dissolution clause

See HomeschoolCPA.com/Samples

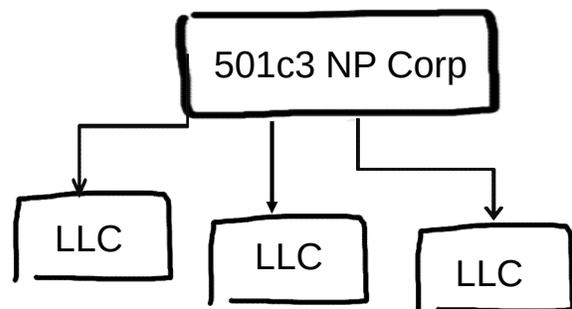


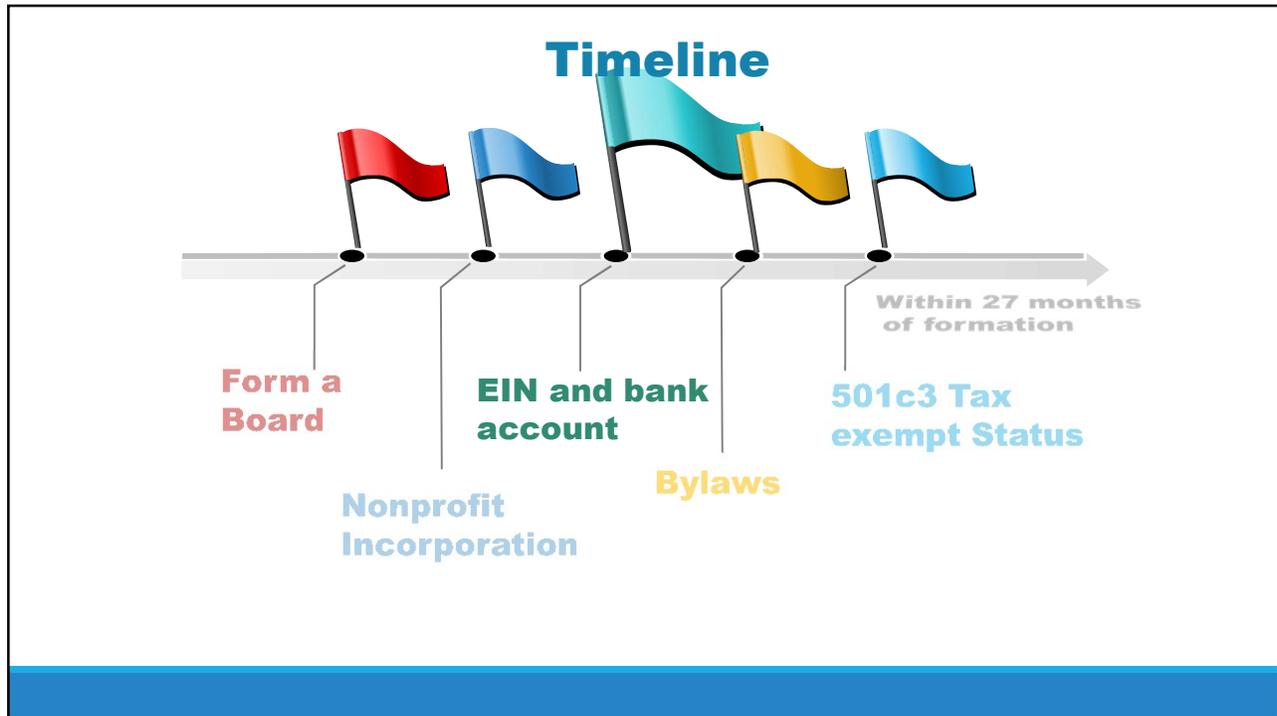
Should my nonprofit be an LLC?

Nonprofit Corp offers limited liability like LLC

IRS 12 conditions

Nonprofit LLCs cannot get 501c3 status unless under a 501c3

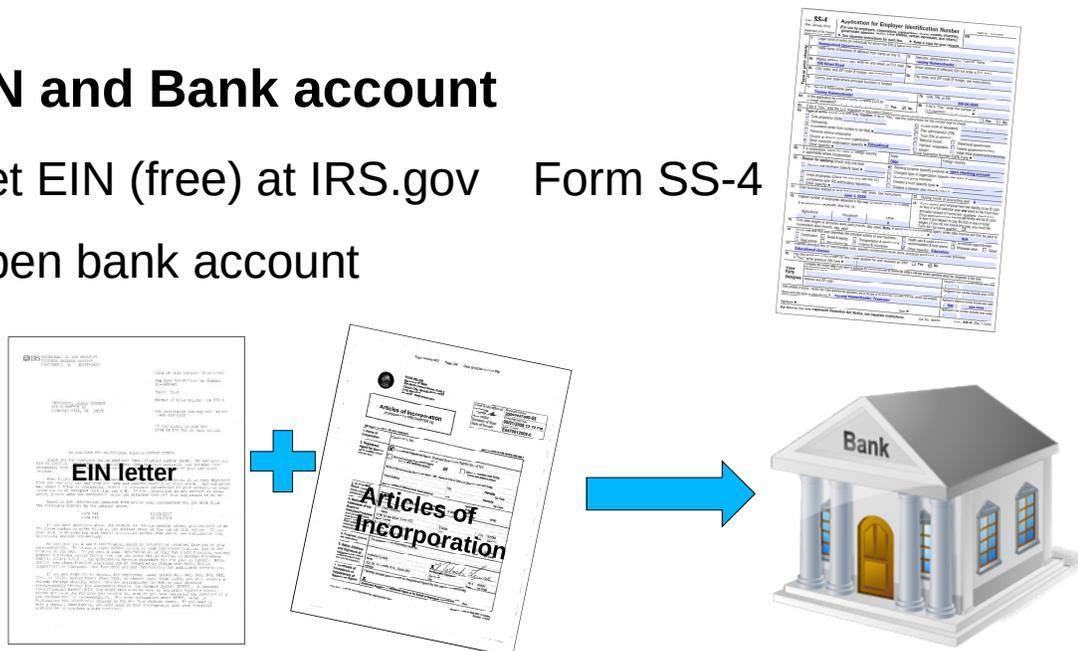




EIN and Bank account

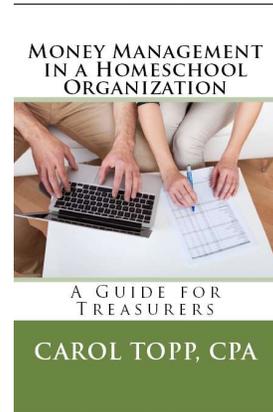
Get EIN (free) at IRS.gov Form SS-4

Open bank account



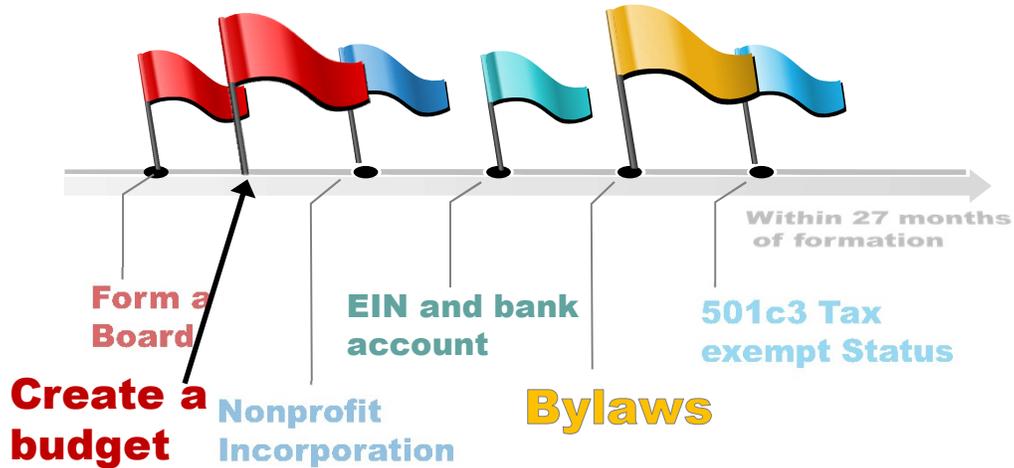
Money Management

Create a budget early on!



FREE: HomeschoolCPA.com/WebinarFR

Timeline



Bylaws

Bylaws

Rules of how an organization will operate

- Are there members? Do members vote? On what?
- How often are meetings held?
 - Can they be held by phone or video?
- How are board members chosen?



More on Bylaws

- Board officers, roles
- Executive Director
- Committees
- Conflict of Interest policy

Sample bylaws at HomeschoolCPA.com/Samples



State Filings for Nonprofits



Dept of Revenue:
Corporate tax
exemption. Sales tax
exemption.



Secretary of State:
Nonprofit corporate
status update every
1-5 years.



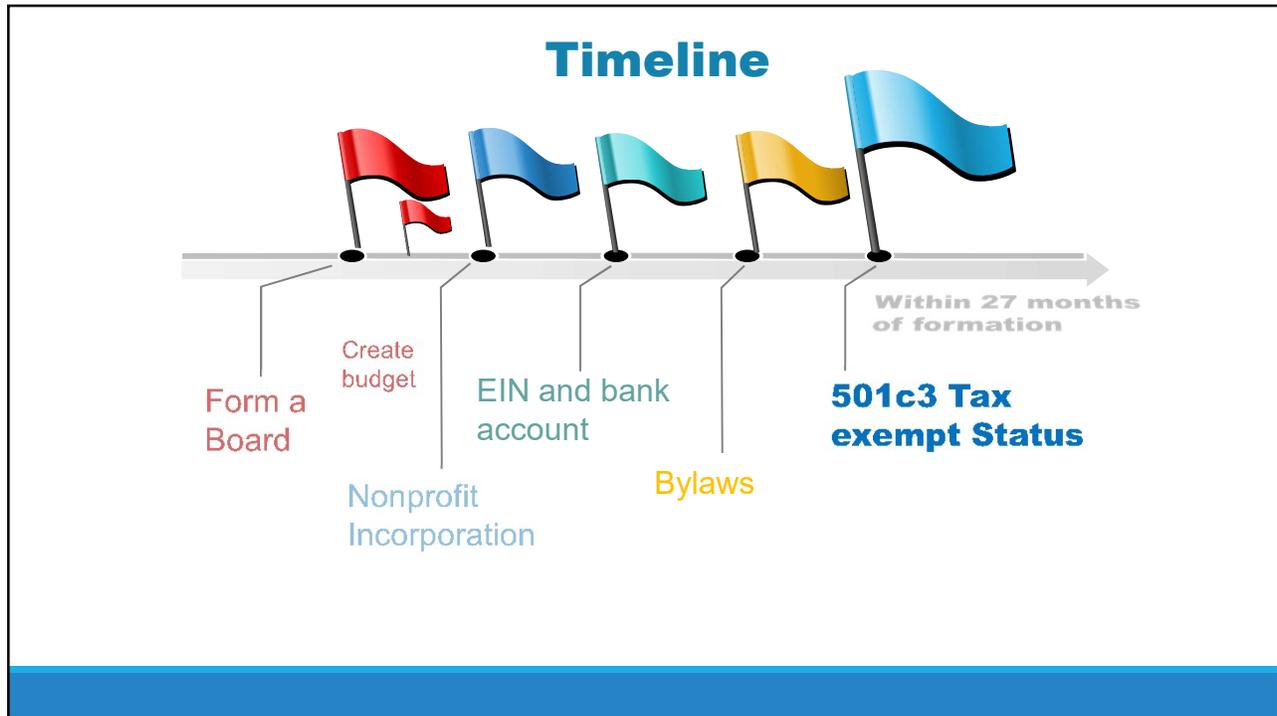
Attorney General:
Charitable Solicitation
for donations or
fundraisers

HarborCompliance.com>[Information Center](#)>[Resources by State](#)

Questions?



Tax Exempt Status

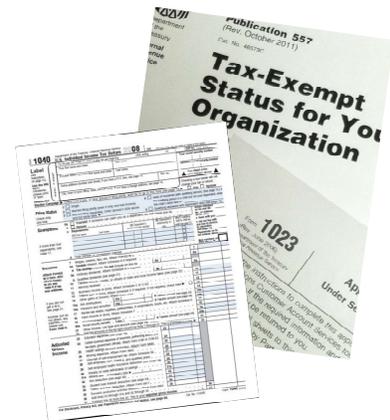


Nonprofit not same as tax exempt status



Nonprofit status like
married couple

Tax benefits come
with filing tax forms!



Does my nonprofit have to be tax exempt?

No, but...

Pay corporate income tax on surplus

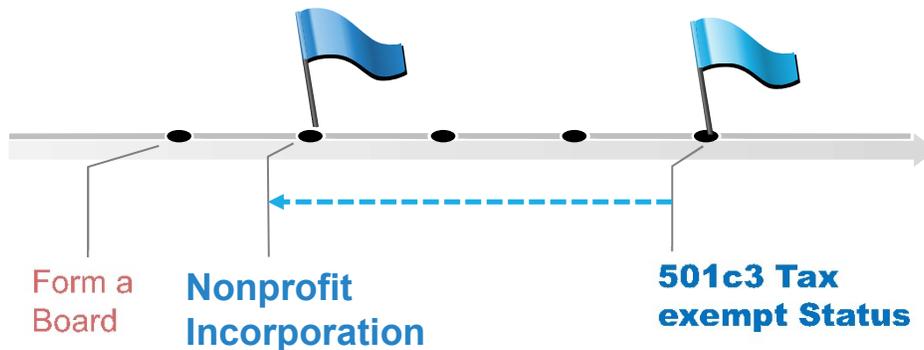
- 21% of profit on IRS Form 1120

No tax deductible donations or Box Tops, etc. that require 501c3 status

Perhaps no sales tax or property tax exemptions (varies by state)



Apply within 27 months of formation



IRS will **back-date** tax exempt status to date of formation

Filing with IRS for 501(c)(3) status

FORM 1023-EZ

Revenues < \$50,000/year
IRS fee \$275
1-4 weeks



FORM 1023 (26 PAGES)

Revenues > \$50,000/year
IRS fee \$600 +
3-6 months



Tax exempt application webinar

Coming June 2019

- IRS Forms
- Cost
- Tips for DIY



501c3 tax exempt status

Advice for homeschool leaders

HomeschoolCPA

Podcast



with
Carol Topp, CPA

HomeschoolCPA.com/Podcast

THE IRS AND YOUR
HOMESCHOOL
ORGANIZATION



TAX EXEMPT 501(C)(3)
STATUS FOR HOMESCHOOL
ORGANIZATIONS

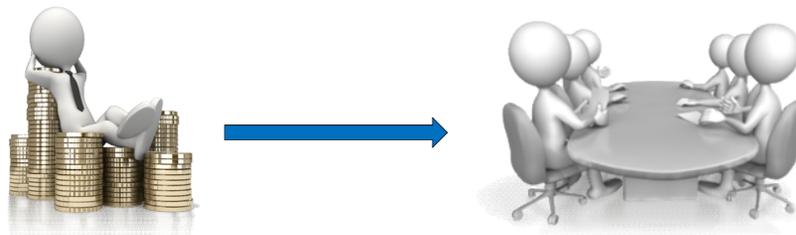
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Convert a Business into a Nonprofit

Convert For-profit to Nonprofit “Successor to a for-profit entity”

*Substantially taken over all the assets or activities of a for-profit entity;
Been converted or merged from a for-profit entity; or
Installed the same officers, directors of a for-profit entity that no longer exists.*

- IRS Instructions to Form 1023-EZ



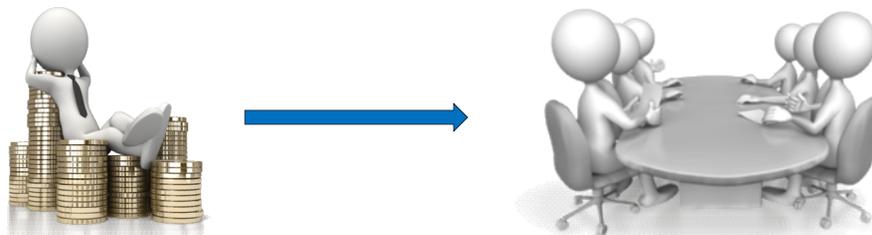
Successor to a for-profit entity

IRS requires longer application Form 1023

Narrative, financial statements, Articles of Incorporation, bylaws etc.

IRS focus of audits, questions, etc.

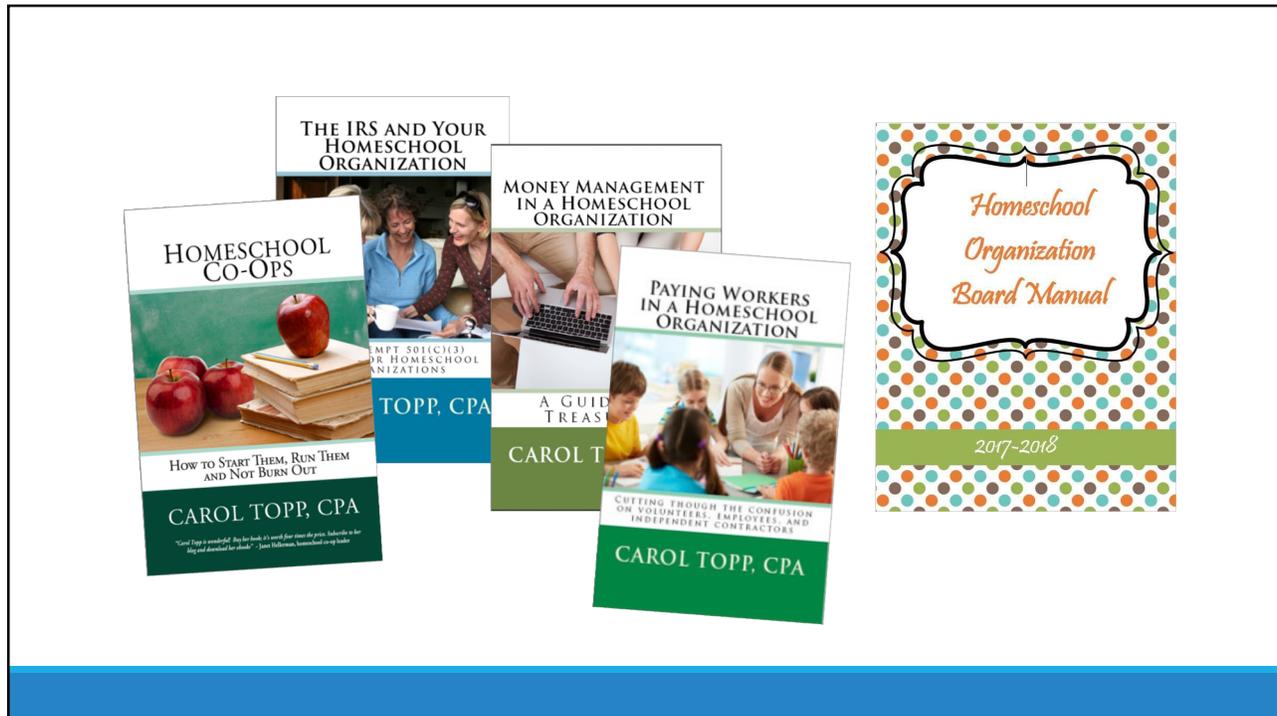
-IRS 2019 Exempt Org Work Plan



Cost

Cost

	IRS 1023-EZ	IRS Form 1023
Nonprofit incorporation	\$20-100	\$20-100
EIN	free	free
501c3 IRS fee	\$275	\$600
501c3 Professional help	\$300-\$400	\$1,275-\$3,000
Carol Topp CPA	\$85/hour	\$85/hour
Total for tax exempt status	\$680-\$760	\$1,980-\$3,785
Attorney to review legal agreements (licenses, employee contracts, leases, etc.)	\$500-\$2,000	\$500-\$2,000



NEED HELP?



Contact Carol Topp, CPA
for a one-on-one consultation

Carol@HomeschoolCPA.com

HomeschoolCPA.com

Questions?

