



Seven Great Reasons to Incorporate

By Carol Topp, CPA

Does a homeschool organization need to incorporate? Here's a short quiz to see if incorporating in your state as a nonprofit organization would be beneficial for your homeschool group.

1. Do you consistently make a **financial surplus** (i.e. a profit)?
Yes. Incorporate as a nonprofit in your state and then apply for tax exemption from the IRS so that you can avoid being taxed your "profit".
2. Do you wish to legally and financially **protect your leadership**?
Yes. Incorporate as a nonprofit to offer your leaders limited liability protection. Your organization may also purchase Director & Officer insurance to protect your leaders in case of lawsuits. A nonprofit can be sued, but your members and directors can be protected from personal liability.
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 the current leadership leaves.
4. Do you wish to **hire employees** or **purchase property** or equipment?
Yes. Incorporate so the organization, not individuals, pays employees or owns the property. Also, nonprofits may be exempt from paying property taxes on real estate and other property. Contact your county assessor's office for more information on property tax exemption.
5. Do you have **donors who want a tax exemption** for their donations?
Yes. Incorporate with your state as a nonprofit 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 than as an unincorporated association.
6. Do you expect to **receive private or public grant money**?

Your group is not likely to qualify for public and private grants without 501(c)(3) “qualified charity” status. Incorporate with your state as a nonprofit and then pursue the 501(c)(3) charitable status with the IRS

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. You can pick up an application form at your local post office or the post office website: www.usps.com. The post office can also help explain the procedures.

Carol L. Topp, CPA homeschooled her two daughters through high school graduation. She enjoys using her accounting skills helping non-profit organizations. She and her family live in Cincinnati, Ohio. Her website is www.HomeschoolCPA.com

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