

## Checklist for Starting a Home School Group - June 2017

This checklist is offered for informational purposes only. THSC is not offering professional accounting or legal advice. This is intended as a general guideline only and will not meet the needs of all groups. This is not likely to meet the requirements for a 501(c)(7) (social club), but provides some general information for 501(c)(3) for nonprofit organizations. THSC recommends that home school leaders seek professional assistance.

This checklist was created in collaboration with Carol Topp of [HomeschoolCPA.com](http://HomeschoolCPA.com). Check her website for helpful hints.

- Form a board to complete the checklist. At least 3 directors are required.
  - In addition to items determined in this list, determine criteria specific to your group.
    - Groups should always ensure that their bylaws are consistent with their actions and their actions are consistent with their bylaws.** If your group wants to operate in a specific way, such as requiring teachers to agree to the Statement of Faith, or setting specific criteria for termination of a board member or group member, this should be defined in the bylaws.
  - Please Note: Board meeting minutes should be maintained for meetings
    - Notate all present members
    - Record votes
  
- Vote and decide on formation and name.
  
- Incorporate as a Nonprofit Corporation in Texas (Optional, but recommended).
  - Use your name, as approved in your initial formation meeting.
  - Create Articles of Incorporation with the Texas Secretary of State's form for: Certificate of Formation - Nonprofit Corporation:  
[https://www.sos.state.tx.us/corp/forms/202\\_boc.pdf](https://www.sos.state.tx.us/corp/forms/202_boc.pdf) (Note: Texas has a specific form for this, although some states can write their own. Samples available at [HomeschoolCPA.com/Samples](http://HomeschoolCPA.com/Samples)). The form/articles should include the required IRS language for 501(c)(3) organizations if your group seeks to become a 501(c)(3).
  - Helpful resources:
    - [Should my nonprofit corporation have members?](#)
    - [Is my homeschool organization a mutual benefit organization?](#)
    - Nonprofit: [http://www.sos.state.tx.us/corp/nonprofit\\_org.shtml](http://www.sos.state.tx.us/corp/nonprofit_org.shtml)
    - Nonprofit FAQ's: <http://www.sos.state.tx.us/corp/nonprofitfaqs.shtml>
    - Forms and filing: [http://www.sos.state.tx.us/corp/forms\\_boc.shtml](http://www.sos.state.tx.us/corp/forms_boc.shtml)
  
- Apply for an EIN [at IRS website for EIN.](#)

- ❑ Create bylaws.
  - ❑ Sample bylaws available at:
    - ❑ [Appendix](#) of the [2017 THSC Leader's Guide](#)
    - ❑ [HomeschoolCPA.com/Samples](#)
  - ❑ Considerations for bylaws for inclusions or exclusions should be worded exactly how you intend to operate. Helpful documents regarding this are found at [NCLL.org](#).
    - ❑ [January Hot Topic Ministry Freebie](#) from [NCLL.org](#)—helpful for writing bylaws
    - ❑ [Home School Laws](#) e-book from [NCLL.org](#)
    - ❑ [Protecting Your Ministry e-book download](#) from Alliance Defending Freedom
  
- ❑ Open a checking account with the name and EIN.
  - ❑ Forms most banks will require to open an account:
    - ❑ Minutes showing when board approved formation of the organization
    - ❑ Certificate of Formation
    - ❑ EIN
  
- ❑ **Only if reorganizing and NOT forming a brand new group (NEW groups skip to next step):**
  - ❑ Reorganizing an existing group needs careful consideration, and may not always be the best option. Professional advice is strongly advised.
    - ❑ Spend down the funds in the original account as much as possible and move any leftover money from the old account to the new account (with board approval).
    - ❑ Notify your members of the name.
    - ❑ Optional, but helpful: Host an informative Q&A/Meet and Greet for group members to meet with board. Stay positive; people resist change. A positive attitude from the board facilitates a smooth transition. Some members may not come along, but that is alright.
    - ❑ Start collecting checks in the new name.
    - ❑ After a few months, close the original checking account.
    - ❑ Notify the IRS that you wish to close your old EIN.  
<http://www.irs.gov/Businesses/Small-Businesses-&Self-Employed/Canceling-an-EIN-Closing-Your-Account>. A good reason could be "Organization no longer exists."
  
- ❑ Determine filing requirements for [annual information returns with the IRS](#)
  - ❑ For professional advice and eligibility questions, consult [homeschoolcpa.com](#)
  - ❑ Determine eligibility requirement for form 1023-EZ by searching "1023-EZ eligibility requirements," at irs.gov. Eligibility is based on gross revenues (revenues are all the income that comes in, even if it goes right back out).
    - ❑ For eligible organizations: File for 501(c)(3) tax exempt status
    - ❑ If your organization exceeds \$5,000 in annual gross revenues use Form 1023-EZ.
    - ❑ Groups with more than \$50,000 in annual gross revenues should seek professional advice or legal counsel.

- ❑ For 501(c)(3), file Form 990-Ns on an annual basis. It is due 4 ½ months after the end of your fiscal year.
  - ❑ [IRS Website FAQs for filing 990-N](#)
  - ❑ Annual electronic requirement:  
<https://www.irs.gov/charities-non-profits/annual-electronic-filing-requirement-for-small-exempt-organizations-form-990-n-e-postcard>
  - ❑ About the e-Postcard:  
<https://www.irs.gov/charities-non-profits/exempt-organizations-e-file-e-postcard>
  - ❑ Filing: [IRS.gov/990N](https://www.irs.gov/990N)
    - ❑ NOTE: Very particular requirements in this form. You may have to call if it rejects. Form can be rejected for minor reasons. One example is that the site does not accept the http:// or https:// in their website entry box, but the site doesn't provide details about what is causing the malfunction. The reps are very helpful.
  - ❑ Form 990/990-EZ: If your annual gross revenues are more than \$50,000, you cannot file the online Form 990-N, but must file a longer paper Form 990 or 990-EZ. Legal counsel is recommended. You may also contact Carol Topp, CPA at [HomeschoolCPA.com](https://www.homeschoolcpa.com) for assistance in preparing the Form 990/990-EZ.
  
- ❑ If your group needs to self-declare tax exempt status, and if you have not applied for 501(c)(3) status by filing Form 1023-EZ, you will have to call the IRS Exempt Organization at **1-877-829-5500** to be added to their database. Use your name, address and EIN.
  - ❑ Helpful resource: [How to know your status with the IRS](#).
  - ❑ Professional advice is recommended if you have questions about self declaring.
  
- ❑ It is important to note that obtaining 501(c)(3) status does not automatically grant tax exempt status in Texas.
  - ❑ Visit the State Comptroller website for more information:  
<https://www.comptroller.texas.gov/>

This checklist was created, in part, from collaboration with Carol Topp, of [HomeschoolCPA.com](https://www.homeschoolcpa.com) and from personal experiences with home school group leadership. E-books from [NCLL.org](https://www.ncll.org) & [ADFLegal.org](https://www.adflegal.org) used with permission.