

# Homeschool Co-ops: Tips and Traps for Leaders

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## Pros of co-ops:

Huge influence on the next generation, raising the academic standard, encouraging tired homeschool parents and fighting homeschool critics.

## Cons of Co-ops:

Responsibility for children's safety, money, legal status, volunteers and hired workers.  
A lot of work!

## Leader Traps

No help = burnout  
Founder's syndrome  
Ignorance

## Leader Tips

### Attitude

You cannot be all things to all people-so stop trying  
Your co-op is not essential to the success of homeschooling!  
You are not responsible for homeschooling other peoples' children!

### Tools

Board: Have committees, schedule regular meetings, keep minutes

Budget: Planning with dollars. List your sources of income (fees, fundraisers, donations), expenses and some extra for uncertainties.

Bylaws: rules of how an organization will operate. Usually include a mission statement: We are \_\_\_\_\_ and we do \_\_\_\_\_

Policies and guidelines help you to avoid making decisions while in a crisis.  
Sample bylaws at [HomeschoolCPA.com/leader-tools/sample-documents](http://HomeschoolCPA.com/leader-tools/sample-documents).

### Knowledge

Nonprofit status  
The IRS and tax exempt status  
Fundraisers  
Reimbursement policies  
Paying workers

## **Nonprofit Status and Tax Exempt Status**

You're a nonprofit if you are organized (board and bylaws) and operate like one (no profit motive and no one pockets the money). Nonprofit is not the same as tax exempt though! Nonprofit status is like a married couple. Tax benefits come only after filing the correct tax form (Form 1023 for homeschool coops)

Automatic tax exemption to: groups with annual gross revenues under \$5,000, 501(c)(7) Social Clubs (most support groups) or under the ministry of a church.

If you are a nonprofit, you have 4 choices:

1. Stay under \$5,000/year
2. Find a church
3. File to be 501(c)(3) educational organization
4. Pay your taxes

## **Required annual IRS filing for ALL small nonprofits (under \$50,000 annual gross revenues):**

Form 990-N due 4 ½ months after end of fiscal year. File online at <http://epostcard.form990.org>.

Failure to file for 3 consecutive years results in automatic revocation of tax exempt status (even the automatic tax exempt status). You may owe back taxes and will need to reapply for tax exempt status.

**Paying Workers:** Employee or independent contractor. Must give Form 1099MISC to any independent contractor paid \$600 or more in a calendar year.

**Fund raisers:** No individual fund raising accounts. All fund raiser proceeds must stay in general fund.

## **Resources at HomeschoolCPA.com.**

*Homeschool Co-ops* book and ebook

*The IRS and Your Homeschool Organization* book and ebook

*Money Management in a Homeschool Organization: A Guide for Treasurers* book and ebook

*Paying Workers in a Homeschool Organization* ebook

*One by One: Homeschool Group Leaders Guide to Motivating Your Members* ebook at  
HomeschoolGroupLeader.com

Free webinars on paying workers, fundraisers, and 501c3 tax exempt status at:  
<http://homeschoolcpa.com/bookstore/free-webinars/>

Facebook group: I am a Homeschool Group Leader

My podcast: DollarsAndSenseShow.com has episodes for homeschool leaders.

Consultation by phone, Skype, or Google+ video chat with your leaders. Email  
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