

What You Need to Know About IRS Considerations

Q: Do you need a non-profit 501-c-3?

No, if:

1. You start as a “tiny homeschool group” of under 20 families.
2. Do not charge any fees.
3. Do not open a bank account.
4. Set policies and guidelines so parents know what to expect.
5. Have a mission statement.
6. Ask parents to sign waivers of liability.
7. You have gross revenues of less than \$5,000 per year (IRS threshold).
8. You do not pay employees or independent contractors. (If all are volunteers)
9. You are considered an unincorporated association.

It is expected that HIS Schools would fall in this category.

Yes, if:

1. You are larger than 20 families.
2. Charge fees and have a bank account.
3. Pay employees or independent contractors
4. Have gross revenue over \$5,000/year

Then, you will need:

1. A 501-c-3
2. By-laws (see homeschoolcpa.com for sample by-laws)
3. Board of Directors, usually made up of 3 or more parents.

You can find more information, including pod casts at homeschoolcpa.com

There have been Christian schools that started as a homeschool coop (PSP-Private School Satellite Program) and then grew beyond 20 families. If this happens, you will need to obtain a 501-c-3, write by-laws, and put together a board of directors.

But when this happens, it is also common for the school to need to hire teachers, and start charging to be able to pay them. It can quickly become a private school that is no longer affordable to all HIS Children.