



NIM
CCS
New Mexico
Coalition for
Charter Schools

Establishing a Nonprofit to Support Your Charter School

Connie Dove, Commercial Broker
Dove Property Advisors, LLC



Champion Charter School Excellence
2016 Annual Conference



BENEFITS TO A NONPROFIT

- ✓ FACILITY ACQUISITION
- ✓ FUNDRAISING
- ✓ GRANTS AVAILABLE ONLY TO NONPROFITS





FACILITY ACQUISITION

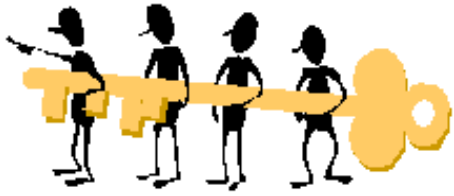
Charter Schools must be in Public Facilities by July 1, 2015 or Renewal
22-8B-4.2 NMSA 2011

- 1. Housed in a building that is:
 - Public building (owned by the charter, school district, state, etc.)
 - Subject to a lease-purchase agreement pursuant to the Public School Lease Purchase Act

Or
- 2. Demonstrates that:
 - Facility meets Adequacy Standards & owner must maintain standards at no cost to the charter school
 - And, either:
 - » Public Buildings are not available or adequate
 - » **Or, the owner of the facility is a nonprofit entity organized for the purpose of providing a facility for the charter school...**

**CHARTER SCHOOL EDUCATION
FOUNDATION**





BECOMING A NONPROFIT

Who can establish a Nonprofit Organization?

- Consultant
- Lawyer
- Volunteer

STATE & FEDERAL APPLICATION PROCESS

Incorporate as a Nonprofit in New Mexico

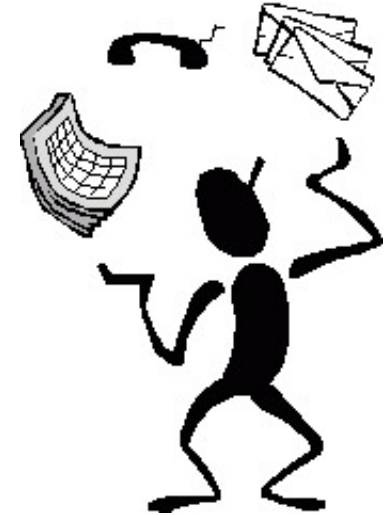
- Secretary of State

Obtain Federal Nonprofit Status

- Internal Revenue Service



STATE OF NEW MEXICO



- ✓ Choose a Registered Agent
- ✓ Apply for Employer Identification Number (EIN)
 - IRS Online
- ✓ Choose a Name for the Nonprofit
 - Secretary of State, Business Name Database
- ✓ Choose Initial Directors & Officers
 - Must have three or more

NEW MEXICO INCORPORATION

Draft & Submit to the Secretary of State's Office:

- Current Fee \$25
- Appointment of Registered Agent
- Articles of Incorporation
 - Fillable Application Does Not Meet IRS or Bond Requirements
- Receive Incorporation!



AFTER INCORPORATION

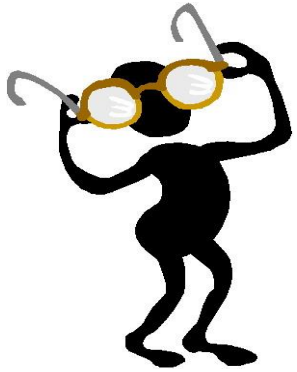
■ Draft

- Corporation Bylaws
- Conflict of Interest Policy
- Affidavit of Acceptance of Appointment of Initial Board Members

■ Initial Meeting of Corporation

- Adopt Bylaws
- Elect Board of Directors & Officers
- Adopt Conflict of Interest Policy
- Authorize Lease or Sublease, if necessary
- Draft Minutes of First Board of Directors Meeting
- Set up Corporate Records Binder





SECRETARY OF STATE INITIAL REPORT

- ✓ File Initial Report within 30 Days of Incorporation with the Secretary of State
- ✓ Filing Fee \$10
- ✓ Certificate of Good Standing \$10



IRS 1023

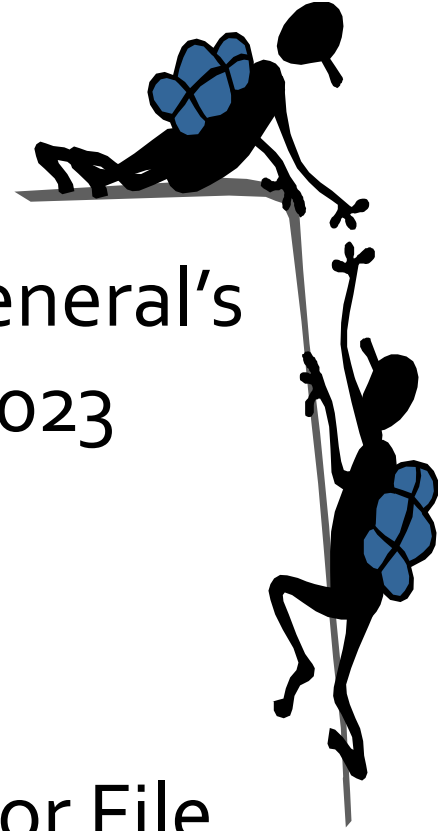
IRS APPLICATION & SUPPORTING DOCUMENTS

- Current Fee \$850
- Must File as a 509 (a)(3), a Supporting Organization to a Public School
- Approximately 100 pages Completed
- Respond to IRS Inquiries & Requests for Additional Information
- Can Take Up to 8 Months or More to Obtain



ATTORNEY GENERAL

- ✓ Must Register with the Attorney General's Office within 30 Days of Filing IRS 1023
- ✓ Must File Annual Financial Reports
- ✓ \$100 Penalty for Failure to Register or File Annual Report



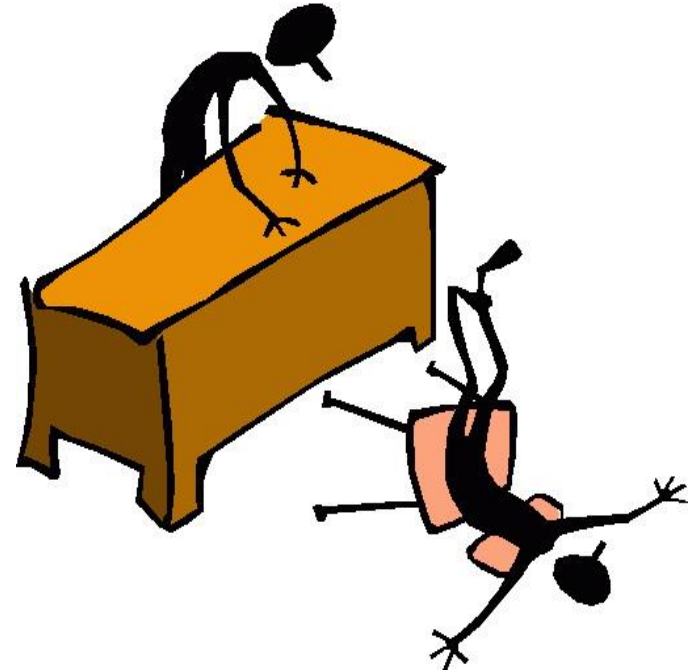
IRS DETERMINATION RECEIVED

- ✓ Contributions now tax-deductible from NM Incorporation Date



ONGOING COMPLIANCE

- ✓ Secretary of State
 - ✓ Initial Report
 - ✓ Annual Reporting
- ✓ IRS
 - ✓ File 990
- ✓ Attorney General
 - ✓ Registration NM-COROS
 - ✓ Annual Reporting



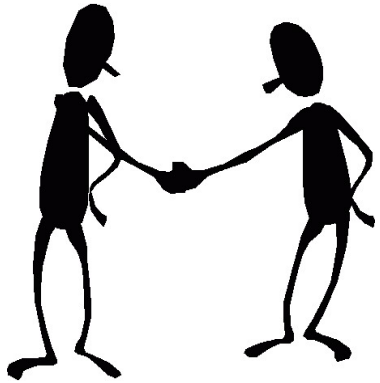


RISKS AND POTENTIAL MISTAKES

The **three greatest mistakes** of
Charter School Nonprofits:

- 1.** Filing IRS 1023 under the wrong subsection
- 2.** Not Filing **IRS** 990 or Filing Late
- 3.** Annual Reporting ~

Secretary of State & Attorney General



Combined Reporting System (CRS)

- ✓ In order to generate Non Taxable Transaction Certificates (NTTC's) for vendors, you must have a CRS number
- ✓ A CRS can be applied for online at **New Mexico Taxpayer Access Point (TAP)**
- ✓ Must have Federal EIN number

Questions? Thank you!



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