



NIM
CCS
New Mexico
Coalition for
Charter Schools

Setting the Foundation for your Charter School's Foundation

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CLIMBING HIGHER

2018 Annual Conference

Contact Information



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Why have a Foundation?

- **External Revenue**
- **Separate Entity not subject to certain Public School Regulations**
 - **Timing of Deposits** - NMAC 6.20.2
 - **Procurement** - NMSA 13-1-21, Supplement 13
 - **Budget** - NMSA 22-8-5 through 22-8-12.2
 - **Anti-donation** - NM Constitution Art. IX, Sec. 14
 - **Prohibited Debt** - NM Constitution Art. IX, Sec. 11
- **Facilities**



What is a school foundation?

- A school foundation is a **privately** operated organization that has received a designation as a not-for-profit organization from the IRS, and is established to assist the school. It is normally a **public** charity.
 - Public vs. Private
 - Two very different definitions

Types of Foundations

- **Traditional Public Charity**

- **Supporting Organization**

 - **3 types**

 - **Type 1** – The foundation is operated, supervised or controlled BY the school

 - **Type 2** – The foundation is supervised or controlled IN CONNECTION WITH the school

 - **Type 3** – The foundation is OPERATED in CONNECTION WITH the school



Examples

- **More control by school**
- **Less control by school**



Steps to Establish a Foundation

- **GET LEGAL COUNSEL!!**
- **Creation – GC Approval required**
- **Found a Board**
 - **Unique makeup, separate**
- **Mission Statement/Purpose**



Steps to Establish a Foundation

- Prepare and file Articles of Incorporation with Secretary of State**
- Bylaws – How You Operate and are Governed must also be filed with Secretary of State**
- Best Practice – Prepare Memorandum of Understanding between the school and foundation**



Steps to Establish a Foundation

- **File IRS Form 1023 to request Tax Exempt Status – requires 3 years of budgets**
- **File with New Mexico Attorney General after receipt of 501(c)3**
- **If obtaining property file with County Assessor for tax exemption from Property Taxes**



How to Maintain Your Foundation

- **Regular Board meetings**
- **Separate Accounting**
- **Don't Merge Foundation and School Finances and/or Management**



How to Maintain Your Foundation

- **Reporting**
- **Are you a component?**
- **Audit if needed – Component or >\$500K Revenue**



How to Maintain Your Foundation

- **Annual 990 FISCAL vs Calendar**
- **Annual Report on activities and board composition to Secretary of State**
- **Annual Report to Attorney General – upload financials, 990, audit if required**



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