



Team Booster Account Instructions

FIRST Washington (FW) is a 501(c)3 organization dedicated to helping educate the public about technology and robotics. We are able to collect money and fund projects that further our goals. Among our current projects are FIRST activities. We also accept donations for specific FIRST teams with certain restrictions.

The goal of our doing this is to make it easier for our participating teams to collect funds and perform fundraising activities. We also act as the 501(c)3 umbrella so that corporations can donate to the teams. We also make teams eligible for matching funds from some corporations.

To be very clear, any money collected by FW belongs exclusively to FW. Any money donated to FW belongs exclusively to FW. It has to be that way for tax reasons and IRS rules. We allow donors to request funds be directed for specific FIRST teams.

FIRST Washington can, has in the past, and will in the future keep any funds left over in the accounts in the event that a team is no longer participating in current FIRST activities. Also be aware that if FW gets sued, team funding may disappear. Funds allocated towards a FIRST team booster account do not earn interest or dividends towards the team account. FW keeps all interest.

We will also reserve the right to charge team accounts extraordinary accounting expenses, bank fees (usually bounced checks), or other costs associated with maintaining accounts.

Now that is out of the way, here are the details on how this works.

We are allowed to form committees to direct the funding of specific projects. Your team is going to be one of those projects and will have a committee. A team may decide who is on the team's committee. Your committee is subject to oversight by the board of FW. In practical terms, the FW Treasurer and the FW staff will be reviewing your submitted expenses to insure they are in line with FW's legal obligations with the IRS. That means we will be able to approve expenses that are legitimate and in line with FW's goals.

FW has one bank account. How funds are allocated is determined by our accounting system. We can provide your team with a current balance on request.

In rare instances, one of our activities may have a negative balance. We try hard for this not to happen.



Occasionally though, usually as a timing issue, we end up with one activity borrowing money from the others. We point this out because it might be possible that not all of your allocated funds are available during short periods of time. Usually this means an event like FIRST Lego League has had an expense for which the offsetting income has not cleared or arrived. For example, we might have paid for the T-Shirt order and not have generated the income from the T-Shirt sales. This is why it is important to check with us before making large purchases. It's also good to let us know of any upcoming expenses so we can make sure the funds are available. We are aware of the budget timing for most of our programs, and make every effort to insure cash is available to cover expenses.

Fundraising Activities

If you plan to raise funds as FW, be aware that you need to make it clear to your donors what you are doing. No big deal, just tell them that you're working with WFR for fundraising. Checks must be made payable to "FIRST Washington", and the memo line should contain your teams program and number.

Appropriate memo lines might look like "Team FRC 4089" or "Team FTC 1039" or "Team FLL 10141".

This allows us to credit your teams account properly. FLL Teams should use their current team number. If your team number changes year to year, you should let FW know about the new number as soon as it is assigned.

DO NOT MAKE the check payable to your team or an individual. We will not be able to deposit the check, and you will have to go back to your donor for a new check. You can collect funds, and deposit them by sending us the checks. Our accounting system will be tracking the funds coming in that are designated for the team.

Some teams request employee matching funds from corporations. We appreciate all of the corporations who contribute to our teams using this method. Many corporations already know about FIRST Washington (Microsoft, Boeing, Intel, AT&T, Phillips, Intellectual Ventures, and many more). Your employee donor will likely find us listed under FIRST Washington. Please be sure your donor designates your team so we can credit your team account properly.

We have a package of information that some donors require, such as a W-9 form, the IRS determination letter, and a funding instructions. You may refer accounting departments to us for this information.



FW is only able to process cash and checks for donation purposes. We will also acknowledge donations of tools and materials for use in the participation of team in an appropriate event. We do not have facilities for distributing or storing donated materials.

FW will NOT accept donations of materials for resale, cars, boats, or other items. We will accept items donated for raffles in some cases. Check with FW staff for details about this.

We will also be responsible for sending out official donation receipts to the large donors if needed. This gets a little more complex. For cash (or check) donations of \$250 or more, we need to keep track of who donated the funds on a per donation basis. We will need the name and address. This is required by the IRS. For smaller donations, we can lump them all together.

The official financial business address for the FW is

FIRST Washington
21238 68th Ave S
Kent, WA 98032

FW is a 501(c)3 non-profit EIN: 45-2443839

Spending money

We have two ways to handle this. First, and most typical, is that you will pay for stuff, then ask to be reimbursed by FW. That works fine, but keep the receipts, and pay sales tax! We are NOT exempt from paying sales tax, and neither are you. You must pay the applicable sales tax, nothing you purchase is for resale.

The second method, which is greatly preferred for very large purchases is to place an order and let us pay for it by check or with our credit card. In the event of an audit, it is easier to justify things to the IRS if we paid for it rather than reimbursement. It's also important to know if you actually have the money to pay for it! We won't make a big stink if you have large expenses for reimbursement, but you will run the risk of having to wait for your share of the bank account to cover the expenses.

FW can purchase materials, registration fees, and cover other documented expenses directly related to your participation in an event related to our charter. You must have receipts for reimbursement. You



may keep the originals and mail/email us legible electronic scans of your receipts. You should make copies of whatever you send us. We will keep these on file for our accounting.

You are going to be responsible for allocating and directing your own funds, and doing so in an ethical and legal manner. We can, have in the past, and will in the future question anything that doesn't look appropriate as a team expense or is not properly documented.

We would prefer that all expenses go through one team contact for approval.

Donations vs Fees

We need you to keep clear the distinction between a donation and a fee. We are willing to accept both for your team, but donations and fees are accounted for differently.

If your team is soliciting funds from the general public, family members, and sponsors to support the activities of the entire team, then these will all be considered donations to a public charity and will be eligible for tax deductions.

If your team requires or collects a fee from each participant on the team, these are generally considered not to be donations. You can still collect them, and we will manage them on your behalf, but they are generally not eligible for tax deductions.

Fees collected as team activities get a little tricky. If your team is holding a summer camp for FIRST Lego League as a fund raising activity, we can accept and manage the funds on your behalf. The fees collected by your team from the participants are not generally deductible and you should not be collecting such fees as donations.

However, if you are collecting donations to cover all expenses for the summer camp from sponsors or the general public, these donations (as long as not required for participation or direct at specific individuals) may be deductible.

What we require is for you to keep separate donations vs fees. Again, we can help manage both sides, but we require you to tell us when money collected is in the form of a fee.

Sales of goods at events like silent auctions are also considered donations when the amount paid for the item is above fair market value. If someone pays \$100 for a cake at your desert auction, you need to prepare a statement for this item that claims a reasonable fair market value. As an example: perhaps \$10 for a cake at the store. The donor therefore bought a \$10 cake and donated the other \$90 to your team. They can deduct \$90.

Statements for these items are required for any contribution valued at over \$75.



Tax deductibility issues

For a donation to be tax deductible by your donor, there are some specific guidelines that must be met. You need to be aware of this as some of the money you collect is likely to NOT be deductible. There are many permutations for this and lots of grey areas. In general, if someone is paying for a specific person to participate in an activity, it is not deductible. If someone is donating to offset expenses for the entire team, it is deductible. Some examples:

- 1) Your team has asked Donor X for \$1000 to support your team. Donor X writes a check to FW and specifies it is to be used for your team. This is a deductible donation from Donor X, and we will be sending them a tax receipt.
- 2) Your Microsoft parent donates \$500 to your team. This is deductible. The Microsoft parent submits a matching gift request to the company. This can also be received and put towards the funding of your team.
- 3) Your team requires each student to pay a \$150 user fee to participate on your team. Each team member sends a \$150 check to FW. In this example, the fee is NOT deductible! We can still collect the money, and use it for your team, but FW will not send out tax receipts for this, nor should the student's family attempt to deduct this from their taxes.
- 4) Your team is travelling to Atlanta for the World championships. Money collected to pay the entire teams expenses may be deductible by the donors, and can be used to send the team members to Atlanta for the purposes of participating in the program. We cannot, however, pay for brothers and sisters, aunts and uncles, or other persons not involved in the participation in the event as a deductible activity. In addition, we can't have individuals pay their share of the expenses as a deductible activity. We can accept fees and apply them on the individual's behalf, but they are not able to deduct these from their taxes. This is a particularly grey area of the accounting rules. If you have questions about this, you should consult your tax advisor.

(Updated September 27, 2017)