

Establishing a 501(c)3 for FRC Teams

How-to Guide
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6328

**MECHANICAL
ADVANTAGE**

LITTLETON MA

Overview

In this guide, we will be covering the following 7 topics about forming a 501(c)3 for FRC Teams.

Pros and Cons of a 501(c)3

Professionals

Forming a 501(c)3

Annual Activities

Finances

Insurance

Additional Resources

Pros and Cons of a 501(c)3

There are many advantages and challenges to forming a registered non-profit organization for FRC teams

Pros

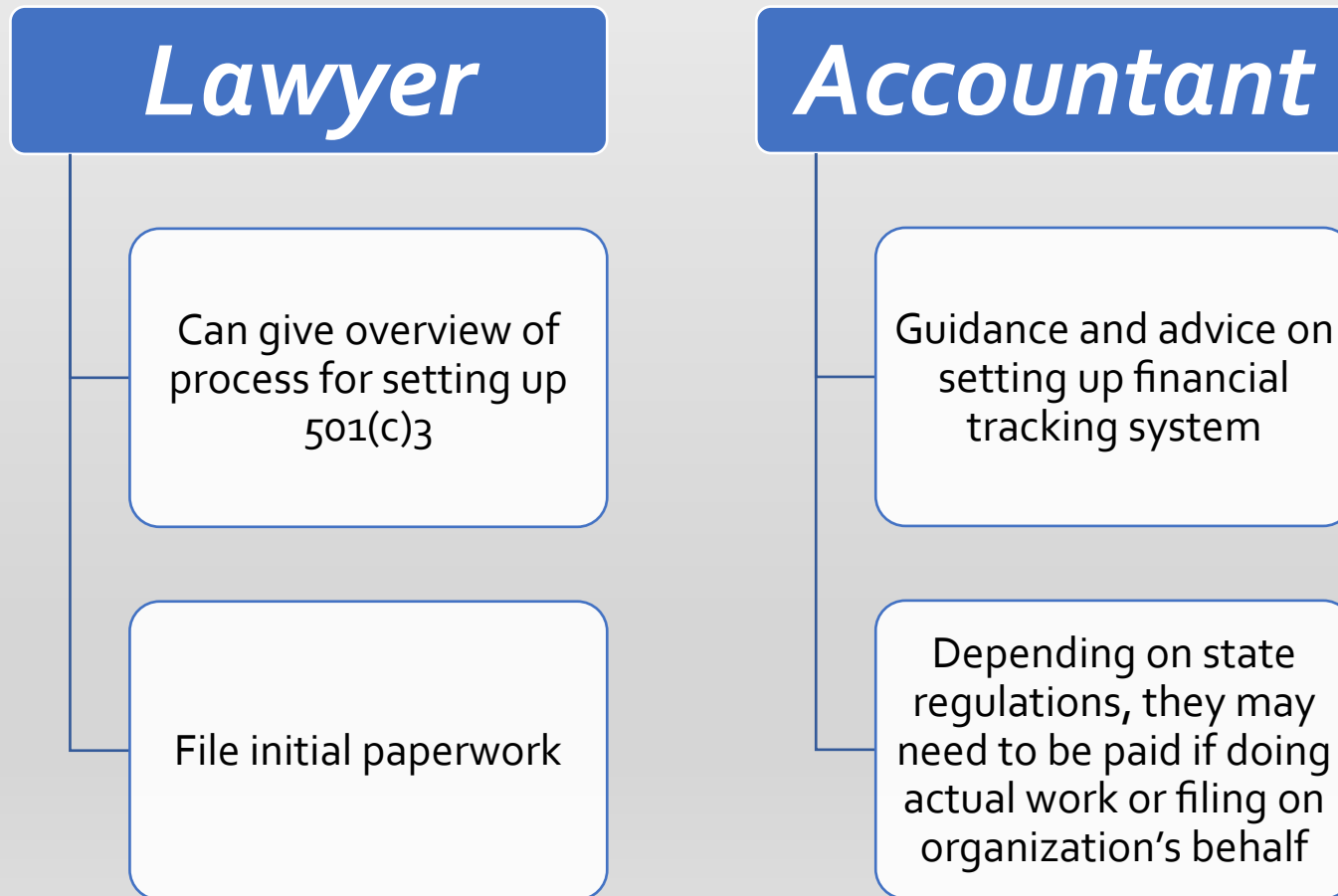
- Registered 501(c)3 for tax deductible donations
- Full autonomous governance
- Open recruitment for student and mentors from any school
- Financial autonomy
- Set your own structure and policies
- Not tied to another outside organization (school, 4H, etc)

Cons

- Create and manage an independent organization
 - Regulatory filings/permits
 - Tax forms
 - Board of Directors
 - Insurance
 - Accounting
- Find your own meeting space, workshop, and sponsors
- Recruiting across a wide area

Professionals

You can consult law and accounting professionals in your area to help you set up the non-profit organization. Local companies may be willing to donate their time.



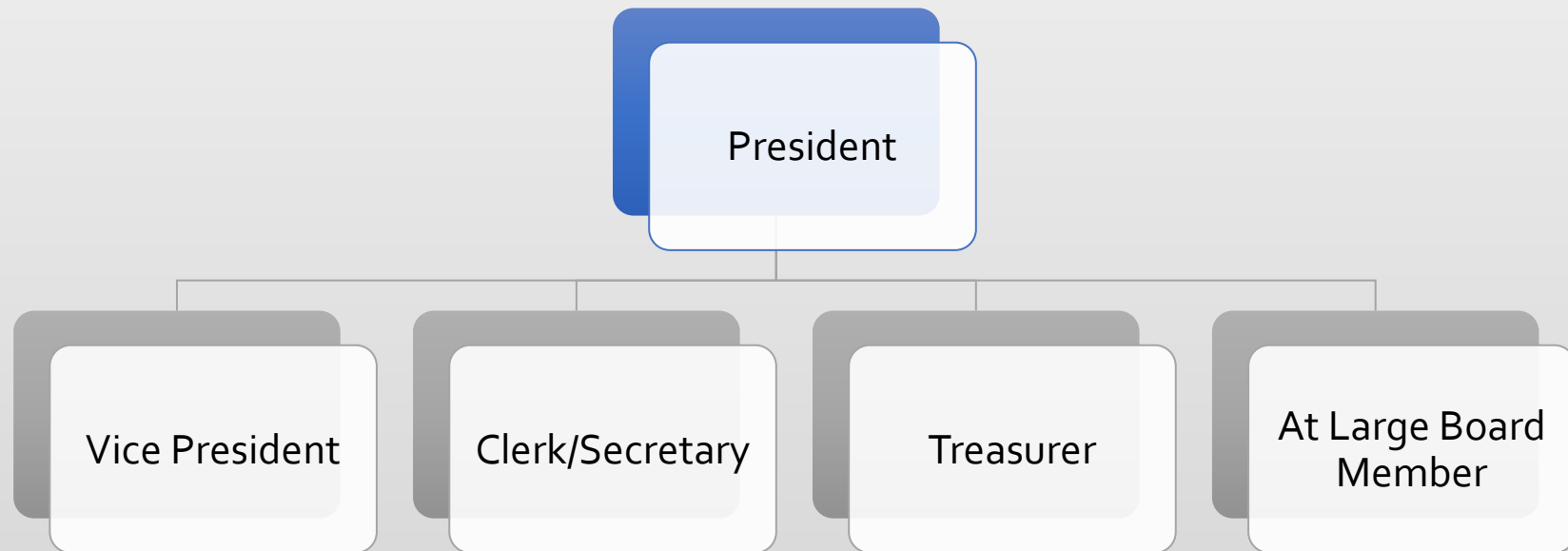
Forming a 501(c)3

- Pick a name for the organization
 - Make sure name isn't being used or registered with another organization
 - Can search through Secretary of State's office
- Initial paperwork and applications
 - Articles of Incorporation with State
 - 501(c)3 status with State
 - 501(c)3 status with IRS at federal level
 - This provides federal tax ID number
 - Business certificate from town/city/state
 - Tax exempt certificate
 - Make purchases without sales tax
- Set your fiscal year



Forming a 501(c)3

- Form Board of Directors
 - Can take many forms, but it is standard to have 4-6 members



Example of 501(c)3 Board of Directors structure

Forming a 501(c)3

- Establish By-Laws
 - Can assemble from generic template online
 - Online templates can be great starting point
 - Can be created by an attorney, but not required (check your state regulations)
 - No set requirements, but must be voted on and accepted by Board



Annual Activities

- Annual Report and other filings as required by your Secretary of State's office
- Tax paperwork
 - State and Federal
 - Won't need to pay taxes, but must report income and expenses
 - Tax filing completed in November
- Annual Board Meeting
 - Can meet as often as needed, but must meet (virtually or in-person) at least once each fiscal year



Finances

- Recommend looking at tax forms ahead of time so your team knows what must be tracked for income and expenses
 - Can use QuickBooks for tracking and categorization of expenses
 - Available free to non-profits
- Establish a business checking account
 - Have at least two signers on the account
 - Be deliberate in your choice of who has access to the account(s)
 - Will they be able to pay expenses and provide funds when needed?
 - Deposit funds in a timely manner?
 - Tell the bank you are a non-profit and they may be willing to waive fees
 - Access to online banking makes everything easier



Insurance

- You will need to get insurance for your non-profit
- Coverage Options to investigate
 - General Liability
 - Drivers Liability
 - Directors and Officers Coverage
 - Overnight Coverage
- Ask other teams in your area for names of agencies they have worked with
 - Best to work with a company that is familiar with the needs of FRC teams



Additional Resources

How to Start a 501(c)3

<https://www.501c3.org/how-to-start-a-501c3-nonprofit/>

How To Start a Non-Profit

<https://cullinanelaw.com/wp-content/uploads/2012/03/How-to-Start-a-Nonprofit-Cullinane-Law-1.jpg>

Applying for Tax-Exempt Status

<https://www.irs.gov/pub/irs-pdf/p4220.pdf>

7 Steps to Starting a Successful 501(c)(3) Charitable Nonprofit

<https://www.thebalance.com/starting-a-501-c-3-charitable-nonprofit-2502145>