



Shaklee® Fundraising FAQs

General Questions

Q. What is Shaklee® Fundraising?

A. Shaklee Fundraising enables you to help a non-profit organization raise funds and awareness for their worthy cause by sponsoring them. Open to qualifying non-profit or tax-exempt organizations, Shaklee Fundraising allows the organization to raise money by operating their own Shaklee business.

Q. How is sponsoring through Shaklee Fundraising different from other methods of sponsoring?

A. When a non-profit organization joins Shaklee via the program, using the Non-Profit or Tax Exempt Application and Agreement, they can take advantage of the following unique benefits:

- Option of joining without paying a Membership fee.
- Eligibility to earn bonuses without having to fulfill the personal 100 PV/IPV requirement;
- Status of a GOLD Ambassador, without having to pay the GOLD Ambassador fee. This includes the privilege of earning GOLD and Tru-Infinity bonuses, as well as the ability to sponsor internationally.
- A special Personal Web Site template to market their Shaklee business at no cost.

Q. What organizations can qualify to participate in Shaklee Fundraising?

A. Non-profit or tax-exempt organizations which can provide Shaklee with documentation of their tax-exempt status. This includes charitable organizations, religious organizations, educational organizations both private and public, and other non-profit and/or tax exempt organizations.

Q. When will the Shaklee Fundraising Program become available?

A. It is available now – you can sign up a non-profit organization anytime, using the special application designed just for this program.

Q. Can a Non-Profit Distributor earn a bonus?

A. Yes, a Non-Profit Distributor can earn bonuses in exactly the same way as any other Shaklee Distributor. The only difference is that they are not required to do the 100 personal PV/IPV to qualify.

Q. Will a kit be sent when the Non-Profit Distributor signs up?

A. The Non-Profit Distributor has the option of joining for free without a kit, or joining by paying the standard joining fee and receiving the kit associated with that fee.

Q. Will a membership card be sent?

A. If the Non-Profit Distributor chooses to join without a fee, and wants a membership card, they will need to call Shaklee Field Support and request that one be sent to them.

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Q. Can Non-Profit/Tax Exempt Distributors sponsor Members and Distributors, be appointed to higher ranks, and receive all the benefits of the Shaklee compensation plan?

A. Yes, a Non-Profit Distributor is entitled to any and all compensation that any other Shaklee Distributor is entitled to, including rank advancement.

Q. Can a Non-Profit/Tax Exempt participate in any or all incentives, i.e., Power of Ten, Fast *TRACK*?

A. Yes, they can, just like any other Shaklee Distributor.

Q. Does the sponsor receive points for incentives when sponsoring a Non-Profit/Tax Exempt Applicant?

A. They will receive credit for their GOLD Ambassador sponsoring count (for GOLD phases, Tru-Infinity™ and Fast *TRACK*), but no other points are assigned unless the Non-Profit Applicant purchases a kit.

Q. My new Non-Profit Distributor received a waiver of the Personal PV requirement for bonuses, free Personal Web Site privileges and status as a GOLD Ambassador when they became a Shaklee Distributor. Will they be exempt from potential future processing fees, such as PVT processing or reorganization processing fees etc?

A. The Applicant will be required to pay processing fees as would any other Shaklee Distributor.

Q. Is the GOLD Ambassador annual renewal fee waived for a Non-Profit Distributor?

A. Yes, all annual fees are waived for renewal as a Gold Ambassador.

Non-Profit or Tax Exempt Application Questions

Q. What paperwork is needed to set up a Non-Profit or Tax Exempt account?

A. The following paperwork is necessary to set up a Non-Profit or Tax Exempt account:

- Non-Profit or Tax Exempt Application and Agreement (Shaklee application)
- IRS exempt status letter or
- First Page of filed Form 990, federal tax return or
- If the organization does not file a tax return (e.g. a church), the Articles of incorporation and an affiliation agreement with a church that is listed in IRS Publication 78.

Q. What is a Form 990?

A. This is the federal tax return filed by the non-profit applicant.

Q. If my organization does not have a Federal Tax ID Number, can it be enrolled with the Shaklee Non-Profit or Tax Exempt Program?

A. In order to be enrolled with Shaklee Non-Profit or Tax Exempt Program, the organization must have a Federal Tax ID Number.

Q. The name of the Non-Profit/Tax Exempt applicant does not match what is listed on the FEIN because the Applicant is a division or part of the entity with the FEIN. Is this okay, or do I need to submit verification?

A. In this instance, Shaklee would require an official letter from the entity to verify that the applicant is a division or part of the entity.

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Q. Do the Authorized Representative of the applicant organization and the contact person have to be two different people?

A. No, they can be the same person, but in most cases they are different because the Authorized Representative is an officer of the applicant organization and the contact person is an administrator or volunteer for the applicant. Please consult with your tax advisor respecting whether to use a paid employee or unpaid volunteer as the main contact person for the Shaklee fundraising program.

Q. Can a current Shaklee Member or Distributor be the contact person for the non-profit or tax exempt applicant?

A. No. Shaklee does not allow individuals to be part of two separate distributorships or memberships. If an existing Distributor/Member wishes to be part of an incoming Non-Profit/Tax Exempt Distributorship, they would need to resign their current membership/distributorship.

Q. If the applicant wants to sign up as a "Member," do they need to provide us with sales tax documents?

A. If they wish to be exempt from sales tax, Shaklee must receive the necessary documents in Section 5 of the Application. Otherwise, sales tax will be charged.

Q. If the applicant wants to sign up as a "Distributor," do they need to provide us with sales tax documents?

A. This depends on whether the applicant (1) wishes to purchase products for their own use and (2) is exempt from sales tax. If the answer is yes to both questions, they will need to provide the documents listed in Section 5 of the Application. If either (1) or (2) is no, they are not required to send in any sales tax exemption documents.

Income Tax Questions - The following is not to be construed as tax advice, but rather is simply generally available tax information. Please consult with your tax advisor if you require tax advice.

Q. Can a Nonprofit organization lose its Tax Exempt status by earning Shaklee bonuses?

A. If a Nonprofit Shaklee Distributor has a significant portion of their income come from their distributorship (significant is not well-defined by the law), that could be a challenge to their Nonprofit status.

Q. If a Nonprofit organization earns income from Shaklee bonuses will that income be taxed as unrelated business income to the organization, i.e., is the price differential considered taxable income?

A. There is an exception to the unrelated business income tax if an activity is operated substantially by volunteers (as opposed to paid staff). Again, substantially is not defined and therefore we strongly advise that the Applicant speak to their own tax advisor.

Q. Is there a way to reward the volunteer(s) without causing the income to be taxed as unrelated business income?

A. Any payment to a volunteer could be considered compensation, thus turning uncompensated volunteer labor into paid labor. Therefore, if the Applicant wishes to reward the volunteer it is recommended that rewards not be of monetary value, but rather mere recognition, e.g. a newsletter mention, etc. If the Applicant wishes to provide rewards that have any monetary value they should consult with their own tax advisor.

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Q. If a person purchases a Shaklee item through an organization's fundraiser can the individual deduct any portion of the purchase price as a charitable donation?

A. No. When a person purchases an item at fair market value, then none of the sales price is deductible as a charitable contribution, even if the sale is made through a charitable organization. Organizations may want to consider putting on their receipts a message indicating that no amount of the purchase is tax deductible as a contribution. Again, we strongly advise that the Applicant speak to its tax advisor.

Sales Tax Questions

Q. If the applicant is Sales Tax Exempt, can I ship Shaklee products to another address for the Non-Profit Distributor's own personal use?

A. No, Shaklee products can only be shipped to the address listed on Section 1 of the application.

Q. What happens if I ship to another address?

A. The Non-Profit Distributor will be charged sales tax on the order.

Q. If the Applicant has a Blanket Exemption Certificate, who should be listed as the seller?

A. The Applicant should list Shaklee U.S., LLC, as the company from which they are purchasing products. In some cases, they must specify what products are being purchased.

Non-Profit Personal Web Site Questions

Q. Are Non-Profit Distributors eligible for multiple free Shaklee Personal Web Sites?

A. No, the Non-Profit Distributor is eligible to set up one free Shaklee PWS per Shaklee ID.

Q. How does the new Non-Profit Distributor sign up for a Personal Web Site?

A. Once a new Non-Profit Distributor's Application has been processed, they will have Non-Profit Organization (NPO) status in Shaklee's systems. After that time, the Non-Profit Distributor can go to MyShaklee.com, click on MyWebSite and the system will walk them through the process of setting up their free PWS. An email will be generated to the non-profit that will also explain how to set up and customize their PWS.