

# **NPO (Non-Profit Organization) Program Frequently Asked Questions**

## **Qualifications/Requirements**

**Q. What is an EIN?**

**A.** An EIN (Employer Identification Number) is a business' Federal Tax ID # assigned by the IRS. The EIN Number is listed on the 501(c) letter from the IRS that states that the organization is tax exempt.

**Q. When a subsidiary organization applies for an NPO Program account, can the parent organization (umbrella organization)'s 501(c) letter be used?**

**A.** Each group, or part of a larger group, that wants to participate in Market America's NPO Program must have a unique Federal Tax ID #. The organization name that is listed on the 501(c) letter must match the name on the NPO Program application. If the names do not match, the parent organization must supply a letter on their letterhead that states that the subsidiary can use their 501(c) letter to apply for Market America's NPO Program.

**Q. Are non-profit organizations required to:**

- Pay the subscription fee? No.
- Pay for their Web Portal? No.
- Participate in UnFranchise AutoShip? No.
- Participate in UFMS (UnFranchise Management System)? No.
- Submit a Form 1000? No.
- Activate to earn royalties? No.
- Meet IBV accrual requirements? No.
- Meet IBV commission requirements? No.
- Attend Basic 5 Training (B5), New UnFranchise Owners Training (NUOT), or Executive Coordinator Certification Training (ECCT)? No.

**A.** There are NO requirements or fees for non-profit organizations. However, the NPO SHOP.COM Site Agreement and NPO Sponsor's Agreement must be completed, signed, and sent to Market America, along with documentation (501(c) letter) to prove that the non-profit organization is considered tax-exempt by the IRS. Once the non-profit organization's application is approved by Market America, supporters can purchase from the NPO's Web Portal and the non-profit organization will receive royalties.

**Q. Can an NPO receive royalties on the BV/IBV without sponsoring any qualified Independent UnFranchise Owners ("UnFranchise Owner(s)")?**

**A.** Yes. The NPO will receive BV/IBV and the associated royalties. NPOs are not UnFranchise Owners, so they cannot sponsor anyone.

**Q. Can I assign BV/IBV to the NPO Royalty Center or MA BDCs when putting in an order?**

**A.** No. You cannot place BV/IBV in the NPO Royalty Center or MA BDCs (Business Development Centers) because NPOs do not count as "Personally Sponsored" and Qualified UnFranchise Owners, and NPOs cannot enroll in UnFranchise AutoShip.

**Q. Can the Sponsoring UnFranchise Owner place volume in the NPO Royalty Center?**

**A.** No. They are not Personally Sponsored UnFranchise Owners on UnFranchise AutoShip.

**Q. Can the Sponsoring UnFranchise Owner place volume beneath an NPO and the MA BDCs so that the NPO gets credit for it in their BV/IBV banks?**

**A.** Yes. If the UnFranchise Owner has an active, Personally Sponsored UnFranchise Owner (who is on UnFranchise AutoShip) below the NPO genealogically, then volume can be placed in their BDCs and it will flow up to, and through, the NPO.

**Q. Does the NPO have access to management information like the UFMS (UnFranchise Management System)?**

**A.** The NPO does not have management responsibilities or abilities. They do not have access to the UnFranchise Business Account, UFMS, Ordering, etc. This is why the NPO receives a royalty check instead of commission.

**Q. In what countries is the NPO Program available?**

**A.** At this time, the NPO Program is only available to organizations in the United States.

**Q. What organizations are eligible to participate in the NPO Program?**

**A.** The NPO Program is open to every organization in the United States that falls into a 501(c) status. This includes 501(c)(1) through (29). The NPO Program is also open to those with a 501(d) and there may be others if the non-profit organization can validate their tax-exempt status by providing their Federal Tax ID # and documentation. According to IRS Publication 557 (in the Organization Reference Chart section), the following is an exact list of 501(c) organization types and their corresponding descriptions.

501(c)(1) — Corporations Organized Under Act of Congress (including Federal Credit Unions)

501(c)(2) — Title Holding Corporation for Exempt Organization

501(c)(3) — Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations

501(c)(4) — Civic Leagues, Social Welfare Organizations, and Local Associations of Employees

501(c)(5) — Labor, Agricultural, and Horticultural Organizations

501(c)(6) — Business Leagues, Chambers of Commerce, Real Estate Boards, etc.

501(c)(7) — Social and Recreational Clubs

501(c)(8) — Fraternal Beneficiary Societies and Associations

501(c)(9) — Voluntary Employees Beneficiary Associations

501(c)(10) — Domestic Fraternal Societies and Associations

501(c)(11) — Teachers' Retirement Fund Associations

501(c)(12) — Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, etc.

501(c)(13) — Cemetery Companies

501(c)(14) — State-Chartered Credit Unions, Mutual Reserve Funds

501(c)(15) — Mutual Insurance Companies or Associations

501(c)(16) — Cooperative Organizations to Finance Crop Operations

501(c)(17) — Supplemental Unemployment Benefit Trusts

501(c)(18) — Employee Funded Pension Trust (created before June 25, 1959)

501(c)(19) — Post or Organization of Past or Present Members of the Armed Forces

- 501(c)(21) — Black Lung Benefit Trusts
- 501(c)(22) — Withdrawal Liability Payment Fund
- 501(c)(23) — Veterans Organization (created before 1880)
- 501(c)(25) — Title Holding Corporations or Trusts with Multiple Parents
- 501(c)(26) — State-Sponsored Organization Providing Health Coverage for High-Risk Individuals
- 501(c)(27) — State-Sponsored Workers' Compensation Reinsurance Organization
- 501(c)(28) — National Railroad Retirement Investment Trust Churches that are not 501(c) certified must submit a form from the IRS documenting that they have been issued a valid Federal Tax ID #.
- 501(c)(29) — Qualified Non-profit Health Insurance Issuers

### Royalties

**Q. Do NPOs earn BV/IBV on purchases that they make?**

- A. No. The NPO cannot make purchases. However, members of the NPO can register as a Preferred Customer on the NPO's Web Portal. When the NPO's Preferred Customers shop, the NPO will receive BV/IBV from their purchases.

**Q. Is the lineage of NPOs the same as a regular MA UnFranchise Owner in terms of BV/IBV flow to each level? Does the NPO get 100% BV/IBV?**

- A. Yes. The BV/IBV flow works the same. The NPO will receive 100% of BV/IBV that flows from below.

**Q. It is my understanding that "royalties" are earned by NPOs for the use of the non-profit organization's name. Do "royalties" include BV/IBV from other NPOs and other Market America business partners?**

- A. Yes. Weekly royalties are similar to an UnFranchise Owner's commissions and are paid based on accumulated Group BV and IBV. BV and IBV flow up and accrue for NPO Royalty Centers just like in any other BDC. Monthly royalties are paid based on the balance in the "Credit on Account" for the NPO at the end of that month. What would be "Retail Profit" for an UnFranchise Owner from the Market America-branded products is put into the NPO's "Credit on Account".

**Q. Is the benefit to the NPO greater than that of the Cashback program?**

- A. Yes. The additional benefits are that the NPO is able to receive weekly royalty checks for BV/IBV flowing up from centers placed below the NPO and for the products purchased by supporters through the NPO's Web Portal.

**Q. Should there be any concern about the privacy of the NPO's supporters?**

- A. No. We have a Privacy Policy and we do not share our Customer List with anyone.

**Q. Is there a minimum amount required before a monthly royalty check is issued?**

- A. Yes. There is a \$25 minimum amount required before a monthly royalty check is issued.

## Taxations

**Q. Can products ordered from the NPO's Web Portal be used as a tax write-off since the products are purchased from a non-profit organization?**

A. No. Purchases are not made from the non-profit organization. They are made from Market America and/or Market America's partner stores.

**Q. How does receiving money from Market America affect a non-profit organization's status?**

A. The payments that NPOs receive are royalties. We cannot advise a non-profit organization on their status. The NPO should consult a tax professional for more detailed information.

**Q. Is this considered Revenue Sharing among non-profit organizations?**

A. The NPO should consult a tax professional.

**Q. Is the money generated considered taxable income because it's not from traditional sources such as donations, grants, etc.?**

A. The NPO should consult a tax professional.

**Q. When receiving royalty checks, is the tax treatment the same as a regular donation for non-profit organizations?**

A. The NPO should consult a tax professional.

**Q. When the NPO receives royalties from Market America, does it affect their 501(c) status?**

A. The NPO should consult a tax professional.

**Q. How does Market America report royalties to the IRS?**

A. The weekly and monthly royalties are both included on Form 1099 at the end of the year.

**Q. The NPO SHOP.COM Site Agreement talks about the RPP (Royalty Payment Plan). Where can I find that?**

A. The RPP is essentially the MPCP (Management Performance Compensation Plan), with royalties instead of commissions, and it is covered in the NPO Program PowerPoint Presentation available on [UnFranchiseTraining.com](http://UnFranchiseTraining.com).

## Sponsorship

**Q. Can a person involved in the NPO become an UnFranchise Owner?**

A. Yes.

**Q. If the NPO's Preferred Customers (supporters) decide to become UnFranchise Owners, who sponsors them?**

A. Anyone can sponsor them, except the NPO. Involvement with an NPO does not affect the normal sponsorship process.

**Q: Can Canadian UnFranchise Owners sponsor an NPO based in the United States?**

A: Yes.

**Q. If I am signing up more than one non-profit organization at a time, should I send in applications for all of the NPOs together?**

A. If you want one non-profit organization placed under the other, then you should not send the applications together. We recommend sending in one application, then waiting a couple of days to get the ID # for placement before sending in the other application(s).

**Q. Does the NPO's Sponsoring UnFranchise Owner have to be activated at the time they sponsor an NPO?**

A. No.

**Q. How long does it take for an NPO application to get approved before the NPO's Web Portal is Active?**

A. 2-3 days if ALL required documentation is submitted and verified.

**Q. If I have sponsored one UnFranchise Owner, will a Personally Sponsored NPO activate my account?**

A. No. The NPO cannot be used for activation purposes.

**Q. Can I fax the NPO Program application forms?**

A. No. All forms must be completed online or printed and mailed to Market America's NPO Admissions Department. The 501(c) letter can be sent via mail or email.

*Mail:* NPO Admissions, 1302 Pleasant Ridge Road, Greensboro, NC 27409

*Email:* NPOAdmissions@marketamerica.com

**Q. Will the non-profit organization be held accountable for any products that their supporters buy?**

A. If a supporter has a return or refund request, they will need to call Market America directly at 1-866-420-1709. The NPO will not be held accountable but the Sponsoring UnFranchise Owner/Customer Manager of the NPO will be responsible for taking care of the NPO's supporters' needs.

**Q. Are there any requirements an UnFranchise Owner has to meet before signing up a non-profit organization?**

A. No.

**Q. What is the procedure if an NPO wants to cancel their Web Portal?**

A. The primary contact on the NPO account will need to submit a written letter requesting cancellation. If the NPO wants to re-apply, they are allowed to after a 365-day waiting period from their cancellation date.

### **Placement**

**Q. Can we place new business partners and/or additional NPOs on either side of an NPO?**

A. Yes.

**Q. Can I place new UnFranchise Owners directly under the NPO using the 555 number?**

A. No. You cannot place directly underneath the NPO, but you can place under the MA BDCs below the NPO 777 numbers. We cannot advise you on placement. Please check with your Upline Executive Coordinator or Certified Trainer and they will explain the best placement.

**Q. On the NPO SHOP.COM Site Agreement in the “Placement of NPO” section, do I need to list the last person I personally sponsored in order to let the whole organization benefit?**

A. We cannot advise you on placement. Please check with your Upline Executive Coordinator or Certified Trainer and they will explain the best placement.

### **Prospecting and Recruiting**

**Q. Can a Board member of a non-profit organization be an UnFranchise Owner?**

A. Market America will accept them as UnFranchise Owners. However, the non-profit organization’s bylaws and various tax laws may restrict principals, such as Board members and others with authority, from deriving personal benefit from their involvement in the NPO. These individuals should consult the charter’s bylaws and a tax professional regarding their desire to become an UnFranchise Owner with Market America.

**Q. What can we show the non-profit organization if there are specific questions about Market America’s business model?**

A. You may show the UFO Administration PowerPoint that is on UnFranchiseTraining.com.

**Q. The MPCP was modified for presentation to medical providers. Can the same be done for the NPO Program?**

A. It is available on UnFranchiseTraining.com.

**Q. Is a DVD being produced for distribution? Can we have a diagram of how things will work?**

A. Not at this time. Please review the detailed materials available on UnFranchiseTraining.com.

**Q. Can we have a list of organizations that participate in Market America’s NPO Program?**

A. No. We do not share a list of the participating non-profit organizations or supporters. Periodically, we may share aggregate statistics.

**Q. The narrated presentations are great. Is it possible to make them available for download?**

A. Not at this time.

**Q. Are there any marketing tools (flyers, brochures, etc.) for the NPO Program?**

A. Yes. They are available on UnFranchiseTraining.com.

**Q. When presenting the NPO Program, do I need to present the Market America business model?**

A. No. Please show the NPO Program PowerPoint Presentation on UnFranchiseTraining.com. If there are specific questions about Market America’s business model, you may show the UFO Administration PowerPoint that is on UnFranchiseTraining.com.

**Q. How does Market America's NPO Program differ from "GoodSearch" or "GoodShop"?**

A. GoodSearch only has one way for the non-profit organization to earn royalties. With Market America's NPO Program, the non-profit organization can earn royalties 2 ways – weekly and monthly.

**Q. Can I place an ad to find non-profit organizations?**

A. Yes. Approved ads are available on UnFranchiseTraining.com.

### **Promotion**

**Q. Do you have a printed set of guidelines on how the non-profit organization can promote their Web Portal without compromising Market America's advertising guidelines. Basically, what can the NPO do and not do?**

A. The advertising and Internet policies in the UnFranchise Manual (Chapter 19 and 20 primarily) would still apply, and the Sponsor should ensure the policies are adhered to.

**Q. Can the non-profit organization utilize their Web Portal through a link on their website?**

A. Yes. Or any other method shown in the NPO Program PowerPoint Presentation on UnFranchiseTraining.com.

**Q. Where can I find the flyers mentioned in the NPO video that the non-profit organization would send out via e-mail or mail to their supporters telling them about the NPO Program and how it works?**

A. Approved ads are available on UnFranchiseTraining.com. The Customer Manager can also send out eFlyers on Market America-branded products that are currently available.

**Q. I'm working with a 501(c) organization that uses purchase orders almost exclusively. Do you have a list of partner stores that honor/work with purchase orders?**

A. No.

**Q. Can our non-profit organization be part of a link on the NPO's existing website such as www.xyznpo.org?**

A. Yes. Links can be placed in accordance with our Internet Policies and Procedures on other websites to get supporters to the NPO's Web Portal.

**Q. Can a non-profit organization participate in Pay Per Click?**

A. We only use the non-profit organization's name on their Web Portal. The non-profit organization doesn't sell or purchase anything.

**Q. Can the NPO's Web Portal accept AMEX or Discover? If not, is there any way to facilitate being able to accept these cards?**

A. No. The Web Portal only accepts MasterCard and Visa.

**Q. Can a non-profit organization use a different domain name for their Web Portal?**

A. Yes. They would need to purchase their desired domain name from a registrar that has a domain forwarding service (GoDaddy.com, etc.). For example, www.thedomaintheylikebetter.com could direct to SHOP.com/TheirNPOName.

**Q. Can the NPO's Web Portal promotions use logos/trademarks?**

A. Any materials using Market America's logos or trademarks need to be approved by Market America's Legal Department before use. This is the NPO Sponsor's responsibility.

**Q. Can current Preferred Customers transfer to the NPO's Web Portal?**

A. Yes. Please contact Market America's Preferred Customer Department at PCPSupport@marketamerica.com.

**Administration**

**Q. Does an NPO have 7 Centers?**

A. No. An NPO has 1 Royalty Center. Then, Market America places 3 MA BDCs on the left and 3 MA BDCs on the right.

**Q. Once the NPO Program paperwork/application is sent to Market America, how do we receive their MA ID #?**

A. The Sponsoring UnFranchise Owner will receive an email in 2-3 days with the MA ID # and they can look in their Reports as well. The Sponsoring UnFranchise Owner and the NPO's Primary Contact will receive emails with the NPO's Web Portal address.

**Q. I was told there will be 3 BDCs on each side of an NPO's Royalty Center. What does that mean?**

A. In reality, from an administrative standpoint, the 3 Market America BDCs on the left and right don't matter, except for placement purposes for new entities (NPOs or UnFranchise Owners) you sponsor underneath the NPO Royalty Center. This is how it goes in the system. The NPO, MA-A, and MA-B get unique ID #s that will be in your Reports. These all function like typical BDCs. Other UnFranchise Owners (or NPOs) would be best linked to either MA-A 002 Left or to MA-B 003 Right.

**Q. How is the volume placed for orders on the NPO's Web Portal?**

A. All BV and IBV for orders placed at the NPO's Web Portal is auto-assigned across the MA-A 002, MA-B 003, MA-A 003, and MA-B 002 in direct rotation. All BV and IBV flows up as normal.

**Q. How does the non-profit organization get bonuses?**

A. NPOs will receive royalties for bonuses in the same way that UnFranchise Owners get Leadership Bonuses. In any week that the NPO Royalty Center completes the 5000/5000 BV cycle, any BDC or Royalty Center on the left of the NPO completes the 5000/5000 BV cycle, and any BDC or Royalty Center on the right of the NPO completes the 5000/5000 BV cycle; the \$600 bonus royalty will be issued to the NPO.

*NOTE:* While NPOs have no requirements to receive royalties, UnFranchise Owners do have requirements to earn commissions. For a UnFranchise Owner's completion of the 5000/5000 BV cycle to count towards an upline bonus flush, the commission for completing the 5000/5000 BV cycle must be earned. A few causes of not earning commissions would be not having attended the ECCT once required, not being activated when the commission would have been earned, etc.

**Q. Does BV/IBV flowing up from other UnFranchise Owners and/or NPOs placed below them accrue in the NPO's banks?**

A. Yes.

**Q. If a non-profit organization's supporter purchases something and they default (charge back or decline charges) after the products are shipped, is the non-profit organization responsible for the bill?**

A. If the purchase was from a Partner Store, that store will deal with the customer directly. If the purchase was for Market America-branded products, Market America will deal with the customer directly. Either of these scenarios may have a negative impact on volume, but only for that order.

**Q. What is the NPO's product liability in regard to Market America-branded products?**

A. The NPO does not sell anything. Supporters of the NPO are making purchases from Market America. If the NPO still has concerns about this, they should consult an attorney.

**Q. Does the NPO's business volume only flow up to the one Sponsoring UnFranchise Owner?**

A. No. BV/IBV from the NPO flows up to ALL qualified and active UnFranchise Owners in the upline.

**Q. How should I place the NPO in my organization?**

A. We cannot advise you on placement. Please check with your Upline Certified Executive Coordinator or Certified Trainer and they will explain the best placement.

**Q. I have an organization that was participating in Market America's original NPO Program. Can they convert to the new NPO Program?**

A. Yes. They will have to submit all documentation required by the new NPO Program and a letter requesting permission to occupy the original position in line of sponsorship.

**Q. If the Sponsor of an NPO quits, who is responsible for the NPO's supporters?**

A. The Customer Management responsibilities will pass to the next Upline Certified Executive Coordinator who meets the New IBV Requirements.

**Q. Is a non-profit organization eligible for re-entries?**

A. No.

**Q. Can an UFO Apprentice sponsor a non-profit organization?**

A. No. UFO Apprentices cannot sponsor anyone.

**Q. Should I provide the non-profit organization with the UnFranchise Manual?**

A. No. They are not UnFranchise Owners and do not have a need for that information.

**Q. If a non-profit organization's supporter forgets their PC ID #, where can they regain that information?**

A. There is a "Forgot My PC ID #" link on the Web Portal which will require their email address to obtain.

**Q. If I have sponsored a non-profit organization, will I be able to see the BV/IBV created from their Web Portal?**

A. Yes. This can be found in the Management Reports on your UnFranchise.com account.