



## **Sponsoring Information & Tips**

Sponsoring another instructor to teach an Educational Kinesiology course has many benefits and responsibilities. This packet contains some tips that may be helpful.

The general benefits of sponsoring are far-reaching. Through sponsoring, courses are brought into communities allowing individuals to attend without having to travel. More are exposed to Edu-K, which increases the business possibilities for all involved.

There are many direct benefits for both the sponsor and instructor. The sponsor has the opportunity to spend quality time with the course instructor in and out of course time. The networking is priceless— anecdotes, wisdom and advice are generously shared. The sponsor participates in the course free of charge in part for organizing and arranging the course. The instructor is benefited with the venue to teach knowing the details are covered by the sponsor. Both sponsor and instructor have the opportunity for new learning and to experience financial abundance.

The responsibilities of sponsoring are numerous. The intent of this packet is to offer tips for the sponsor and instructor to co-create a successful course with mutually agreed upon responsibilities and a win-win financial disbursement.

There is a wide range of responsibilities. An obvious responsibility is open and regular communication between instructor and sponsor regarding course logistics, enrollment status and travel arrangements. It is recommended a basic agreement be established early in this process. The sponsor and instructor may choose to create a basic written agreement to communicate the responsibility of each. This packet aims to provide the details to these responsibilities.

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## TIPS FOR APPROPRIATION OF EXPENSES OVERVIEW

It is best to clarify up-front which expenses are appropriate and acceptable. Expenses either qualify as a course expense or are separate non-qualifying expenses. Receipts need to be created and signed for all money changing hands.

### **Non-qualifying expenses**

Any expense directly related to **course development and/or product creation** is not a qualifying expense. This investment expense is recovered over time through teaching, private consultations, product sales, speaking engagements, etc. Examples of these personal, separate expenses include:

- Manual development
- Course creation
- DVD/CD production
- Supplies to create saleable products
- Visa expense for traveling to foreign countries
- Staff/administration of instructor's office
- Equipment purchased for presentations
- Contracted services

Expenses related to **product sales, private consultations or promotional meetings** do not qualify as course expenses and are recorded separately from the course expenses.

Country or state sales tax requires special consideration. When payments (check, cash, or credit card) for products are made directly to the Instructor, the Sponsor has no sales tax responsibilities. When payments are filtered through the Sponsor, the Sponsor may need to collect and pay related state sales tax. Check with individual state requirements.

Sponsor may agree to sell products such as media (CD/DVD's), posters, books or other materials for the instructor. Sponsor may list the following as separate expenses for the instructor to reimburse:

- Sponsor's time
- Printing of materials sold for profit
- Copying/dubbing equipment
- Supplies/materials to sell for profit
- Sales and use tax if applicable in the individual state/country

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Sponsor may agree to organize private sessions and/or promotional meetings. A percentage of the gross income may be designated for the Sponsor. Listing line item expenses for the Instructor to reimburse is another option. Line items may include:

- Sponsor's administration time
- Room rent
- Equipment rental

### **Qualifying course expenses**

There are numerous course expenses requiring meticulous record keeping of both sponsor and instructor. These are one-time expenses specific to an individual course production occurring on specific calendared days. Receipts are required.

\*Reminder: this does not include investment monies.

Below is an overview of qualifying course expenses. On the following pages are detailed explanations of each bulleted item:

- Transportation including coach airfare for instructor, parking, tolls and commute to and from course site
- Lodging for one room from evening before to morning after
- Meals from evening before to morning after
- Administration
- Advertising: printing, postage, purchase of mailing lists
- Liability insurance of sponsor, if needed
- Telephone
- Office expenses
- Space rental
- Course supplies
- Manuals and certificates
- Water and snacks
- State sales and use tax on manuals
- Brain Gym royalty

## **TIPS FOR APPROPRIATION OF EXPENSE DETAILS**

### **TRAVEL, LODGING AND MEALS**

When the course is held outside of the sponsor's home area, both instructor and sponsor's travel, lodging and meal expenses are deductible course expenses.

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## **Travel**

Sponsor and Instructor are individually responsible in making their respective travel arrangements. Airfare is limited to a coach fare.

The sponsor is responsible for transporting the instructor to and from the airport as well as providing transportation to the course venue from the overnight accommodations. This can be deducted as a mileage or fuel course expense.

## **Lodging**

Sponsor and Instructor collaborate on securing lodging, including price of the accommodations. The lodging expense includes one room from the evening before the course to the last evening of the course.

If mutually agreed upon by both parties, Instructor may stay with Sponsor for some or all of the course. The sponsor may assess a reasonable price for the accommodations as an expense for the course.

## **Meals**

Instructor's meals will be paid from course expenses including the evening meal before the course, all meals during the course, and breakfast the morning after the course.

The sponsor is to be informed of any special dietary needs the instructor may have.

## **Student Travel**

The sponsor's role is to support students by providing directions, lodging information, transportation options and creating a list of restaurants within the vicinity of lodging and course site. Students are responsible for their own travel, lodging and meals, even in the event of a course cancellation.

## **ADMINISTRATIVE EXPENSES**

### **Administrative expenses**

Course sponsor may choose to list a direct administrative expense to cover time spent advertising, registering students, communicating with perspective students, and other related tasks. This may be set up as a per registrant fee (e.g. \$25 per registrant), an hourly fee (e.g. \$13 per hour) or a flat fee (e.g. \$250) and is communicated in the initial agreement to the instructor.

### **Advertising**

- Both the instructor and sponsor shall promote the course.
- The sponsor lists the course on the Brain Gym website.
- The instructor provides a brochure/flier for the sponsor to adapt to local needs. If preferred, sponsor may propose a brochure for approval by instructor at least ninety days before the course.

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- Advertising is a qualifying course expense and may include printing brochures/fliers, postage or even placing an ad in a newspaper or magazine.
- Purchasing a mailing list is a qualified course expense. Names and addresses can be obtained from the Foundation at \$.10 per name. Request names in the form of labels, as a printed list or as an email attachment. These can be sorted according to geographic location, courses taken, date since last course, etc.

### **Liability insurance**

It is highly recommended to have insurance for general liability (e.g. someone slips and falls). Some instructors may have errors and omissions liability insurance as well (e.g. non-medical malpractice). Many sites renting rooms require proof of insurance. American Bodywork and Massage Professionals (ABMP) is one organization insuring Brain Gym Instructors/Consultants. ([www.abmp.org](http://www.abmp.org)).

### **Telephone/facsimile**

Any long distance calls between instructor and sponsor or to perspective students may be deducted as qualifying expenses. Faxes may also be deducted.

### **Office expenses**

Portions of website and computer maintenance may be deducted as a course expense. Other office supplies relevant to the course may be deducted.

## **COURSE-SITE EXPENSES**

### **Space rental**

The sponsor will research and decide upon the best available space considering room requirements, cost, deposit/refund policies, and other criteria from the instructor. Sponsor will review the space rental details, including cost, with the instructor for approval. Approximately one month prior to the course instructor and sponsor will review whether the space is going to work with the course size. Adjustments will be made as necessary. The sponsor is fully reimbursed from the course income.

### **Course supplies**

Sponsor may deduct consumable materials purchased for the course such as name tags, flip chart paper, tape, markers, etc.

Instructor provides sponsor with handouts to be photocopied at least three weeks before the course. Photocopies of handouts and roster are qualifying expenses. Instructor provides sponsor with list of special materials and supplies at least three weeks before the course. This may include qualified expenses such as art supplies. It may also include general supplies too cumbersome for travel such as massage tables or blankets for partner work.

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### **Manuals and certificates**

The Instructor orders the manuals and certificates. They can be shipped directly to course sponsor or brought in instructor's luggage. Be sure to include shipping and handling charges plus any relevant state sales or use tax. Check with state laws and/or accountant to determine whether this is applicable. Record all information on Accounting Form/Financial Report.

### **Water and snacks**

Sponsor provides filtered and/or bottled water. Instructor and sponsor decide beforehand whether sponsor provides all the snacks or to involve students in bringing snacks to share. Regardless, nutritious snacks from the major food groups are desirable (e.g. nuts, cheese, crackers, carrots, grapes).

## **ACCOUNTING EXPENSES**

### **Brain Gym royalty**

Generally, Foundation royalty is 10%. Contact the Foundation for clarity. Normally Foundation royalty is percentage-based on the course revenue (gross income).

For certain courses, such as In Depth and Practicum, Foundation royalty is percentage-based on course revenue less the coach airfare. Confirm with the Instructor and/or the Foundation to determine whether a course fits the criteria.

### **Sales and use tax**

Check with individual state requirements of sales and use tax. Determine who is responsible.

## **TIPS REGARDING FINANCES**

### **Accounting**

Both instructor and sponsor are responsible for submitting receipts for accounting purposes. The sponsor handles, maintains records and creates receipts of all money transactions. It is advisable for both parties to sign off when exchanging cash. It is suggested to make photocopies of all checks given to the Instructor.

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### **Fee structure**

Different fees are offered to students for various reasons. The Instructor is responsible for communicating all of these possibilities to the Sponsor. Any questions that arise are filtered through the Sponsor to the Instructor. Possible fee structures may include:

- Full fee with a discount fee for registering a pre-determined number of days before the course. E.g. \$400, \$375 when registered at least one month before the course.
- Repeat fee, usually half price, with a discount fee for registering a pre-determined number of days before the course. E.g. \$200, \$175 when registered at least one month before the course. \*NOTE: Repeat students are generally required to pay for new manuals and supplies.
- A deposit, of a pre-determined amount such as \$50, may be sent in with the registration. The deposit is non-refundable.
- Prorating for repeat students to attend portions of the course or any special circumstances are at the discretion of the instructor.

### **Distribution of finances**

It is the responsibility of the Sponsor and Instructor to discuss and agree on the financial arrangements for the course. You may choose to develop an agreement in writing between the Sponsor and Instructor so that everyone is adequately informed. Make sure there is a designated person to pay the royalty to the Edu-K Foundation or other unpaid bills.

Here's the most commonly suggested Sponsor/Instructor percentages used in the Practicum and In Depth. \*NOTE: Two repeat students equals one new student.

<u>Number of New Students</u> (2 repeaters = 1)	<u>Percentage to Sponsor</u>	<u>Percentage to Instructor</u>
36 and over	40%	60%
30 – 35	35%	65%
25 – 29	30%	70%
16 – 24	25%	75%
11 – 15	20%	80%
10 or less	15%	85%

### **Scenarios for distributing course income:**

- For the In Depth and Practicum courses, the coach class air-fare is deducted from the gross income prior to figuring the royalty. The net profit is divided according to the above percentage chart between the Instructor and Sponsor.

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- The Instructor may request a flat fee for teaching the course:
  - This flat fee can include Instructor’s expenses or the expenses can be calculated separately which is mutually decided upon in the contract.
  - The Sponsor can receive the net profit after paying all expenses, including Instructor’s fee and Foundation royalty.
- The Instructor and Sponsor may split remaining net income after expenses based on number of new students. A percentage agreement can be co-created in the contract to split the net profit.
- The instructor and sponsor may split the net profit after all expenses.
- Each of these scenarios can be calculated before or after expenses.

**Tax responsibility**

Consult a tax accountant about income tax responsibility for your country.

**U.S. Income Tax responsibility**

Typically the Sponsor sends the Instructor a 1099-MISC form for any payment over \$600. 1099-MISC form (miscellaneous income form) is a tax form and requires both the Instructor and Sponsor’s Employer Identification Number (EIN) or Social Security Number (SS#). Any income over \$600 paid by Instructor to Sponsor for providing these services is subject to U.S. Federal income tax withholding.

Verify to whom checks are addressed—individual or company name.

There are additional considerations regarding U.S. Federal income tax withholding for out-of-country instructors. Consult a tax accountant.

**ADDITIONAL SPONSORING TIPS**

As in every venture, the possibility for special circumstances exists. Below is a short list of special situations and possible considerations.

**Co-sponsoring**

It can be advantageous to have two sponsors work together to organize a course. Co-sponsoring is a wonderful avenue for those new to sponsoring to experience the process with a veteran of sponsoring.

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Co-sponsoring is negotiated with the Instructor.

An agreement specifying how to split the income among the sponsors is created. Consider each Sponsor's responsibilities, time involvement, and experience. Each Sponsor signs the agreement.

### **Change of sponsorship**

There may come a time when a sponsor has to withdraw from sponsoring. The Sponsor immediately notifies the Instructor. A suitable replacement can be named. All applicable materials and information shall be immediately transferred to the new Sponsor. Relevant agreements will be signed by the new Sponsor. The original Sponsor may receive a reimbursement of expenses and time as agreed upon by Instructor and new Sponsor.

### **Sponsoring an Instructor from another country**

There are many special considerations for sponsoring international instructors.

Taxes are one such consideration. Consulting an accountant is recommended. Does the instructor have the means to cash checks? Does the instructor have a bank account in the designated country?

Expenses can be another consideration. Can the course support paying an international airfare? If the instructor is teaching in multiple cities, how are the travel expenses divided? Is it clearly communicated who is responsible for paying lodging and meals in between courses/cities?

### **Pre-requisites - Auditing a course**

Educational Kinesiology courses are approved based on course criteria set forth by the Foundation. Pre-requisites are set for advanced courses. Instructors may choose to allow a participant to audit a course. The participant pays full price for the course, while forfeiting the opportunity to be included in the Foundation database of course graduates.

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