MIT Sandbox Purchasing Guidelines

Effectively managing your funding from the MIT Sandbox, or any other source, is critical to your success as an entrepreneur. As you make purchasing decisions, focus on being resourceful and optimizing the use of every dollar to maximize the impact of your funding.

Team purchases should be aligned with attaining key team milestone goals including activities such as customer discovery, initial funding for a provisional patent, early prototyping or proof of concept. Sandbox does **not** fund external entities (start-ups) and their operational costs (salaries, office space, tax preparation etc.). Note that this means all purchases must be made by the team treasurer, not in the company name.

Current and prospective Sandbox teams should use the Sandbox purchasing guidelines to prepare their budget and to review permitted and prohibited use of funds. Sandbox funds are paid in the form of reimbursements. These guidelines were developed to support the educational mission of Sandbox while adhering to MIT's reimbursement policies.

In order to be reimbursed, teams must meet Sandbox program requirements
(https://sandbox.mit.edu/prospective-students#requirements)**.** This includes monthly mentoring meetings and mentor oversight of your team budget. Failure to meet the requirements, including getting mentor budget pre-approval, will disqualify the team from accessing their funding.

- View expenses reimbursable using Sandbox funding (https://sandbox.mit.edu/purchasing-guidelines#reimbursable)

- View expenses that are not covered by Sandbox funding (https://sandbox.mit.edu/purchasing-guidelines#non-reimbursable)

- View info on hiring MIT interns (https://sandbox.mit.edu/purchasing-guidelines#mitinterns)

- View info on hiring outside developers and contractors (https://sandbox.mit.edu/purchasing-guidelines#outsidecontractors)

- View info on Tax-Exempt Purchasing (https://sandbox.mit.edu/purchasing-guidelines#taxexempt)

- View the reimbursement process (https://sandbox.mit.edu/current-teams#funding) (*accessible by current Sandbox teams only*)

Please note that due to MIT's tax-exempt status, sales tax cannot be reimbursed. Please follow guidelines for tax-exempt purchasing (https://sandbox.mit.edu/purchasing-guidelines#taxexempt).

Timing and Approvals

- **Your team budget must be approved by the team mentor at the start of each cohort.** Oversight by Sandbox mentors ensures that the budget is aligned with key team milestones.
    - Teams will not be reimbursed for purchases not approved by the team mentor or Sandbox staff.
    - Budgets are expected to be updated with oversight from mentors.

- **Any purchase over $5,000 must be pre-approved by the Sandbox Executive Director.** Approval requests should be sent to sandbox-funds@mit.edu (mailto:sandbox-funds@mit.edu).

- If your team does not have the financial resources to make a purchase and then request reimbursement, please email sandbox@mit.edu (mailto:sandbox@mit.edu) to request that the purchase be made by Sandbox on your behalf. Each request will be evaluated on an individual basis. Our goal is to support all teams in advancing their ideas.

- Each Sandbox cohort has a start and end date. **New teams cannot be reimbursed for a purchase that occurs before the start date.** Teams completing the program must submit their reimbursements by the announced deadline.

Reimbursable Expenses

- Software licenses (if it can't be obtained for free)

- Hardware parts & materials

- Conference fees - if you are attending to meet with potential customers and conduct customer/market research. Maximum covered $500. Conference fees over $500 require an explicit preauthorization from Sandbox staff. Approval requests should be sent to sandbox@mit.edu (mailto:sandbox-funds@mit.edu)

- Travel fees - you must submit a cost proposal (https://docs.google.com/spreadsheets/d/1ehsk2d0Bbn9L-_PBGZ6q1y_B5TT4TBS_/edit?ouid=117109021097527400094&rtpof=true&sd=true&usp=sharing) to sandbox@mit.edu (mailto:sandbox@mit.edu) and get approval before you travel; support for international travel is limited. Travel is only for members of your team who are MIT students. Reimbursement requests for travel must be submitted by 45 days after the traveler's return to be eligible for reimbursement. [View current MIT Travel Policy (https://now.mit.edu/policies/mit-travel-policy/) for any travel limitations and guidance.]

- Market research expenses; expenses incurred (including meals and coffee/tea) to meet with prospective customers or subjects of market research.

- Use of funds to compensate people for their time in interviews should be done on a limited case-by-case basis. If you plan to spend over $100 on these types of activities, you need both your mentor's and the Sandbox office's pre-approval of your market research plan.

  It is totally understood that you need to find a way to motivate people to participate in interviews. Running events for focus groups with reasonable food expenses and possibly small non-monetary rewards can go a long way. For individual meetings, you may need to cover the cost of a beverage. Consider connecting online. It is important to always be aware of the value you extract by spending and incorporate that ROI into your spending plans.

- Food purchases, which must be connected with meeting an external party. Detailed receipts are required; credit card charge receipts or statements are not accepted by MIT. You must also provide the agenda and a list of attendees, including whether they are MIT student, MIT staff or non-MIT.

- MIT Interns - view guidelines on hiring MIT Interns (https://sandbox.mit.edu/purchasing-guidelines#mitinterns)

- Service provider/developer fees, subject to approval by the mentors (up to 25% of the team's budget).

  - MIT students - who should be hired as interns; <u>view guidelines on hiring interns</u>

  - Non-MIT students - who should be paid at rates similar to UROP rates ~ $15-20/hour. These are not MIT interns.

  - Outside contractors - view guidelines on hiring outside contractors/developers (https://sandbox.mit.edu/purchasing-guidelines#outsidecontractors)

- Living allowance is only available during the summer (Minimum $2000 and up to $5000 per MIT student, up to $10,000 per team. Must be approved by Sandbox staff).

- Legal fees, up to $1000. Incorporation and certification fees, registered agent service fees, and provisional patent fees are all considered legal expenses that are reimbursable.

- Any purchase over $5,000 must be pre-approved by the Sandbox Executive Director. Approval requests should be sent to <u>sandbox-funds@mit.edu</u> (mailto:sandbox-funds@mit.edu).

Non-reimbursable Expenses

- Gifts, alcohol, and items not directly related to the team project

- Use of gift cards, cryptocurrency or other cash equivalent-type purchases that do not provide an explicit paper trail of the final recipient of the funds will not be approved. Purchasing more than $100 of gift cards requires an explicit pre-approval from Sandbox in addition to your mentor's pre-approval. Email sandbox-funds@mit.edu (mailto:sandbox-funds@mit.edu).

- Team dinners, meals, outings

- Tax, including sales tax and franchise taxes

- Personal electronic equipment such as (but not limited to) computers, iPads, tablets, smart phones, cameras and video cameras: MIT Sandbox has some to give out as loaners. If there are none available, those expenses will be covered, but students are expected to return those devices at the end of the funding period.

- Free AWS credits are available through Sandbox and should be requested when computer resources are needed for the product development (email sandbox@mit.edu (mailto:sandbox@mit.edu) for more information).

- Educational courses, MIT ventureships, and non-Sandbox internships are not covered by Sandbox funding.

- Any LinkedIn subscriptions. We recommend you leverage an Infinite Connection Account (https://alum.mit.edu/about/benefits-and-offerings/infinite-connection). It is free and gives you access to the MIT Alumni Advisors Hub (https://alumniadvisors.mit.edu/) and the Alumni Directory (https://alum.mit.edu/directory), where you can connect with a great number of experts and professional contacts. MIT students, alumni, and affiliates can create an

account (https://alum.mit.edu/account/create) if you have your 10-digit user ID. You can also be creative with Linkedin and leverage a one-month trial across multiple team members.

- Legal fees exceeding $1000. Patent filing fees are generally not covered. Provisional patent filing is covered. Teams are encouraged to use the BU Law Clinic (https://sites.bu.edu/startuplaw/) and the various free law clinics from experienced attorneys available through Sandbox, VMS, or the MTC.

- Space rental. Work at Sandbox (E38 fourth floor), in your dorm room, an empty classroom, a common area. MIT is full of places to meet and work together.

- Uber, Lyft, or other private means of transportation. The expectation is that teams will use public transportation so that the majority of funds can be spent directly on project costs. If there are extenuating circumstances you must provide a detailed explanation of why the use of such a mode of transportation was necessary. Extenuating circumstances can only occur if you need transportation to visit prospective customers or partners and not to reach other team members.

- Regular transportation to meet with teammates or getting to Mass Challenge offices is not reimbursable.

- Expenses that grant as much personal gain as company gain (such as an annual membership to Zipcar or Hubway, or a new suit to wear to meetings).

Hiring MIT Interns

You can hire a current MIT student as an intern for your company (both for the summer and during the school year). Note that this needs to be part of an approved budget. Recent alumni cannot be hired. Also, if you hire an intern who is working elsewhere on campus, their maximum allowed hours is the total across all jobs. If you are hiring someone from outside of MIT, they are considered a contractor not an intern.

- Summer maximum weekly hours = 40 hours per week across all MIT appointments

- Semester maximum weekly hours = 20 hours per week across all MIT appointments

- Hourly wage is $15-20/hr

- There are three things for you to do before the intern starts work: make sure the intern submits an I-9 in Atlas (https://atlas.mit.edu/), make sure the intern sets up direct deposit, and email the request to set up the intern appointment to sandbox-funds@mit.edu (mailto:sandbox-funds@mit.edu). The email should include the following information:

  - First and Last name of student

  - MIT ID number

  - Department

  - Grad or Undergrad

  - Weekly hours

  - Start Date

  - End Date

  - Hourly Rate

  - Two sentence description of position/role

Hiring Outside Developers and Contractors

MIT Sandbox funds are not meant to be used to pay for outside developers or contractors for your team. If you need these services, we encourage you to find someone with that expertise to join your team. Note that this does not include 1099 or W-2 employees.

If you do require a contractor for special skills/knowledge, you can use a maximum of 25% of your funds for outside developers and contractors and this must be approved by your mentor in advance. The contractor must provide a completed W-9 form (https://vpf.mit.edu/search/node?keys=w-9) or W8-BEN if international. Payment is through reimbursement and requires a receipted invoice.

Please note that reimbursement will be delayed if the W9 or W8-BEN forms are not received.

Tax-Exempt Purchasing

Due to MIT's tax-exempt status, sales tax cannot be reimbursed.

Please inform vendors of MIT's tax-exempt status and provide them with a copy of MIT's tax-exempt forms (https://vpf.mit.edu/mits-state-sales-tax-exemptions) (you will need both ST-2 and ST-5). It may be necessary to contact vendors when making purchases online to ensure any tax applied to your order is credited at the time of purchase.

To make purchases on Amazon without paying tax, you'll need to set up a tax-exempt account (https://www.amazon.com/gp/help/customer/display.html?nodeId=G2UQTUL5CHRCA7BL).

If you have questions about reimbursements, interns, or your team's funding, please email sandbox-funds@mit.edu (mailto:sandbox-funds@mit.edu)

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CONTACT US
(MAILTO:SANDBOX@MIT.EDU)

Accessibility (http://accessibility.mit.edu/)