

FC Choirs, Inc.
Individual and Group Fundraising & Student Account Practices
Effective July 1, 2020; Revisions November 1, 2020; September 2021

Student choir accounts are maintained by the financial team to track payments and adjustments for individual student fees that are owed for the organization. Specific topics below cover the approved practices by the FC Choirs, Inc board.

FUNDRAISED MONEY

Individual students may participate in FC Choirs, Inc. fundraisers. They will have the opportunity to raise funds through approved fundraisers to help support show choir activities. All fundraising activities are considered voluntary.

All fundraisers and fundraised funds are subject to the following guidelines as directed and suggested by the IRS 501(c)(3) and nonprofit law:

1. Students are only to participate in approved fundraisers.
2. Straight contributions to the FC Choir, Inc. (which may be tax-deductible) may not be earmarked and credited to support specific students. Parents making payments to the general choir benefit, and NOT an individual student, should clearly designate the purpose of the payment.
3. Any funds coming in that are connected in any way to corporate donation or corporate matching are considered fundraised and not eligible for refund, whether paid out of pocket by an individual or by another organization/corporation.
4. Students and Parents understand that the money raised is the property of the tax-exempt organization.
5. All amounts raised are used for the tax-exempt purposes of FC Choirs, Inc.
6. FC Choirs, Inc. through the executive board, and not the students, must determine how the funds are used per IRS and nonprofit law recommendations. This applies to corporate donations and matching funds.
7. Students or Parents may not withdraw funds to use as they wish and students may not transfer such funds to friends. Fundraised funds may not be used to cover any fundraising expenses.

DIRECT ACCOUNT PAYMENTS (cash, check, credit card)

Payments made by parents or students will be credited to each individual account. These payments are not tax-deductible.

RETURNED PAYMENT FEES

Checks returned for non-sufficient funds will be charged an amount determined by the board to cover the bank and organization fees.

As of 17 July 2021 – NSF fee on bank checks is \$25; NSF fee for electronic payments is \$20

REFUNDS and EXITING CHOIR PROGRAM (graduation, dropping)

1. Any excess personal deposits that were made to an individual account will be refunded at the time of closing the account (graduation or no longer in choir). The only exceptions will be any

debts owed to FC Choirs, Inc. and any non-refundable trip expenses (501(c)(3)) and students dismissed for violation of rules.

2. Any funds coming in that are connected in any way to corporate donation or corporate matching are not eligible for refund, whether paid out of pocket by an individual or by another organization/corporation. Only direct payments with no strings attached are eligible for refund.
3. No earned credits or personal deposits can be transferred from one individual member's account to another except for transfers between existing accounts of siblings who live in the same household. Transfers will also be permitted between existing accounts of siblings who are leaving the choir and new accounts of siblings from the same household who are entering the choir in the following year.
4. When a senior graduates without a sibling enrolled at Franklin Central HS for the next school year, their nonrefundable remaining balance becomes a part of a fund for future students.
5. Any amounts designated as non-refundable (i.e. down payments) will be considered as not eligible.

REFUNDS ACROSS YEARS

For students with multiple years of choir participation, accounts will be handled as described below:

- Funds transferred from someone in the same household will be considered fundraised and not refundable for all future purposes. (ex. Sibling 1 graduates and had a \$1000 credit. This amount is transferred to a younger sibling 2's account. This \$1000 is now not eligible for refund and will not be refunded when sibling 2 leaves choir.)
- Students may collect refundable amounts across years (in their own account) and receive one refund at end of their time in choir. (ex. Student pays for first year of show choir with \$800 check; fundraises all subsequent years and enough to cover the first year of show choir. The remaining credit at end of time in choir is \$1200. \$800 is refund eligible and \$400 will be moved to financial aid.)

REFUND TIMING

Refunds are processed after the choir activities in a school year or as determined by the board.

Students dropping choir before last payment deadline will have refunds considered and processed at request time.

Financial aid requests

There is a financial aid request form on the fchoirs.org site. If this is something you anticipate needing, please leverage the request process before the fall. This gives time for the request to be considered and the expectations around any matching requests to be clarified.

The FC Choirs, Inc. Executive Board of Directors will review each application in a private and confidential manner. Funds will be offered in the form of matching funds. For example, for each dollar earned via fundraising or student family payments, FC Choirs, Inc. will match that amount, up to a pre-determined limit. Amount of funds offered are determined by need and by availability of funds. Decisions on awards of financial aid will be documented.

Financial assistance is subject to two of the following criteria:

- a. The student must participate in fundraising activities to earn assistance or
- b. the student must have evidence of efforts to secure ads.
- c. parents or student must volunteer and work extra shifts for choir events (i.e. HSCC) as outlined by committee
- d. student-driven payments funded through own student income.

STUDENT AWARDS and SCHOLARSHIPS

The awards for student fees and scholarships follow process and rules in the bylaws. Student awards are determined via application/nomination and board votes. Funds for these awards are donations received for general student assistance.

Crediting of Fundraising Amounts Constitutes Private Benefit

In general, the IRS does not allow tax-exempt booster clubs to provide direct financial benefit to individuals. However, a **limited, insubstantial** amount of private benefit to individual students in the program may be tolerated, depending on the circumstances. In order to protect the organization's 501(c)(3) charitable tax-exempt status and avoid possible fines by the IRS, the fundraising guidelines will be observed.

The IRS has a strict rule against private inurement "If a booster club confers a benefit on a participant in return for their fundraising activities, such as by crediting amounts raised by a participant toward that participant's dues requirement, or by crediting amounts raised against the cost of a trip, the booster club is providing a private benefit to that participant. Consequently, such practices could result in the organization failing to be described in 501(c)(3). It is also possible that amounts credited to a participant's account due to fundraising would constitute income from services, and could result in employment taxes."

For the safety of our students, and the legality of any fundraiser, approval must be made from FC Choirs, Inc. board. Fundraisers done without the approval of the organization would be recognized as an "individual business" and will not be considered a tax-exempt fundraiser. All income from that fundraising activity may be considered taxable income.