

**FC Choirs, Inc.  
Individual and Group Fundraising  
Effective July 1, 2020; Updated November 1, 2020**

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. Payments made by parents will be credited to each individual account. These payments are not tax-deductible.
3. 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.
4. Checks returned for non-sufficient funds will be charged an amount equal to the Bank's returned item fee.
5. Students and Parents understand that the money raised is the property of the tax-exempt organization.
6. All amounts raised are used for the tax-exempt purposes of FC Choirs, Inc.
7. FC Choirs, Inc. through the executive board, and not the students, must determine how the funds are used per IRS and nonprofit law recommendations.
8. 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.
9. 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 exception will be any debts owed to FC Choirs, Inc. and any non-refundable trip expenses (501(c)(3)).
10. 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.
11. 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.
12. When a senior graduates without a sibling enrolled at Franklin Central HS, their remaining balance becomes a part of a fund for future students.

## **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.