

Sent: Friday, September 27, 2013 9:59 AM
Subject: Required Fund-Raising Not Allowed

To: High School Principals, Principals' Secretaries, and Financial Secretaries
Sponsors for School / Student Groups
Booster Club Presidents and Treasurers

Several parents have reported that some sponsors for school / student groups and some Booster Clubs are requiring students to participate in fund-raising activities or to donate a certain amount in lieu of fund-raising.

According to the IRS, tax-exempt organizations such as the District, schools, school / student groups, and Booster Clubs are considered charitable organizations and, therefore, they are **prohibited** from requiring students or parents to participate in a fund-raiser, raise a certain amount of money, sell a certain number of items, or make a donation for a certain amount in lieu of fund-raising. For example, a Booster Club cannot require that each student sell \$100 worth of candy, or sell 20 candy bars, or donate \$100 in lieu of fund-raising. Also for fund-raisers that involve participation in a camp or clinic, students cannot be required to have a certain number of people participate in the camp / clinic. **Participation in fund-raising activities and donations is optional.**

All money raised must be used to benefit all students of the organization. For instance, you may not reduce a student's trip expense or provide free or reduced priced tickets to those that raised funds or raised a certain amount of funds. Members of the student group who do not participate in fund-raising activities would receive the same opportunity to benefit as those that participated. A student cannot be punished in any way for not participating in a fund-raiser.

The following is an illustration of the above concepts:

A student group attending a summer camp that costs \$20,000 for its 100 members (\$200 each). The student group or Booster Club decides to have a catalog fund-raiser to help defray some of the cost of the summer camp. The catalog sale generates a total of \$2,000 of revenue. Of the 100 total members of the team, only 20 participate in the catalog sale that generates the \$2,000. Since revenues from the catalog sale were to be used to defray some of the camp expense, the student group or Booster Club must give all 100 team members an equal opportunity to benefit from the catalog sale, even though only 20 members participated. This means that each member's cost would be reduced by \$20 (\$2,000 / 100 members). Therefore, each member's cost for attending the summer camp would be \$180 (\$200 cost - \$20 fund-raiser benefit).

For fund-raisers, students and parents have the following options:

- They *may* sell fund-raiser items.
- They *may* donate money. The amount donated can be any amount. The student group or Booster Club can make a suggestion on the amount donated.
- They *may* choose not to fund-raise and not to make a donation.

For donations, the Booster Clubs that are a 501(c)(3) organization and school / student groups can indicate that donations are tax-deductible. The school / student groups or Booster Clubs can indicate what goals would be achieved if everyone participates in the fund-raiser; however, the school / student groups and Booster Clubs cannot require fund-raising.

If your student group or Booster Club is currently requiring fund-raising, please discontinue this requirement immediately.

If you have any questions, please let me know.

Thanks,
Carol

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