

**PARENT CORPORATION & AFFILIATES  
INDIVIDUAL FUNDRAISING ACCOUNTS POLICY  
REVISED PER IRS DURING APPLICATION REVIEW**

**DEFINITION**

An “Individual Fundraising Account” is any method by which a parent or booster club credits an individual or family for all, or a portion, of the funds raised by the individual, family or organization. Credit may be given for funds through various means, including sales of products (i.e., gift wrap, candy bars, etc.) and service at organization fundraising events (i.e., car wash, concession stands, etc.).

**IRS RULES: PURPOSE, PROHIBITED PRIVATE BENEFIT, CONTROL OF FUNDS**

- **Public Purpose.** Nonprofit, tax-exempt, 501(c)(3) organizations must be operated for a public purpose – such as supporting competitive athletics, music education, or a public or nonprofit school.
- **Private Benefit Prohibited.** Nonprofit, tax-exempt, 501(c)(3) organizations may not be operated for the personal benefit to their individual members, such as by providing a method for their members to earn money to support the individual or family participation in club activities.
- **Control of Assets and Funds.** All funds raised by nonprofit, tax-exempt, 501(c)(3) organizations must be controlled by the organization itself and used to further the organization’s tax-exempt public purpose. Individual members may not be in control of how funds “they raise” are spent.

**INDIVIDUAL FUNDRAISING ACCOUNT RULES**

Parent or booster clubs with individual fundraising accounts are eligible for affiliation with Allendale Parent Corporation only if their fundraising program meets the standards set forth below:

- **Membership in the organization is voluntary.** Parents of students or athletes are not automatically made members because their children are part of the school or other activity.
- **Participation in fundraising activities is voluntary.** Students and parents are not required to participate in a minimum number of fundraising activities or events to continue to participate in supported school, band or athletic activity. The organization does not engage in a “no work, no play” policy.
- **Owners of for-profit schools and gyms are not voting members or officers or directors of the organization and do not control the student group’s activities.**

- **The organization controls and uses all funds raised for the tax-exempt, public purpose of the organization.** Parents and students understand that all assets of the organization, including all funds raised, must be used for the public tax-exempt purpose of the organization. The organization, in accordance with its bylaws, budgeting and voting rules, must determine how all funds raised are used. Funds may be used, for example, for: (i) competitive team expenses such as competition entrance fees, provided all members of the competitive team are benefited equally regardless of participation in fundraising events; (ii) uniforms; (iii) hosting athletic, band and nonprofit school events; and (iv) nondiscriminatory scholarship funds, provided that scholarships may not be based on participation in fundraising events. Funds may not be used for: (y) individual student tuition (except in the case of a nondiscriminatory scholarship fund set up in accordance with IRS rules); or (z) to purchase equipment or materials for a for-profit entity.

## **DOCUMENTATION**

Individual Fundraising Account records shall be maintained in accordance with IRS regulations for tax-exempt organizations.

ADOPTED: \_\_\_\_\_