



AGHS Music Boosters. Avon Grove HS, 257 E. State Road, West Grove, PA 19390

NOTICE TO ALL MEMBERS

Change in Students Accounts and Fundraising

Effective June 1, 2014

This notice is to advise all Members that, due to recent interpretations by the courts regarding non-profit laws and the IRS code as they relate to the way Fundraising Proceeds and Student Accounts are handled, the Avon Grove Music Boosters will be updating its Bylaws and changing its recordkeeping to more closely conform with those rules to retain our 501(c)(3) tax exempt, nonprofit status.

The Issue

The IRS mandates that a charitable nonprofit must be operated for a public purpose rather than to serve the interests of any private individual (commonly referred to as a 'private benefit'). As such, our Accountant has indicated we must discontinue placing any income from fundraising efforts into Student Accounts and immediately begin to deposit those monies to the benefit of our organization as a whole (i.e. deposit fundraising income into general funds to the benefit of our music program participants).

What does this mean to you?

- AGIMBA will no longer be able to add to Student Accounts using proceeds from fundraising efforts such as a nut sale. However, we can allocate all proceeds from a fundraising effort to offset the cost of something for a group, such as the Music Department trip.
- After May 31 we will no longer add to your Student Account through fundraising. Funds from the Golf Tournament ball drop ticket raffle will be the last deposit permitted. Our Treasurer will provide you with the status of your Student Account balance after the ball drop proceeds have been recorded.
- SCRIP will be handled differently. The IRS considers SCRIP income as rebates and allows you to continue to have 50% of your rebate deposited to your Student Account. Also, because we are offering SCRIP as a rebate, you will now have the option to receive that money back. In order to participate or continue to participate in SCRIP and donate a percentage of your rebate to AGIMBA, you must first enter into a SCRIP Program Agreement with us indicating how you would like your rebates handled. The Agreement and additional details will be provided to you shortly by our SCRIP Chairperson, Sheri Sabella.

Managing Your Student Account Going Forward

As in the past, any funds made from fundraising that were deposited into your Student Account through May 31, 2014 will remain in the account.

New Funds: Beginning June 1, 2014 there will be two ways to increase the funds in your Student Account:

1. **Deposit:** You can add to your Student Account any time by making a deposit. Many families make one or two large deposits (or even monthly deposits), rather than writing a lot of smaller checks, and use the funds as needed. As always, any family deposits remain fully refundable.
2. **SCRIP Rebates:** You may add to your Student Accounts via SCRIP rebates. The new rebates will also be refundable. As in the past, any money made from fundraising (including SCRIP deposits from this fiscal year since they were considered fundraising) are NOT refundable. See the AGIMBA Bylaws for additional information.

Questions?

Please contact our Treasurer, Teresa Hanrahan at Teresa@hanrahan.us, or any officer with any questions.