

## Friends Groups

Initial question from librarian was about handling money that Friends' groups receive

Response from Tracy Cook – June 23, 2009

Important Question: How much money does your Friends group have and collect in a year? (This question is important for determining what to do.)

Scenario 1: Friends group has and collects over \$5000 a year. In this case the dollar amounts become significant enough that you should consider folding the Friends group under your Foundation. The Friends group would be listed as a line item in the Foundation budget. Any money the Friends earned would go to the Foundation and when the Friends wanted to expend money the Foundation would cut the check.

Scenario 2: The Friends group has over \$5000, but doesn't collect that much in a year. You have two options.

Option 1: Spend the money (which should probably be happening anyway) Bob pointed out that most people who donate to the Friends group expect the money to be spent within a short period of time. If the Friends group has a goal like purchasing a new computer or some larger ticket item then it's okay to save money away, but if they don't have those goals they should be spending donated/earned money on the library. Bob recommended developing a wish list if you haven't already done so. The Friends could decide which items on the Friends list they would like to purchase for you.

Option 2: Fold the Friends group under the Foundation as mentioned in Scenario 1.

Scenario 3: The Friends group has under \$5000 and doesn't collect that much money in a year. You also have two options here.

Option 1: The Friends group can continue to collect money, but must let people know that the money is probably not tax deductible. As long as they let people know about the deductibility issue it's okay to continue as is.

Option 2: Fold the Friends group under the Foundation as we mentioned earlier in Scenario 1.