



TO: Competitive Team Account Participants

FROM: JSC Board of Directors

DATE: 25 NOV 2018

SUBJECT: Status of Team Accounts

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Juneau Soccer Club (JSC) has been made aware that certain practices in our fundraising and team accounting are required to change. Please refer to the enclosures: *Capital Gymnastics-A Cautionary IRS Message to Booster Clubs* and IRS Directive dtd 27 JUN 2011. *Capital Gymnastics* is a well written paper on the topic of 501(c)(3) fundraising and provides a good discussion of the issues JSC is trying to resolve. In order to comply with IRS rules, we must modify our fundraising policies and team accounting immediately. Failure to comply could result in losing our non-profit status and possible tax implications to individual families. JSC only recently learned of the problem and completed an extensive review of the case law and elements of the issue. We have met multiple times as a Board and have determined the path forward through formal Board vote.

In order to comply, JSC will need to convert any Individual Fundraising Accounts (IFAs) to consolidated Team Accounts by birth year. We will also need to change how we account for the club-wide fundraisers such as raffle tickets, Mark Kelley calendars, and goal cards. We hope to continue fundraising to help offset membership fees and assist with travel, but how that occurs needs to change so that we are conferring a benefit on the child-athletes as a whole.

By converting into pooled team accounts, funds will be available for use in future travel, but we recognize that some families were counting on those funds to help pay for membership dues and for other soccer activities such as ODP. The Board has held long meetings to find ways that do not unduly impact individuals in these situations and feel that we can implement some new policies and programs to help ensure that finances do not get in the way of the focus that we all need to keep...having our children on the pitch, learning the game and growing as young people.

Mechanics of the Changes:

- a. Changes to Team Accounting policies.
- b. Changes to Club-wide Fundraisers.
- c. Expanded Financial Assistance Program to minimize impacts.

Changes to Team Accounting:

1. Player account funds may not be used to pay for the annual JSC Membership Fee. This is one of the hardest impacts, but also one of the clearest from the IRS. Similarly, player account funds may not be used to fund ADP/ODP expenses. JSC has taken steps to mitigate these impacts, as discussed later.
2. In plain language, we will no longer track balances to the individual player level.
3. Any remaining FY18 personal funds (leftover from personal deposits) will be removed from the account and the end of FY18 account will be audited by the JSC Treasurer, with assistance from other Board members.

4. The funds will be consolidated into a single pool of funds by birth year. ie. The funds from each boy's line in the 04 Boys account will simply become a single balance for the 04 Boys. This will be calculated at the time of the audit and communicated back to each team.
5. Team account funds may be used for team expenses as long as they are being applied equally among participants. Some examples:
 - a. JSC fees for Whitehorse Exchange (ferry, bus, tournament fee)
 - b. Registration fee, rental car, portion of hotel for all participants in summer tournament.
 - c. Team funds are used to pay for a portion of coach's air fare and hotel for tournament.

Changes to Club-wide Fundraisers:

1. Due to timing and need to rework this fundraiser, the Fall Raffle is cancelled and JSC raffles are on hold until we determine the best fundraising tools to help teams. JSC will make the Mark Kelley Calendar Sales and Goal Cards available to competitive teams as a minimum this year.
2. Going forward, fundraising will need to be re-structured so that they do not convey a "private benefit" as defined by the IRS.
3. As a minimum, fundraising benefits will not be linked to individual players.
4. Teams should fundraise with a purpose in mind. Examples include:
 - a. Travel expenses for Whitehorse Exchange, summer tournaments, or camp attended by the team.
 - b. Expenses for team uniform articles (ie. Shorts/socks).
 - c. Any expense that benefits the team, rather than individual players.

Expanded Financial Assistance Program:

1. JSC already has a robust financial assistance program as discussed on the website under Membership www.juneausoccer.org/membership. It supports Membership Fee scholarships, usually limited to 50% of the annual fee. We also provide travel scholarships to assist with team tournament travel.
2. JSC recognizes that the changes discussed above may adversely impact families who were depending on money in the team accounts to provide the funds for membership fees and some competitive travel assistance. The changes to team account policy may be creating a temporary financial hardship for families. In response, JSC has expanded the funds available to provide scholarships for both membership fees and travel. Travel includes participation in ADP/ODP programs. The request program is very simple and does not require a lot of information. Please recognize that there is no stigma attached to using this augmented scholarship fund to overcome a short term situation caused by the consolidation of team account funding.

Juneau Soccer Club recognizes that the impacts of these changes will affect some of our families more than others. The goal is to ensure that finances do not get in the way of a child's participation and, with our expanded financial assistance program, we hope to make the transition from individual player accounts to consolidated team accounts as fair as possible. Please bear with us as we plot our course through uncharted waters and strive to keep the focus with our players on the pitch, taking care of the admin to make that happen.

Attachments