



RSL-AZ 501c3 Explanation

Please use this document to answer questions about the use of sponsorship money to the teams and whether these funds if brought in by one particular family can be used for that particular family or individual player. The answer is no. A charitable contribution may not be given to an individual. Therefore, any **“Team Sponsors” can’t be earmarked towards an individual player** but must be used for the good of the entire team. Any funds brought to the team as a “sponsorship” and that the donor wants to classify as a “charitable donation” can’t be designated for any one member of a team

However, a sponsor may choose to pay for an individual, but these funds would not be considered as a charitable donation and would also be considered income to the receiving party. If RSL-AZ were to allow funds to be earmarked to an individual player, we would be in direct violation of the IRS rules governing charitable contributions and we would also be jeopardizing our 501C3 status for our entire club. Please see the excerpts below to help explain further.

Contributions to Individuals

You cannot deduct contributions to specific individuals, including Contributions to individuals who are needy or worthy. You cannot deduct these contributions even if you make them to a qualified organization for the benefit of a specific person. But you can deduct a contribution to a qualified organization that helps needy or worthy individuals if you do not indicate that your contribution is for a specific person. <http://www.irs.gov/pub/irs-pdf/p526.pdf>

Earmarked Gifts Are Not Deductible

What if you want to make a contribution that benefits a particular person? This happens all the time. For example, someone may know a family that can’t afford to pay their child’s tuition and may want to donate money to a nonprofit school to cover that child’s tuition. While the intention on the donor’s part is still charitable in nature, these types of gifts are not tax deductible. A donor can never earmark a charitable contribution for a particular individual.

<http://www.nolo.com/legal-encyclopedia/when-are-gifts-charity-not-deductible.html>

For additional clarification please visit the below link for a court case from a youth gymnastics group that had a structure identical to ours and lost their 501C3 because teams were disregarding these rules and some families had to pay out of pocket for the fees while others paid nothing because they found sponsors. **Please read this case** to understand the rules better.

https://cdn4.sportngin.com/attachments/document/0103/0841/Capital_Gymnastics_Decision.pdf

Fundraising: ALL FUNDS MUST GO INTO THE TEAM ACCOUNT.

Payment of Team Fees is not tax deductible. Sponsorships/donations to a team may be tax deductible.

PLEASE HELP US PROTECT OUR 501C3 STATUS!