

# Mason Athletic Booster Association Policy and Procedure

**Policy Name:**           **Player Inurement**

**Policy Number:**       **2**

**Policy Statement:**

In 2010, the president of each MBC, as part of their application to the IRS for not-for-profit status, affirmed that their MBC either had never used the individual accounting method for players or had moved to officially ban it going forward. Under State of Ohio law, receipts from any fundraiser in which students materially participate must be deposited in the respective MBC's school activity account and those funds must be used for the benefit of the students.

**Purpose:**

The purpose of this policy is to protect Mason Athletic Booster Association's (MABA) and the MBC's status as not-for-profit organizations under IRS Code Section 501 (c) (3) and to protect MBCs from inadvertently running afoul of pertinent Ohio law by ensuring that relevant knowledge is handed down to successive MABA and MBC boards.

**Definitions**

1. Prohibited activities related to individual accounting method for players explanation – as provided by the IRS:

**Many amateur sports organizations, booster clubs, etc, set up “individual accounts”. This is when certain players or individuals go out and raise money and this money is used to offset those same individuals’ expenses. The money is not used to benefit the whole organization or team(s), but to benefit individuals. Because money raised or earned is used for those same player's expenses or fees, it becomes compensation. This compensation is a form of private benefit.**

**Substantial private benefit is not allowed under 501 (c) (3) and could result in disqualification of exemption.**

In the past few years the IRS has stepped up enforcement of this regulation resulting in fines in the tens of thousands of dollars to individual booster clubs.

## Player Inurement

### Annual Statements

Annually, each MABA Sport Representative, Officer, and MBC Officer shall sign a statement that affirms such person:

1. Has received a copy of the Player Inurement policy,
2. Has read and understand the policy,
3. Has agreed to comply with the policy.

This is accomplished using the form, **Annual Player Inurement Statement** (MABA – A10). Copies of this form can be printed so each signer can sign one. See Attachment 1.

### Procedures

1. Upon the installation of a new board, each MABA board member will read the Player Inurement policy, sign the Player Inurement statement, and submit it to the MABA secretary.
2. Upon installation of a new board, each MBC board member will read the Player Inurement policy, sign the Player Inurement statement, and submit it to their MBC Sport Representative.
3. Within one month of installing the new board, each MBC Sport Representative will give the MABA secretary a single packet containing all Conflict of Interest Statements and all Player Inurement Statements from the MBC's board.
4. The MABA secretary will track to ensure all annual statements are submitted and will retain those statements as part of MABA's records.

