

UNIT MONEY-EARNING APPLICATION

Applications are not required for council-coordinated money-earning projects such as popcorn sales or Scout show ticket sales.

Please submit this application to your council service center at least two weeks in advance of the proposed date of your money-earning project. Read the 10 guides on the other side of this form. They will help you in answering the questions below.

Pack
 Troop No. _____ Chartered Organization _____

Team
 Crew

Community _____ District _____

Submits the following plans for its money-earning project and requests permission to carry them out.

What is your unit's money-earning plan? _____

About how much does your unit expect to earn from this project? _____ How will this money be used? _____

Does your chartered organization give full approval for this plan? _____

What are the proposed dates? _____

Are tickets or a product to be sold? Please specify. _____

Will your members be in uniform while carrying out this project? (See items 3-6 on other side.) _____

Have you checked with neighboring units to avoid any overlapping of territory while working? _____

Is your product or service in direct conflict with that offered by local merchants? _____

Are any contracts to be signed? _____ If so, by whom? _____
Give details. _____

Is your unit on the budget plan? _____ How much are the dues? _____

How much does your unit have in its treasury? _____

Signed _____ Signed _____
(Chartered Organization Representative) (Unit Leader)

Signed _____
(Chairman, Unit Committee) (Address of Chairman)

FOR USE OF DISTRICT OR COUNCIL FINANCE COMMITTEE: Telephone _____

Approved by _____ Date _____

Approved subject to the following conditions _____

GUIDES TO UNIT MONEY-EARNING PROJECTS

A unit's money-earning methods should reflect Scouting's basic values. Whenever your unit is planning a money-earning project, this checklist can serve as your guide. If your answer is "Yes" to all the questions that follow, it is likely the project conforms to Scouting's standards and will be approved.

1. *Do you really need a fund-raising project?*

There should be a real need for raising money based on your unit's program. Units should not engage in money-earning projects merely because someone has offered an attractive plan. Remember that individual youth members are expected to earn their own way. The need should be beyond normal budget items covered by dues.

2. *If any contracts are to be signed, will they be signed by an individual, without reference to the Boy Scouts of America and without binding the local council, the Boy Scouts of America, or the chartered organization?*

Before any person in your unit signs a contract, he must make sure the venture is legitimate and worthy. If a contract is signed, he is personally responsible. He may not sign on behalf of the local council or the Boy Scouts of America, nor may he bind the chartered organization without its written authorization. If you are not sure, check with your district executive for help.

3. *Will your fund-raiser prevent promoters from trading on the name and goodwill of the Boy Scouts of America?*

Because of Scouting's good reputation, customers rarely question the quality or price of a product. The nationwide network of Scouting units must not become a beehive of commercial interest.

4. *Will the fund-raising activity uphold the good name of the BSA? Does it avoid games of chance, gambling, etc.?*

Selling raffle tickets or other games of chance is a direct violation of the BSA Rules and Regulations, which forbid gambling. The product must not detract from the ideals and principles of the BSA.

5. *If a commercial product is to be sold, will it be sold on its own merits and without reference to the needs of Scouting?*

All commercial products must sell on their own merits, not the benefit received by the Boy Scouts. The principle of value received is critical in choosing what to sell.

6. *If a commercial product is to be sold, will the fund-raising activity comply with BSA policy on wearing the uniform?*

The official uniform is intended to be worn primarily for use in connection with Scouting activities. However, council executive boards may approve use of the uniform for any fund-raising activity. Typically, council popcorn sales or Scout show ticket sales are approved uniform fund-raisers.

7. *Will the fund-raising project avoid soliciting money or gifts?*

The BSA Rules and Regulations state, "Youth members shall not be permitted to serve as solicitors of money for their chartered organizations, for the local council, or in support of other organizations. Adult and youth members shall not be permitted to serve as solicitors of money in support of personal or unit participation in local, national, or international events."

For example: Boy Scouts/Cub Scouts and leaders should not identify themselves as Boy Scouts/Cub Scouts or as a troop/pack participate in The Salvation Army's Christmas Bell Ringing program. This would be raising money for another organization. **At no time are units permitted to solicit contributions for unit programs.**

8. *Does the fund-raising activity avoid competition with other units, your chartered organization, your local council, and the United Way?*

Check with your chartered organization representative and your district executive to make certain that your chartered organization and the council agree on the dates and type of fund-raiser.

The local council is responsible for upholding the Charter and By-laws and the Rules and Regulations of the BSA. To ensure compliance, all unit fund-raisers MUST OBTAIN WRITTEN APPROVAL from the local council NO LESS THAN 14 DAYS before the fund-raising activity.





FISCAL POLICIES AND PROCEDURES FOR BSA UNITS

Frequently Asked Questions

Should our unit have a checking or savings account?

Yes. Unit funds should be deposited in a checking or savings account that requires two signatures on every check or withdrawal. The unit leader could be one of the signees, but it is recommended it be a committee person. It could be that the unit leaders have a petty cash fund (with the limit set by the committee) that is accounted for with receipts each month.

Does a pack or troop need its own tax identification number? If so, where do we get it?

All units need a tax ID number (also referred to as an “EIN”—Employer Identification Number). Units should NOT use the Social Security number of an adult leader. If they do, the IRS will attribute all banking transactions, unit purchases, etc., to that leader as an individual. Units may use the tax ID number of their chartered organization, if given permission. This may be especially useful for the unit if that organization is tax-exempt.

Most units obtain their own tax ID number by completing IRS Form SS-4. There is no fee involved. The current form and instructions are available on the IRS website (www.irs.gov). Also, the IRS now allows you to provide the information over the phone and immediately receive a unit EIN. The IRS phone number is 800-829-4933.

Who is responsible for the finances of the unit?

The unit committee is responsible for the unit's finances. A treasurer is assigned and the committee chair should receive the bank statement for monthly reconciliation. All unit funds should pass through the bank account; this includes but is not limited to dues, money from unit fundraisers, product sales, and gifts. An exception might be registration fees that are collected as part of an organized School Night program. In this case, fees are collected by district/council representatives and are transmitted to the Scout service center.

Should our unit consider insuring our unit equipment?

Yes. It is suggested that your unit insure its equipment. Remember, the chartered organization owns the unit, and all funds used by the unit remain the responsibility of the chartered organization as long as the charter issued by the BSA remains in place. It is recommended that an inventory of the unit's equipment be given annually to the chartered organization, and needs for insurance coverage discussed at that time. Frequently, unit equipment can be added to an existing policy of the chartered organization at minimal cost.

Can our unit deposit funds with the local council?

Yes. Most councils allow units to deposit funds to their credit in the council service center, thus making it convenient for units to make purchases without sending cash. A “unit account” is established for each unit that deposits funds with the council. At a minimum—at least annually—the council should provide a detailed statement of activities of your unit account for your unit to review.

What happens to the unit funds and equipment should the unit dissolve?

In the event of the dissolution of a unit or the revocation or lapse of its charter, the unit committee shall apply unit funds and property to the payment of unit obligations and shall turn over the surplus, if any, to the local council. In the case of a chartered organization, any funds or equipment that may have been secured as property of the unit shall be held in trust by the chartered organization or the council, as may be agreed upon, pending reorganization of the unit or for the promotion of the program of the Boy Scouts of America.

When should our unit submit a BSA Unit Money-Earning Application?

For all unit fundraising. All unit money-earning projects must be approved in advance by using the BSA’s Unit Money-Earning Application. Approval must be made by the chartered organization and the local council.

Is our pack or troop considered tax-exempt by the IRS?

That depends on who charters your unit. The only time a unit can be considered “tax-exempt” is if its chartered organization is also tax-exempt and includes the unit.

The BSA National Council grants a *charter* to religious organizations, service clubs, businesses, and others who want to charter a Scout unit. A unit is actually “owned” by its chartered organization. Chartered organizations vary widely in tax status.

What is IRS Form 990-N and does our unit need to file one annually with the IRS?

Form 990-N is an abbreviated filing for small tax-exempt organizations with annual gross receipts of \$50,000 or less. The BSA national office consulted with the IRS and outside counsel about whether this filing requirement applies to Cub Scout packs, Boy Scout troops, Venturing crews, and other units. In their opinion, most Scout units **do not** have to file Form 990-N. **For most units, no filing is required.**

The only exception is for the very small number of units that have filed for separate, federal tax-exempt status under Section 501(c) (3) of the Internal Revenue Code. Those units must file either Form 990-N (if their annual gross receipts were \$50,000 or less) or the more detailed Form 990 or 990EZ (if annual gross receipts were more than \$50,000).

Can our pack or troop be covered under the BSA’s group exemption?

No. The IRS allows only local councils (and council trust funds) to be included under the BSA group exemption. Packs, troops, and other Scout units cannot be included under the BSA group exemption because they “belong” to their chartered organization. (*Note: Tax issues for Girl Scout troops are handled differently by the IRS because of how Girl Scout cookie sales are structured.*)

IRS Form SS-4 asks for a “GEN.” What is that, and do we have one?

The “GEN” is the Group Exemption Number for the BSA. As discussed, only councils are covered under the BSA group exemption. Units cannot use this number. However, once your unit receives an EIN, the unit may still qualify for a number of state and sales tax exemptions as a nonprofit organization under your state laws. Check with your state; this varies widely across the country.

A volunteer suggested that our unit apply for its own tax-exempt status. Can we?

Units should not incorporate or apply for their own tax-exempt status. For one thing, units are not legal entities. Even if they were, this is an expensive and time-consuming process. Units are only permitted to raise funds through approved unit money-earning projects. Units could lose their charter if they tried to get their own tax-exempt status and solicit tax-deductible gifts.

We can’t solicit gifts for our unit?

No. Simply put, units are not permitted to solicit any gifts. Both the Charter and Bylaws and the Rules and Regulations of the BSA make this very clear; only local councils may solicit individuals, corporations, United Ways, or foundations for gifts in support of Scouting. Units, unit leaders, and youth members may not solicit gifts in the name of Scouting or in support of unit needs and activities (except in unusual circumstances where the unit has received permission to do so from the local council). Units are also prohibited from soliciting gifts on their websites.

Does that mean people can’t make gifts to our troop?

Units are not supposed to solicit gifts, but they can receive gifts. Anyone can contribute to a Scout pack, troop, or unit—and many donors don’t need or care about charitable deductions. Obviously, defining a “solicited gift” is not always easy. But we rely on our unit leaders to set good examples and honor the intent and spirit of these important guidelines. We know it’s hard to stop people from being generous, especially toward Scouting.

Can gifts go to the local council to benefit our unit, then “pass through” the council to us?

No. Your unit “belongs” to your chartered organization, not to your local council. IRS guidelines prohibit any charity from accepting gifts that are “passed through” to a person or unrelated entity. A council could accept a gift in the name of your unit and hold it in a unit account. The unit could then “draw down” on the account for camp fees, uniform and supply needs, etc. (This is how colleges handle student scholarships.) But be sure to first ask your local council if it has the staff and time to do this. This is entirely the council’s decision. A council accepting a gift in the name of the unit does not necessarily extend tax benefits to the donor.

My local company has employee volunteerism grants and will contribute to charities where I volunteer my time. Can these gifts go to our unit?

Employee incentive awards and volunteerism grants usually cannot go to a pack, troop, or unit due to the company’s giving restrictions. Corporate donations often can go only to charities that are “501(c) (3) charities,” and many units are not chartered by tax-exempt charities. Also, many companies won’t make gifts to religious organizations. If a unit is “tax-exempt,” it’s often because it’s chartered to a church, synagogue, etc., so it couldn’t receive corporate funds either. Of course, corporate awards and grants may go to any local council for use at the discretion of the council.

Can my unit credit amounts from fundraising to an individual toward their expenses?

No. The IRS has stated that crediting fundraising amounts constitutes private benefit. However, the unit could use the funds (all or a percentage) raised to reduce or eliminate dues and various registration fees, purchase uniforms and Scouting books, and purchase camping equipment. The unit could also use its funds to provide assistance to individual Scouts in cases of financial hardship.

Are purchases by my unit exempt from sales and use tax?

State and local laws vary widely on this topic. The unit may qualify for a number of state and sales tax exemptions as a nonprofit organization under your state laws. Check with the state where you are making the purchase; this varies widely across the country. In some cases, the council may be issued certificates of sales tax exemption; others require only that verbal verification be made to the merchant at the time of purchase that the purchases will be used to benefit the programs of Scouting, while still others allow no exemptions for any not-for-profits.

**Questions? Need more information? Please contact your local council.
Thank you for all you do for Scouting and the youth in your community.**