SCOUTING AMERICA UNIT FUNDRAISING FREQUENTLY ASKED QUESTIONS

Can we solicit gifts for our unit?

No. 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. Units are also prohibited from soliciting gifts on their websites. Units may earn money for activities through approved fundraisers.

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 BSA's Unit Money-Earning Application. Approval must be made by the chartered organization and the local council. Council-sponsored fundraising (i.e., Popcorn), does not require this.

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 towards 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.

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

Employee incentive awards and volunteerism grants usually can NOT go to a pack, troop, or unit, due to the company's giving restrictions. Corporate donations often can only go 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 place of worship, so they can't receive corporate funds either. However, corporate awards and grants may go to the council you volunteer in to support the local Scouting program and camp properties.

Can I use the council's Tax ID Number for donations to my local unit?

No, because your local unit is owned by your sponsoring organization any gifts to your unit would be a gift to the sponsoring organization and it should be that tax ID number you use.

What Tax ID Number should I use for an Eagle Project?

Donations to an eagle project are donations to the organization benefiting from the project and not donations to the council or your local unit. Any excess donations should be returned to the beneficiary organization. Therefore, you should use the Tax ID number of the beneficiary organization. For example, if you were building bird boxes for the bird refuge you would use the Tax ID number for the bird refuge for any donation.

Can I make a donation to the United Way and have it counted towards Friends of Scouting?
We encourage generous participation in local United Way campaigns and encourage donors to designate the Bay Area Council as a beneficiary. However, due to IRS and accounting rules, we are required to separate gifts given directly to the Bay Area Council, and gifts are given indirectly through organizations such as the United Way. We are unable to apply United Way gifts to Friends of Scouting.

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 a committee person is recommended. Sponsoring Institutions may have different guidelines for units sponsored by their institution.

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. Units may use the tax ID number of their chartering 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 cost involved. The current form and instructions are available on the IRS website at www.irs.gov.

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 chairperson should receive the bank statement to reconcile monthly. 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.

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 be given annually to the chartered partner of the unit's equipment. Insurance guidelines may vary by sponsoring organization.

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 which may have been secured as property of the unit shall be held in trust by the chartering organization or the council, as may be agreed upon, pending reorganization of the unit or for the promotion of the Scouting program.

Is our pack or troop considered tax-exempt by the IRS?
If its sponsoring organization is also tax-exempt. The unit is actually "owned" by its chartered organization. Chartered organizations vary widely in tax status, but the tax status of your unit is the same as that of your chartering partner.

Can our pack or troop be covered under the Scouting America's group exemption?
No. The IRS only allows local councils (and council trust funds) to be included under the group exemption.

Can we apply for our own tax-exempt status?

Units should not incorporate or apply for their own tax-exempt status. Units could lose their charter if they tried to get their own tax-exempt status and solicit tax-deductible gifts.

Youth and Scout Accounts:

A Scout is thrifty. Learning to manage money is one of the ways the BSA prepares youth for life. Budgeting and earning money to accomplish goals through an approved council or unit project helps Scouts develop self-reliance and the skills of personal finance management. Unit fundraising designed to make Scouting affordable is a fundamental part of Scouts "earning their way." Private benefit rules of the Internal Revenue Service prohibit those involved in nonprofit fundraising from receiving a substantial personal benefit for their efforts. Some practices where dollar for dollar credit is provided for the sole benefit of the person who sold product based upon the amount sold could violate the private benefit prohibition. Funds raised from unit fundraising belong to the unit. They may not be transferred to the Scout or another unit but may be re-assigned to units sponsored by the same chartered organization, such as when a Scout moves from Cub Scouts to Scouts BSA or Scouts BSA to Venturing. The unit committee is responsible for expenditures from unit funds for the benefit of the unit. Unit funds may be used to reduce the cost of participation, including the cost of attending camp or obtaining uniforms. They may be used to provide financial assistance or awards to individual Scouts based upon their level of participation generally or in specific activities benefiting the unit, chartered organization or community, attendance, advancement, and/or need. Unit funds may be used to buy equipment for the unit or for any other legitimate need of the unit.

Additional Scouting America Resources:

Unit Money Earning Application

Unit Budget Planning

Unit Finance Guidelines

Popcorn Sale

Scouting America

Bay Area Council

2902 Broadway, Galveston Texas 77550

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