

FISCAL POLICIES AND PROCEDURES FOR BSA UNITS

Frequently Asked Questions

Current Unit Registration Options

- **Charter Organization Units:** Assets of the unit generally belong to the Charter Organization and are managed by the unit.
- **Council Registered Units:** Assets of the unit generally belong to the Council and are managed by the unit.

Tax Exempt Status

- **Charter Organization Units:** Charter organizations vary widely, but the tax status of your unit is usually the same as that of your charter organization.
- **Council Registered Units:** Units properly registered, and using the council EIN for banking purposes, are generally tax exempt. Consult your local council for instructions and policies.
- **Parents of/Groups of Citizen Units:** Many units have their own EIN, but this does not equate to tax exempt status. Units should not incorporate or seek tax exempt status.
- **Group Exemption:** Units cannot be included on BSA's group exemption. Only local councils and local council trusts are permitted by the IRS.
- **State Sales Tax Exemption:** Consult with your own state as this varies widely across the country.

Unit Banking

- **Checking Accounts:** Unit funds should be deposited in a checking account that requires two signatures, typically the Treasurer and a member of the Unit Committee.
 - o **Charter Organization Units:** Contact your charter organization for permission to use their EIN and direction on who to use as the responsible party. In the alternative, many councils allow units to deposit funds in custodial accounts in the council service center.
 - o **Council Registered Units:** Contact your council for permission to use their EIN and direction on who to use as the responsible party. Council Registered Units previously using separate bank accounts through a Charter Organization should close those accounts and follow the local council policies for a new account. Council registered units may deposit funds into their custodial (scout shop/membership) account at the council service center, but this is not intended to take the place nor be managed like a bank account. Lincoln Heritage Council will require an Annual Finance Report with accompanying bank statement to verify balance.
- **PayPal/Venmo:** PayPal can be used to accept unit payments. PayPal account instructions are available here: <https://help.scoutbook.scouting.org/knowledge-base/paypal-payment-utility-sb/> As of January 1, 2022, the IRS introduced new reporting requirements for payments received for goods and services, lowering the threshold to \$600. Third party settlement organizations, such as PayPal and Venmo, will be required to provide customers with a 1099-K form if they receive \$600 or more in goods and services transactions during the 2022 tax year. Charter Organization Units and Council Registered Units utilizing PayPal or Venmo should ensure they are using appropriate EINs and following all policies and procedures. Parents of/Groups of Citizens Units should consult their own tax advisors.

Equipment Insurance

All equipment should be insured with appropriate liability, casualty, and property coverage. The charter organization or local council may assess a fee to the unit for providing insurance coverage and should, in compliance with the Guide to Safe Scouting materials, regularly inspect all vehicles and trailers. Council registered units should obtain property insurance for their equipment, trailers, and vehicles from a local insurance agent.

Dissolution of Unit

The unit committee shall apply unit funds and property to the payment of unit obligations.

- **Charter Organization Units:** Surplus funds should be turned over to the charter organization to be used for Scouting purposes.
- **Council Registered Units:** Surplus funds should be turned over to the council.

Fundraising

- **BSA Unit Money-Earning Applications:** Approval must be given by the charter organization and the council for all unit fundraising.
- **Soliciting Gifts:** As gifts to units are generally not tax deductible, units should not solicit gifts. Anyone can contribute to a unit, but the donor would not receive a charitable deduction. Gifts made to councils or Charter Organizations cannot be passed through to the unit.
- **Scout Accounts:** Scouts can credit a reasonable amount of funds earned toward their Scouting expenses. Scouts cannot use funds earned for any non-Scouting purposes and cannot take the money with them if they leave Scouting.