



## FISCAL POLICIES AND PROCEDURES FOR BSA UNITS

### FREQUENTLY ASKED QUESTIONS

#### **Should our unit have a checking account?**

Yes. Unit funds should be deposited in a checking account that requires two signatures on every check unless the chartered organization requires other procedures.

#### **Does a unit need its own tax identification number? If so, where do we get it?**

The answer depends on the chartered organization. Most units obtain their own tax ID number by completing IRS Form SS-4. The current form and instructions are available on the IRS website ([www.irs.gov](http://www.irs.gov)). The chartered organization should be the “responsible party.” Contact your chartered organization for written permission. Contact your local council for more information.

#### **Who is responsible for the finances of the unit?**

The unit committee is responsible for the unit’s finances, but the assets belong to the chartered organization.

#### **Should our unit consider insuring our unit equipment?**

Yes. It is suggested that your unit insure its equipment. Remember, the chartered organization owns the assets.

#### **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.

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

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 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. Approval must be given in advance by the chartered organization and the local council.

#### **Is our unit considered tax-exempt by the IRS?**

Chartered organizations vary widely in tax status, but the tax status of your unit is the same as that of your chartered organization if the chartered organization includes the unit in its tax status.

#### **Does our unit need to file annually an electronic postcard 990-N with the IRS?**

The BSA national office consulted with outside counsel. In their opinion, most units do not have to file. 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.

#### **Can our unit be covered under the BSA’s group exemption?**

No. The IRS only allows local councils (and council trust funds) to be included under the BSA group exemption.

**Can our unit be exempt from state sales taxes?**

The unit may qualify for a number of state sales tax exemptions as a nonprofit organization under your state laws. Check with your own 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. Units are not legal entities.

**Can we solicit gifts for our unit?**

No. Simply put, units are not permitted to solicit any gifts.

**Does that mean people can't make gifts to our unit?**

Anyone can contribute to a Scout pack, troop, or unit—and many donors don't need or care about charitable deductions.

**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.

**My local company has employee volunteerism grants. Can these gifts go to our unit?**

Employee incentive awards and volunteerism grants usually can NOT go to a unit, due to the company's giving restrictions. Corporate donations often can only go to charities that are "501(c)(3)."

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

See the Product Sales Guide for more information.

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