

# FUND DEVELOPMENT



BOY SCOUTS OF AMERICA

Prepared. For Life.



...e • permanently restricted • accrual • revenue • credit • depreciation • net asset •  
...arily restricted • capital campaign • special event • liability • accounts payable •  
... • accrual • revenue • credit • depreciation • unrestricted • net asset • indirect  
...l campaign • special event • accounts payable • general ledger • direct support •  
...ly restricted • expense • accrual • revenue • credit • depreciation • unrestricted • net asset • indirect support • asset • project sales •  
...temporarily restricted • capital campaign • liability • special event • accounts payable • general ledger • direct support • accrual •  
...rual • revenue • depreciation • unrestricted • net asset • liability • asset • indirect support • project  
...gn • special event • accounts payable • credit • general ledger • direct support • debit • permanently  
...it • depreciation • debit • unrestricted • net asset • indirect support • project sales • temporarily  
...ts payable • general ledger • direct support • debit • accounts payable • debit • general ledger • direct  
...venue • debit • credit • depreciation • unrestricted • net asset • indirect support •  
...ampaign • liability • special event • net asset • accounts payable • credit • ledger •  
...venue • credit • depreciation • unrestricted • asset • net asset • indirect support • asset •  
...debit • accounts payable • general ledger • direct support •  
...net asset • indirect support • asset • project sales • liability •  
...general ledger • direct support • debit • permanently restricted  
...it • expense • permanently restricted • accrual • revenue • net  
...debit • temporarily restricted • capital campaign • expense •  
...nently restricted • accrual • revenue • credit • depreciation •  
...temporarily restricted • asset • capital campaign • special event • debit • accounts  
...d • expense • revenue • credit • depreciation • unrestricted • net asset • accrual •  
...ily restricted • capital campaign • liability • special event • accounts payable •  
...restricted • expense • accrual • revenue • depreciation • unrestricted • net asset •  
...es • temporarily restricted • capital campaign • special event • accounts payable • credit • general  
...restricted • expense • accrual • revenue • credit • depreciation • debit • unrestricted • net asset •  
...restricted • capital campaign • debit • accounts payable • general ledger • direct support • debit •  
...rect support • expense • accrual • asset • permanently restricted • revenue • debit • credit •  
...restricted • net asset • indirect support • project sales • debit • temporarily restricted • asset • capital campaign • liability • special

# PRODUCT SALES GUIDE

UPDATED AUGUST 2014

# CONTENTS

Introduction .....	1
Objective .....	1
Product Sales.....	2
Rules .....	2
Research Survey .....	2
Types of Product Sales.....	3
Selecting the Right Product .....	4
Setting Goals.....	5
Prize and Incentive Programs.....	6
Camp/Discount Cards.....	7
Individual Youth Accounts.....	9
Popcorn Sales for LDS Units .....	9
Accounting.....	10

# INTRODUCTION

Most people agree that product sales fundraising is an important resource. Nonprofit youth groups and schools raise nearly \$2 billion each year through sales of customer products, and research has found 75 percent of Americans and eight out of 10 parents purchase fundraising products.

While there are a number of fundraising options available for units (car washes, spaghetti dinners, etc.), participation in a council-led product sale is consistently the most effective fundraising approach for Scout units.

## **Objective**

The purpose of this manual is to provide councils with the necessary guidelines and training to conduct a successful council-led fundraising program.

# Product Sales

The product sales fundraising industry is evolving and more items, programs, and services are introduced each year. Consider limiting your number of fundraising efforts and focus on the most effective and efficient programs. By putting a greater effort into one or two with very specific goals and a wider outreach, you will find you can successfully raise the money you need and get greater participation from families and the community at large.

## Rules

Councils and units must first understand and follow the guidelines for fundraising established by the Boy Scouts of America.

- Except for council-sponsored product sales, all other fundraising projects require the submission of the Unit Money-Earning Application Form (No. 34427) to the local council at least two weeks in advance of the proposed date of the fundraising project. Leaders should be familiar with the guidelines listed on the back of the Unit Money-Earning Application Form. To ensure compliance, all unit fundraisers must obtain written approval from the local council no less than 14 days before the fundraising activity.
- Direct solicitation by leaders or youth members of cash donations from community businesses, individuals, service organizations, etc., are not allowed. Units raise their needed funds through approved product sales and fundraising events, payments from member dues, and family support.
- Councils need to be aware of individual state rules and regulations with regard to the collection and payment of sales tax related to fundraising sales.

## Research Survey

The market research firm Synovate conducted a national survey in 2006 of 1,000 adults including a statistically significant proportion of parents of school-age children to find out how Americans feel about product fundraising sales. It showed that during the previous year:

- Eighty-nine percent of parents with children in school made at least one fundraising purchase.
- Seventy-two percent of nonparents made at least one fundraising purchase.
- Seventy-eight percent of parents and 74 percent of nonparents agree: "Product fundraising sales are an important financial resource for America's schools and nonprofit youth programs."

- Forty-eight percent of those who purchased at least one item did so to “support a worthy cause.”
- Eighty-eight percent of parents who said they or their child sold products did so “to support a worthy cause.”

## Types of Product Sales

Product sale programs differ not only in the products offered, but also in how they are marketed, sold, packed, delivered, and distributed. Basically, there are two types of product sales conducted by Scout councils and units;

- **Take Order Sales** – Customers select food or gift items from a brochure. Volunteers record the order and return the order forms to the council or unit where they are tallied and an order is placed with the product fundraising company. The company fills the orders and ships the products to the council or unit. The products are distributed to volunteers who deliver them to the customer. Customers can either pay when placing their initial order or upon final delivery.
  - No guesswork on how much product to order
  - Brochures allow the group to offer a wide variety of products and range of prices
  - Convenient format allows parents and leaders to participate
- **Direct Sales** – Products are purchased in bulk and paid for in advance by the council or unit. The products are distributed to volunteers who sell them directly to the customer and funds are collected at the point of sale.
  - Requires only one contact with individual customers
  - Sale periods are generally shorter in length
  - Customers can examine the actual product before making a decision

## Selecting the Right Product

One of the basic questions to answer is, "What are we going to sell?" There are well over a thousand companies in the U.S. offering their products and services to nonprofit youth groups and schools. Examples of products recently sold by a sampling of local councils include:

- Batteries—LaSalle
- Beef Sticks—Western Colorado, Crater Lake
- Candles—Tall Pine, New Birth of Freedom
- Candy—Northern Lights, Iroquois, Lewis and Clark, Oregon Trail
- Christmas Trees—Mason Dixon
- Coffee—Pueblo
- Collegiate Merchandise—Winnebago
- Cookie Dough —Buffalo Trail
- Discount/Camp Cards—Central Florida, Las Vegas, Daniel Boone
- Flowers—Tall Pine, Glacier's Edge
- Honey—Inland Northwest
- MLB Merchandise—Tall Pine
- NFL Merchandise—Southeast Louisiana
- NHL Merchandise—Tall Pine
- Nuts—Twin Rivers, Longhorn, Tri-State
- Popcorn (Trail's End)—majority of councils
- Popcorn (Pecatonica)—D Boyce
- Popcorn (Campmaster)—Choctaw, Last Frontier, Lincoln Heritage
- Trees—Great Sauk Trail

The first and most important step when narrowing down the product choices is to insist on high-quality merchandise. In general, customers are willing to purchase a product to help a worthy cause; however, most do not want to pay for substandard or considerably overpriced products. In addition, most product sales are conducted annually or semiannually and success depends on repeat sales. Nothing builds loyalty and profits like a reputation for offering quality products and timely delivery.

Be cautious when considering a product simply because it is new. Although new or curious products can generate enthusiasm for your sale and may be successful, they do not have the track record to compare with more established items. Depending on your fundraising goal, sometimes it makes more sense to sell products that are proven winners.

When reviewing retail prices for the products, consider the income level of the community where your sale will take place. Matching prices with what the people in your area can reasonably afford will give your sale its best chance for success and ensure that the retail price of the product represents a fair market value.

## Setting Goals

Setting your monetary goal is a crucial step in conducting a successful product sale. With a clear understanding of how much money is needed and how it will be spent, volunteers will be motivated and focused. Clearly stated monetary goals also will give the product sale a benchmark for success.

In setting your goals, remember they should be **SMART**:

- **S**pecific, well defined and clear
- **M**easurable, quantifiable to track progress
- **A**greed upon, everybody's on the same page and committed
- **R**ealistic, given the availability of resources
- **T**ime-framed, with a plan for implementation including who, what and when

Too often, fundraising directors or leaders equate monetary success with the percentage of gross sales the organization will retain. While the percent of sales retained is essential, other factors should be considered. Determine who provides or pays for the following:

- Prizes and incentive programs
- Marketing
- Forms, brochures
- Delivery of products

- Custom packaging
- Support services

## **Prize and Incentive Programs**

Prize and reward programs can be a valuable addition to your fundraising program. The best incentives will increase participation and, therefore, profits for the organization. They add fun and excitement and will involve as many volunteers as possible. Rewards can be based on actual sales by individuals, families, dens, patrols, etc.

Incentives for units can also be a valuable addition to your council's product sale, encouraging them to achieve new heights and rewarding them with additional prizes or higher commissions. Examples of criteria could include:

- Achieved a minimum of \$\_\_\_\_ in sales or increased sales 10 percent over last year
- Achieved a per-boy average of \$\_\_\_\_ in sales
- Chairman attended the district/council kickoff
- Held a kickoff/training meeting for youth and families
- Turned everything in on time

When evaluating the quality and appropriateness of incentive programs, answering the following questions will help:

- Will your leaders be proud to be associated with the rewards?
- Will the awards be delivered in a timely manner?
- Is the incentive program structured fairly, encouraging everyone to participate?
- Are the incentives of sufficient quality that a leader or Scout will feel it is commensurate with the effort needed to attain it?

Remember, before choosing an incentive program, consider the age of your Scouts and the overall goals of your product sale, and be clear up-front what additional costs you may incur.



## Camp/Discount Cards

Over the past few years, this new type of fundraising product sale has been utilized by a number of councils to raise money to support units, outdoor programs, and council operations. The camp cards include discounts from various businesses in the local council territory and typically have one-time use “break-off” coupons along with multiuse offers.

The cards are most widely offered at the low price point of \$5. Customers make their donation back using one of the two one-time coupons, and they enjoy multiple food, service, and entertainment discounts throughout the year.

Features of a camp card sale typically include the following:

- Risk free for the Scouting unit by returning unused cards to the council
- Unit earns 50 percent commission
- Grocery or other major retail discounts make the cards easy to sell
- Customers receive high value
- Sale is sponsored by the council, which allows the Scouts to wear their uniform
- Sale begins in March and is completed in May

Examples of one-time use coupons on council camp cards include:

- Dick’s Sporting Goods: \$10 off a \$50 purchase
- Kroger: \$5 off a \$50 purchase
- Publix: \$5 off a \$50 purchase
- Bass Pro Shops: \$5 off a \$50 purchase
- Best Buy: 10 percent off a \$50 purchase

Examples of multiuse coupons expiring 12/31 on council camp cards include:

- Dominos Pizza: buy one pizza, get one free
- Sports Clips Haircuts: \$5 off an MVP Haircut
- Mobil 1 Lube Express: \$5 off any service
- Supercuts: \$2 off a Kid’s Haircut
- AutoZone: 10 percent off purchase

The following are marketing examples used by local councils:

- “The South Florida Council conducted a survey with leaders from units who sold camp cards in 2010 ...100 percent of those surveyed agreed that the camp card was appropriately priced at \$5. On average, each of our units sold over \$1,250 in camp cards. One hundred percent of the units that sold in 2009 have committed to selling in 2010!”
- “Last year over 11,000 Scouts participated in the Central Florida Camp Cards Campaign. In total, they sold nearly \$800,000 that helped pay for their summer camps, uniforms, and other Scouting activities!”

The policy of the National Council, Boy Scouts of America, relating to camp cards states the following:

- The sale of discount or complimentary commercial coupons may be approved by a local council executive board on an annual basis as a fundraising program. The following conditions apply to the conduct of a sale of this nature.
  - Cards must be secured from a vendor that has received an appropriate licensing agreement from Supply Group to use marks and logos. BSA national leadership will determine if the marks and logos may be used on a royalty-free basis.
  - Messaging on the card should not imply direct benefit to the seller.
  - Councils are to take particular care to select advertisers on the card that reflect the values of the Boy Scouts of America and that no implied endorsement of the advertiser or “quid pro quo” arrangement is allowed.

## Individual Youth Accounts

A Scout is thrifty. Learning to manage money is one of the ways the Boy Scouts prepare 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.” Product sale fundraising is an important asset to units and their members to help provide the resources required for Scouting to succeed.

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 amount sold could violate the private benefit prohibition. While the BSA has not endorsed “Individual Scout Accounts” for private benefit of individual Scouts who participate in fundraising because of the IRS rules, unit fundraising designed to make Scouting affordable is a fundamental part of Scouts “earning their way”.

Funds raised by the unit from product sales 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 Boy Scouts or Boy Scouts 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.

## Popcorn Sales for LDS Units

Can LDS Scouting units sell popcorn? The young men general president of the Church of Jesus Christ of Latter-day Saints issued the following statement in 2005:

“While the LDS Church does not endorse any specific fundraiser or product, if conducted in accordance with the LDS Church “*Budget Allowance Guidelines*,” page 2 (1998), the sale of popcorn would be an appropriate fundraising tool for LDS-sponsored units.”

So what does the *Budget Allowance Guidelines* publication state with respect to fundraising for church-sponsored activities, including Scouting?

1. Stakes and wards should fund all youth activities (including Scouting) from the budget allowance. **The only exceptions are covered in numbers 2, 3, and 5.**

2. If budget allowance funds are insufficient, young men may individually earn their own money for the cost of one annual camp. (The annual camp is the long-term summer camp for the troop, team, or crew and includes day camp for Cub Scouts).
3. If budget allowance funds are insufficient and young men are unable to individually **earn** enough for the one annual camp, **they may hold group fundraising activities.**
4. Wards should not charge young men dues for weekly or monthly activities.
5. Young men (Scouts, Varsity, and Venturing) and Cub Scouts **may hold group fundraising activities to pay for equipment for the unit** if there is not sufficient budget allowance.

We know the sale of popcorn is an appropriate fundraising tool for church-sponsored units, but what are the guidelines for a Scout to earn his annual summer-camp or day-camp fee, or assist with the purchase of equipment? The *Budget Allowance Guidelines*, page 2, addresses “Fundraising Guidelines for Annual Camps and Equipment.” Fundraising activities should:

1. Comply with tax and liability guidelines as outlined by the church.
2. Not sell products or services door to door.
3. Provide meaningful value or service.
4. Provide a positive experience and build harmony and unity within the group.
5. Obtain the bishop’s approval for the activity.

If a unit meets the guidelines as noted and follows the council plan, the experience is beneficial to the Scout and his family. It builds harmony and unity within the group. The sale of popcorn can be a positive experience. In most cases, the budget allowance from the church is not sufficient to pay the entire annual camp fee. Many young men need the opportunity to help earn a portion of the annual camp fee and council-sponsored popcorn sales are a proven successful fundraising tool for Scouting units.

The sale allows the young man and his family to earn his way to camp, helps the unit with equipment purchases, and supports the local council in its efforts to serve units. Participation in the popcorn sale, however, does not replace Friends of Scouting. The LDS Church endorses Friends of Scouting and encourages each ward and stake to participate actively. Families and friends should be provided an opportunity to contribute to the Friends of Scouting campaign and assist in supporting the local council.

## Accounting

### Tips for Success

- Establish a clear monetary goal before evaluating products, programs, etc. Knowing how much money you need to raise will help make these decisions easier.
- Do not let your profits be eaten away by hidden costs (e.g., freight, prizes, overruns); ask questions ahead of time and make the necessary adjustments.
- Select your product sale early to ensure ample time for planning. Make sure it is included in your planning calendar, and space your fundraising activities apart.
- Set a specific beginning and ending date and stick to it. Without a clear target date the sale will drag on, often without direction.
- Successful product sales do not rely on children knocking on doors, but rather children and their parents asking for support from family, close neighbors, and friends.
- Avoid fundraising fatigue among parents and volunteers by conducting fewer programs that are more effective individually.
- Do not let your program fizzle; some volunteers will lose interest once a program begins; keep them motivated until the end to ensure success.
- Keep energy levels high by communicating before, during, and after the sale. Remind parents and volunteers of the goals and deadlines; provide frequent status reports and updates.
- Avoid shipping and ordering problems by working closely with volunteers to ensure all order forms are legible and filled out completely.
- Keep copies of all forms turned in by volunteers.
- Ensure efficient handling of products by recruiting volunteers ahead of time to help distribute them.
- Double check the products shipped to you against the order forms; check each box or bag for damaged or missing merchandise before sending them home with volunteers for delivery.
- Do not forget to communicate with absentees who miss the program's kickoff or other important meetings.
- Keep it fun! With the right approach, fundraising can be profitable, educational, and enjoyable for everyone.



**1325 West Walnut Hill Lane  
SUM-322  
P.O. Box 152079  
Irving, Texas 75015-2079  
972-580-2550  
972-580-2116  
[www.scouting.org/financeimpact](http://www.scouting.org/financeimpact)**