

Unit Treasurer Guidelines

Introduction

This booklet was prepared by the Capitol Area Council staff and board members to provide practical help to individual units to manage their funds effectively. We depend on volunteers like you to provide a quality experience to Scouts and their families, and you can't do that with disorganized finances. We've also included information that addresses the questions we commonly receive from units.

Non-profit organizations frequently suffer from financial problems and ruined reputations caused by financial disorganization, volunteers "borrowing" money, and even fraud. If you watch the news for a few months, you'll see numerous examples of nonprofits with financial problems and scandals.

Non-profits are even more vulnerable to these problems than for-profit businesses! The hard-working volunteers who make Scouting happen at the unit level are not expecting anyone to steal money earmarked for the children, and this can result in a lack of caution. There usually aren't a lot of resources to set up business practices and a business structure. And finally, in Scouting, parent-volunteers rotate through the positions and continuity of knowledge and records are easily lost.

What's At Stake?

Many volunteers don't think about the importance of financial discipline because they believe their Scout group has a small budget. It's not obvious to most volunteers that every year a 40-person Cub Scout pack can easily have \$20,000 "passing through" their checking account between dues, fundraisers, camp fees and such. Larger units can easily have \$50,000 or more moving through their checking account. Groups with high adventures, monthly camping and summer camps can have even more passing through checking.

Consider a Cub Scout pack with \$50 annual dues for 40 Cubs. Selling both popcorn and wreath fundraisers (averaging \$300 per Scout, some higher, some lower), 50% signing up for one winter event at \$30 per person (Scout and parent), and 50% camping each summer at resident camps (\$100 per person). That's \$2,000 in dues, \$12,000 gross in fundraising, \$1,200 in winter event fees, \$4,000 in summer camp fees - for a total of \$19,200.

Consider common Scouting expenditures:

- Philmont trip for ten Scouts and leaders - \$13,000.
- Week long summer camp for forty Scouts - \$12,000.
- Pack summer camp for 20 Cubs and 20 parents - \$5,000.

- Weekend camping for 20 Scouts - \$300 to \$600 per weekend.
- Pinewood derby - \$200 to \$600.
- Blue and Gold Banquet - \$200 to \$1,500.
- Monthly pack meeting program segments - \$50 to \$350.

Key Ideas and Goals

- **Keep it simple!** Don't require overly complex policies and procedures. We're all volunteers with very full lives.
- **Divide and conquer** the accounting so that each step is a smaller, easier process. Make it easy to re-create financial records if necessary, and make it easy to trace the money spent and the money received.
- **Be accountable to others:** Have others oversee and assist.
- **Automate!**
 - Excel may be all you need for a small unit.
 - Larger units or more complex units might consider adopting TroopLedger, QuickBooks or Excel with a Scouting template.
 - Set up your system with your successor in mind. Keep notes, records and permanent files.
 - Make regular backups of computer files, and share them with others.
- **Keep up to date!** Units repeatedly get in trouble if the Treasurer falls weeks or months behind in their record keeping.
- **Reimburse quickly.** You will quickly lose volunteers if you don't reimburse them for weeks or months.
- **Be supportive** - We're all volunteers. Though the Treasurer can be one of the hardest jobs in a unit, every volunteer job is significantly harder than doing nothing. Help each other get things done and succeed.
- **Don't burn your volunteers** - If they incur a "reasonable" expense, get them reimbursed in a timely way. If it's not reasonable, you have a different issue.
- **Maintain a permanent file.** This is a critical file to pass on to the next volunteer and share with key leaders. You'll include critical information like bank account signers, key person contact information, tax identification numbers, and so forth. This file can be paper or digital.
- **Watch the rumors.** Misunderstandings easily occur over money, hurt reputations and drive away volunteers.

Banking

- Your unit must have its own bank account. Never mix unit funds with an individual's

money!

- Capitol Area Council has referred units to A+ Federal Credit Union to help units with individual accounts, but whether you use that bank or another bank, choose one that is convenient for your volunteers.
- Set up your bank account in the unit's name, not in the Treasurer's name. You will need more than one authorized signer on the account.
- Your unit will need a Federal tax identification (TIN) number to open a bank account. The Charter Partner could let you use their TIN, or your unit can apply for one by filling out a form SS-4, which is available at irs.gov. Keep the documentation about your number in your permanent records.
- If you become unhappy with your bank or it is inconvenient for current volunteers, don't hesitate to switch banks. It's cheaper to switch to the right bank than to stay in a less than perfect match.
- Avoid fees. Some banks have community service checking accounts with reduced fees.
- As you open your account, ask about all the features of the account. Find out about having access to images of the checks written against the account. Find out what other information will be available online, whether you will be able to download statements and activity spreadsheets, and whether you can make deposits of checks using "remote capture." These features will be very helpful to the unit Treasurer.
- For transparency, control and continuity, have at least two registered signers for the checking account who have access to the online features. Three or more signers is preferred.
- Accessing the online images of checks allows you to read the name on the check, the comments field, and the actual amount written on the check.
- Bank information can be routinely downloaded, saved as files, and emailed to your co-leaders.

The Right Treasurer

While BSA has no strict rules for the Treasurer's position, this volunteer is a key person in the unit and has significant responsibilities and time-consuming duties. You are looking for a trustworthy, sensible, and diligent person.

- You could ask the Treasurer of the Chartered Organization to be your unit Treasurer.
- You could divide the role any way necessary to match your unit's needs.
- Not everyone will be a good Treasurer. You don't need to be a CPA or a math teacher, but the treasurer must be organized and be willing to regularly spend time at home balancing the books when everyone else is taking a break from Scouting.
- If the Treasurer falls behind, fix the situation. If it's a one-time life or family situation, your unit will survive. If it's a recurring problem, find someone else to be Treasurer.

- Don't be afraid to give up the job if you are the Treasurer or to suggest someone else pick it up.

Have a Transition Plan!

Volunteers should not feel that they must serve in a position forever! The committee needs to constantly get new parents involved as active volunteers and train new adult leaders. It sets a poor example for the Scouts if the adults let just a few volunteers do all the work, and it makes for a much weaker unit.

The Treasurer position should have a set term of service, and your unit should have a successor Treasurer selected who will take up these duties after your current Treasurer. This person's position could be called Incoming Treasurer, or Assistant Treasurer, or Treasurer-Elect, and he or she will assist the Treasurer until they assume office.

Assistant Treasurer

Not only does having a person selected to be the next Treasurer after the current Treasurer's term finishes ensure a good transition and continuity of records, this person assists the Treasurer and helps keep the job from being overwhelming. Your unit may divide the work as works best for your team, but here are some suggestions:

- The Assistant Treasurer is transaction-oriented:
 - Collects money.
 - Makes deposits.
 - Receives expense reports and receipts.
 - Writes checks and pays bills.
 - Assists with bookkeeping.
- The Treasurer is planning and reporting oriented.
 - Reviews the Assistant Treasurer's work.
 - Creates and manages the budget.
 - Updates and publishes Scout account records, if any.
 - Reviews bank statements.
 - Manages the bookkeeping.
 - Creates event profit and loss summaries.
- Both individuals should attend meetings, stay informed about unit business, understand the financial routines in place, and cover for each other during absences.
- Coordination is done by the Treasurer, providing the submitted expense reports and detailed deposit information to the Assistant Treasurer for payment.

Separation of Responsibilities

Even if a certain family has the best of reputations and single-handedly started the Scout group, split fiscal responsibilities among multiple families. This protects both the interests of the unit and the reputation of the family.

- Don't have the unit leader and Treasurer be the same person.
- Don't have the unit leader and Treasurer be a married couple.
- Don't have family members approve expenses or co-sign their own reimbursement checks.

Transparency & Communication

- Openly share information.
 - If someone wants to see the detailed finances, share the information! You probably want to sit down and walk them through the documents to avoid misunderstandings or quick judgments.
 - Ask questions about why they are asking for more information. You need to understand the concerns of your Scouting families.
- Don't automatically send the detailed finances out to everyone. Finances and financial statements take time, experience and context to understand.
- Review both large expenditures and non-standard expenditures with the committee both before and after spending the money.
- Share bank statements and financial details with key leaders and a few non-leaders who know finances and accounting.
 - Key leaders probably include your committee chair, unit leader (Cubmaster, Scoutmaster, Advisor), and one or two assistant unit leaders.
 - This must be done on a regular basis. Again, it's essential that the Treasurer keep the records up to date.
 - Strongly encourage key leaders to pay attention to the financial information, and not simply leave it to the Treasurer. Lack of involvement from other committee members has resulted in very bad situations at some units.
 - The Treasurer can bring reports and documents to the committee meetings; however, it is preferable to send them before the meeting. People need to have enough time to understand details.
 - Items the committee should see include:
 - Profit and loss statements for periods of time, projects and events.
 - Bank statements - Use online banking to download monthly bank statements in PDF format. Statements that include check images are very helpful.
 - Walk the committee through the financial information, line by line.
- Document standing decisions
 - Put them in the unit handbook, family guide or unit website.
 - Dues - How much are they and when are they charged? What do you charge Scouts joining at other times of the year?

- Fundraisers - What is the standard division of profits for a fundraiser? What if, instead of buying products, someone donates money?
- Refunds - What can be refunded? How much notice is needed?
- Scout accounts - What are the policies about Scout accounts? (See the discussion of Scout accounts, below.)
- Adults - Who is charged what? Is there a discount? Is the cost of gas reimbursed?

Custodial Accounts at the Council

Units may deposit funds at Capitol Area Council for registration or Scout Shop purchases. These accounts are a convenience for key volunteers, who may purchase needed items without having to spend their own funds and then wait to be reimbursed.

- Your unit will need to fill out a Unit Debit Account Authorization, which shows which volunteers are permitted to access the account. The council recommends the unit select at least two authorized individuals.
- Do an updated form whenever a change is needed to the list of authorized volunteers.
- Amounts in unit accounts may be used for registration fees, camp fees, activity fees or Scout Shop merchandise only. These accounts are not unit bank accounts, are not usable for other unit business, and refunds are typically not available from these accounts.
- Units may make deposits at either the Scout Shop or the Front Desk.
- Units may not spend more than the account balance.
- Council staff can provide a report of activity in the account.
- If your account is inactive for over a year, after reasonable attempts to contact the unit, any remaining funds may be transferred to the Council for use in Scouting programs.

Sales Taxes

The unit is legally part of its chartering organization. The unit's taxable status is the same as its charter partner – it is not subject to most sales taxes if its chartering organization is a non-profit organization. If the unit is chartered by a for-profit entity, it is subject to sales taxes.

Fundraising

Again, because your unit is legally part of its chartering organization, the taxable status of your unit is the same as that of your charter partner. If someone makes a donation to your unit, it is a tax deductible charitable contribution for the donor if your chartering organization is a qualified charity.

When someone wants to donate to the unit for your unit's projects and activities, tell them to

donate directly to the unit! Capitol Area Council is prohibited from accepting and “passing through” donations to a unit.

Sometimes units consider applying for non-profit status with the IRS. We recommend that you do not do that, since it is a lengthy and difficult process. In addition, your unit would have to maintain non-profit status by filing with the IRS every year.

We also recommend that you read Guides to Unit Money-Earning Projects, available at <http://www.scouting.org/cubscouts/resources/packbudget.aspx>.

Selling Trail’s End popcorn is an ideal fundraising activity because:

- The annual popcorn sale has exciting incentives and prizes for the Scouts, as well as a lot of resources to help your unit succeed.
- It is a tried-and-true, profitable fundraiser for your unit.
- Popcorn fundraising helps support Capitol Area Council, which provides so many essential services to the units.

Scout Accounts

Individual Scout accounts can violate the “private benefit” rules in the tax code. According to Treasury Regulations, “it is necessary for an organization to establish that it is not organized for the benefit of private interests such as designated individuals...” In other words, the government gives not-for-profit status to organizations to serve the community and perform their charitable purposes, not to benefit specific individual people.

What does that mean for your unit? The BSA has struggled with these rules and the elusive distinction between “designated individuals” and enrolled Scouts. Generally, a ***unit should avoid keeping dollar-for-dollar accounts for individual Scouts.***

Some units have had these accounts a long time, and you may meet some resistance to change. There is certainly no rule requiring units to manage Scout accounts or to allocate fundraising proceeds to individual Scouts. As a matter of fact, there is a serious concern that Scout accounts can violate these nonprofit rules.

Therefore, we encourage you to move away from Scout bucks - for instance, let the kids earn points or meet requirements to qualify for help with the cost of camp, Scout equipment, or other Scouting needs. Build a culture where there are rewards for those who raise money, but everyone is also working to help fellow Scouts.

The unit is not in the business of keeping bank accounts for the Scouts. In no event does money move out of the unit if the Scout leaves, nor are the funds used for non-Scouting purposes.

Establish clear rules and procedures and make sure everyone understands at the outset of the Scouting year what the rules are.

If your unit does have some sort of Scout accounts, managing the accounts is one of the Treasurer's most difficult tasks and one of the most questioned. Managing Individual Youth Accounts can easily **double** the work of the Treasurer! Parents will review these statements in detail!

- Have the information readily available.
- Keep the information up to date.
- Use a consistent format for communicating, for instance, the same statement or spreadsheet layout.
- Distribute statements regularly. At minimum, consider handing them out at each Court of Honor.

Transactions

Cash Transactions:

- **Strongly prefer "checks" to "cash"** - Of course, you would never turn away someone who is ready to pay in cash, but you should let Scouters know that you prefer checks written to the unit. Cash is easily confused, lost or stolen. A disorganized person can easily confuse cash with their own money. A stressed person can easily borrow cash. Cash is an issue because cash can't be tracked, while checks require deposit and leave a trail.
- **Always** record cash in a ledger or on a two-part receipt as the money is handed to you.
- **Always** give the person a receipt for the cash.
- **Never** pay expenses directly from incoming cash. Deposit all cash receipts. Whenever possible, pay all expenses with checks. It's about transparency, discipline, organization, knowing what things cost, and getting receipts (or at least something to document the expense). If a volunteer protests this, you don't want that person handling money anyway.
- **Don't keep petty cash on-hand.** Deposit all cash received. Petty cash is hard to track and rarely needed. Most Scouting volunteers will float minor expenses for a few days. A better solution is to always reimburse volunteers ASAP. Reimburse the same day if possible!

Checks

- All incoming checks should be written to your Scouting unit. Never have incoming checks written directly to the volunteers.
- With every check, incoming or outgoing, write in the comments section a brief description of the purpose of the check. This is useful when reconciling records as most banks allow retrieving the image of the check.
- Deposit checks regularly.
- The Treasurer should never sign checks payable to anyone in their own family. Have another

authorized, unrelated individual sign the check.

- BSA recommends two signatures on every unit check. Although this is a good recommendation, many units don't do this as it can slow reimbursements and make the treasurer's job harder.
- If your unit doesn't do this, make sure your unit has good financial "transparency," (i.e. multiple people see the bank statements and other documents) and "traceability" (i.e. is there evidence on why money was spent and where incoming money went).

Deposits

- "Remote capture" is a very common way to deposit checks to a bank. It can often be done with a cell phone camera!
- Keep a detailed deposit record for reconciling records later. Record the date received, amount, Scout, purpose and name on check if different than the Scout's family.
- Collect money regularly. Don't wait weeks or month for an activity, a camp or a fundraiser to be finished. Ideally, at every troop and committee meeting, the Treasurer should ask the Scoutmaster, camping chair, fundraising chair and all others, "Got any checks for me?"
- Deposit money regularly. A repeated problem in many units is holding checks for months and months. This affects families that don't have good control of their own finances. This makes it difficult to know the unit finances.

Receipts

- Keep receipts organized. One simple method is to use a three-ring binder with school paper. Tape receipts to pages sequentially as they arrive, and hole-punch and file large receipts.
- Write on each receipt the date it was paid, the name of the person being reimbursed, the purpose, and the check number used to reimburse the person.
- If you need to reimburse a volunteer who has no receipt, have the volunteer write down the information (payee, item, purpose, date, and amount) and sign it. For example, firewood purchased at a state park using an "honor box" is a purchase with no receipt.

Accounting Processes

Plan & budget

- Your unit should create an annual plan and budget.
- The committee should decide what projects and categories need to be tracked individually, for instance, camps, activities, courts of honor, and equipment purchases.
- Bring financial records to the annual planning session:
 - Provide a financial report including current cash balances.

- Provide a summary of past financial results from various events and projects.
- Create the estimated budget based on past results.
- When a project's results are significantly different from budget, the committee should revise that budget.

Methodology

- Tracking of Projects – Following the committee's decisions about what projects and categories to track, as expenditures are made, note the project. Create a summary for each project showing its income and expenses. When a project is finished, finish the recordkeeping for the project and go over the results with the committee.
- We recommend units use an accounting software (like Quickbooks or TroopLedger) or maintain a transaction spreadsheet with income and expenses listed vertically with a running cash balance as well as columns for tracking projects.

Annual Close-Out

- Choose a fiscal year that makes sense for your unit.
- At the end of the financial year, make one last call expenses and receipts.
- Close and review your financial records every year.
- Reconcile and close issues. Don't let financial problems bleed from one year to the next.
- Pay all outstanding bills.
- If someone has a late expense submitted after the final financial statements are published, you still reimburse them, but record that reimbursements in the next financial year's records.
- Produce a Statement of Activities (show income, expenses, and profit or loss).
- Produce a Statement showing bank balances, receivables and payables.
- Present and explain these reports to the troop committee.

Links

- Unit Money-Earning Permit Application (<http://www.scouting.org/filestore/pdf/34427.pdf>)
- Annual Pack Budget Plan (<http://www.scouting.org/cubscouts/resources/packbudget.aspx>)

Frequently Asked Questions

Our unit needs a tax identification number. How do we get one? Can we use the Treasurer's social security number?

First, ask your chartering organization if you may use their tax identification number (TIN). Your unit is part of that organization. If they do not want your unit to use it, apply for your own number using a Form SS-4, which is available at www.irs.gov.

Do not use the Treasurer's social security number as your unit's TIN.

Can our unit use Capitol Area Council's tax ID number?

No. Your unit is a separate legal entity and needs to have its own number to do business.

How do we open a bank account?

Your unit needs a tax identification number to open an account. The individuals who are going to be authorized signers on the account should go to the bank and open the account. They will need to bring identification. Open the account in your unit's name.

Does our unit need to pay sales tax on purchases?

Your unit has the same status for sales taxes as your chartering organization. If they are a not-for-profit organization that does not have to pay sales tax on most purchases, your unit will also not have to pay the sales tax. Texas has a form, the Texas Sales and Use Tax Exemption Certification, that you will need to fill out at a store when you make a purchase. The form does not require you to put your unit's TIN on it.

Since the Treasurer is responsible for the finances of the unit, do other unit leaders have any responsibility if something goes wrong?

All the unit leaders are responsible for the unit's finances, and everyone on the committee needs to pay attention to money issues. Your unit leaders taking an interest in unit finances help to ensure that your unit is financial healthy. Money problems or poor financial practices could hurt the Scouts, their families, or the unit's reputation.

Our unit has checks written to it from several months ago. Are they still good? How often do we need to do deposits?

Different banks have different practices as to how long they will honor checks, so you should try depositing the checks. If the bank does not honor them, you can ask the payer to replace them.

Prevent this problem by doing deposits regularly, at least weekly, as checks are received. Depositing checks takes only a moment with remote capture!

Several problems can arise if checks are not deposited soon after receipt:

- Banks may not honor checks with old dates. If the check is that old, you may find yourself having to try to contact the payer and ask them to replace the check.
- The checks can become lost.
- Today, most individuals make more electronic payments than check payments, and they rely on online information about their bank balances. If much time goes by after a check is written, the payer may forget about it and not have funds to cover the check in the account.