



# Troop Finance

Each troop supports its activities through several means: troop dues, activity fees, troop sponsors, **approved** money earning projects, the QSP/Nuts product program, and the Girl Scout cookie program. All troop activities should be planned for, budgeted for and paid for with troop funds. Girls cannot be discriminated against based on their family's ability to pay or their level of participation in product sale programs.

Girl Scouts of the USA (GSUSA) policy states *"The income from group money-earning activities never becomes the property of individual members—girls or adults. Troop income comes from a variety of sources: dues, council product sales programs and approved money-earning projects. Troop funds belong to the troop as a whole and not to individual members of the troop; therefore, they should not be prorated by girl."* However, Cadette, Senior and Ambassador Girl Scouts may designate money earned by individuals for special activities, such as a trip or service project. At the end of the program year, or upon completion of the activity, this record-keeping system must be dissolved into the troop treasury from which it was generated.

When a troop disbands, a financial report shall be turned in to the Girl Scout Area Manager, who gives it to the Membership Specialist. Prior to disbanding, the troop may decide to donate any unused funds to a worthwhile organization, to another troop, or for girl activities. If girls from the disbanded troop are joining other troops, the funds can be divided proportionately and given to the appropriate troops the girls are joining. Remaining funds of the disbanded troop shall be turned in to Girl Scouts Heart of Michigan. Such funds may be returned to the troop if it is reorganized within one year. After one year, the unclaimed troop funds shall be entered into the GSHOM General Fund. As when closing a personal account, be sure all checks and other debits have cleared the account before you close it.

## Who pays for Girl Scouting?

The girl's family typically pays for annual membership registration dues, troop dues, uniform and insignia, transportation, resident or day camp fees. Each family is

encouraged to support Family Partnership, the cookie and QSP/ Nut product programs. These programs help to fund the troop.

The troop treasury may pay for: materials for troop programs, supplies and equipment for basic troop operation, all required trainings for troop adults, pins, patches and recognitions awarded by the troop, expenses related to outings, campouts, and trips. The troop may vote to set aside funds to pay for the annual membership registration dues.

## Budgeting

Learning about responsible decision making begins with girls deciding what they will do, where they will go, and how they will pay for it. Through planning and budgeting, girls will set goals and plan how their level of participation in the Cookie Program and the QSP/Nut Program will help them reach their goals.

The Girl Scout program should not be expensive for girls or a financial burden for families. As girls participate in Girl Scouting, they learn to manage money wisely. One of the unique components of Girl Scouting is the importance placed on girl/adult planning and decision-making. Girl Scout Troop Leaders guide girls in deciding, carrying-out and evaluating program activities. The troop budget, built on dues and proceeds from the annual Girl Scout product programs, should cover most of the normal expenses. Estimating costs and talking with girls, helps them develop valuable money management skills.

## Troop Dues and Activity Fees

The girls, with adult leaders' guidance, decide if the troop will collect troop dues, and if so, how much they will be. Girls bring the troop dues to the meeting. This helps them learn responsibility, and helps them to see where the money comes from for their activities. If troop dues do not cover all the costs involved in troop activities, troops may collect program fees for girls to participate.

Troop dues should be kept as low as possible so girls are able to pay their share. Girls must never be excluded from Girl Scouting because they have not paid troop dues. Dues are determined based on the troop's estimated annual budget. If the amount turns out to be too high or too low, the girls should be allowed to decide to change the amount of weekly dues, if appropriate.

Girl Scout Cadette, Girl Scout Senior and Girl Scout Ambassador troops may plan extended trips which require additional money earning activities. Special permission is required for both money earning projects

and the trip itself.

Girls should receive the best program that the troop can afford each year. Be careful about saving money for activities several years away. In today's mobile society, troop membership changes continuously. If current troop program is hindered in order to save money for the future, the girls do not receive the full benefit of Girl Scouting now. It is entirely appropriate to save some money to be used to re-register the troop members for the next year, and to carry the troop through the fall.

Parents/guardians have a right to know what happens to troop money. Set up a communication system to keep them informed. Troop treasury records should be available to parents at any time. They must be kept up to date and accurate. Parents also need to know, that once money is received by the troop treasury, it no longer belongs to individual girls.

### **GSUSA Policy from the Blue Book of Basic Documents 2009, page 18:**

*"All money and other assets, including property, that are raised, earned or otherwise received in the name of and for the benefit of Girl Scouting must be held and authorized by a Girl Scout council or Girl Scouts of the USA. Such money and other assets must be used for the purpose of Girl Scouting. They are the property of and are administered by the Girl Scout council or Girl Scouts of the USA and shall not be sold, given, transferred, or conveyed to a third party for less than fair market value. Such assets are not the property of individuals, troops, geographic units, subordinate units, or communities within a Girl Scout council."*

## **Troop Bank Accounts**

All troops are required to have their own bank account.

All monies received in the name of the troop must be deposited into the troop bank account.

In conjunction with the Troop Treasurer, the Leader is responsible for the safekeeping of funds and accurate financial records. Signers on the troop checking accounts are liable in case of fraudulent use of the account. Therefore, record all transactions, channel all funds through the troop checking account, and keep all receipts in case questions arise.

The Leader or Troop Treasurer completes an Annual Troop Financial Report and submits it to the Troop Organizer or Area Manager. The forms needed to

complete the Annual Troop Financial Report can be found on the Web site. Begin utilizing the expense and income forms as soon as the troop starts having financial activity.

### **Bank Account Procedures**

Girl Scouts Heart of Michigan requires each troop to have a bank account. Girl Scouts Heart of Michigan utilizes Chemical Bank for its corporate banking needs. Troops **must** use the bank designated by their Girl Scout Area Management Team. The Area Management Team will work with GSHOM staff to designate banks.

Girl Scout troop accounts **must** be opened under the GSHOM's name and tax identification number/EIN.

- All accounts must be named "GSHOM Troop # \_\_\_\_."
- Accounts remain the property of GSHOM; therefore individual names or addresses cannot be printed on the checks
- Troop accounts require the names and signatures of at least two registered and unrelated adults.(one of which must be a member of the Area Management Team)
- Any adult who handles funds for a Girl Scout troop must submit to a background check.
- Any adult who handles funds for a Girl Scout troop must register as a member of Girl Scouts Heart of Michigan, including leaders, co-leaders, treasurers, product sales program coordinators and any troop committee member who will handle funds (this can be paid for with troop funds).
- The Authorization to Open and Hold a Troop/Unit Bank Account form is available from the Membership Specialist for your Girl Scout Area or at your nearest regional center. Once completed, one copy must be sent to the address listed on the bottom of the form.

**Troop accounts are not to have credit cards, but debit cards are acceptable.**

Troop bank accounts are randomly selected by GSHOM for auditing four times per year.

### **Leader Financial Responsibilities**

As a Troop Leader or Co-Leader, you are responsible for all financial activities of the troop.

You are **required** to keep accurate records, submit

reports on time and maintain the troop checking account. Here are some tips to help you in this important role:

- Each troop must turn in an Authorization to Open and Hold a Troop/Unit Bank Account form at the time of opening the account and any time there are changes in the signees.
- All adults who handle troop monies **must** be registered Girl Scouts and have passed the background check. This includes troop product program coordinators, and any adults who take in or spend money on behalf of the troop.
- Save receipts for all purchases. We suggest keeping them in a large manila envelope labeled with the current membership year so they are available when it comes time to submit the Annual Troop Financial Report.
- Save all bank statements, deposit slips, and cancelled checks or the duplicate copies.
- Annual Troop Financial Reports **must** be submitted by the designated deadline. A current bank statement must be submitted with the report.
- Girl Scout Areas must also submit an Annual Financial Report. This must be submitted to the Membership Specialist for your Area by June 15 of the current year. A current bank statement must be submitted with the report.

### Do's and Don'ts for Your Troop Checkbook

- **DO** record every transaction in the register as **soon as it occurs**, and calculate the balance so that you always have an accurate record.
- **DO** use the electronic Checkbook Register Form provided with the Annual Troop Finance Report, [http://www.gshom.org/page.php?page\\_id=552#troopfinances](http://www.gshom.org/page.php?page_id=552#troopfinances), as it will calculate the register balance and update the Annual Troop Finance Report as entries are made.
- **DO** reconcile the checkbook upon receiving the monthly bank statement. Keep **all** bank statements for three years.
- **DO** keep every receipt for every purchase. We suggest writing the check number on every receipt for easy tracking.
- **DO** make sure your deposits for the product programs equal the amount of product sold.
- **DO** keep the girls informed of the account balance and the income and expenses. When the girls are mature enough, involve them with balancing the checkbook. This teaches them valuable lessons in money management.
- **DON'T** write checks out for "Cash" or endorse

checks to yourself. This is a big "red flag" when the accounts are monitored.

- **DON'T** round-up your check, or write a check for more than the amount of the purchase. This is also a "red flag."
- **DON'T** allow parents to be late with payments for the product programs.
- **Don't** pay for parent's outstanding monies for product program from troop funds.
- **Do** complete and return the Outstanding Money Report along with the signed Permission and Responsibility Forms, as well as, any receipts signed by the parent/guardian who has not fulfilled their agreement for participation in the product program.
- **DON'T** ever use your own personal money to pay for troop activities and **NEVER** use troop funds for personal expenses. All troop activities must be paid for out of troop funds.

### Collections

Girl Scouts Heart of Michigan Council will pursue collection of all delinquent accounts and non-collectible checks received for goods and services rendered to GSHOM and/or its sub-units to the fullest extent of the law.

Any GSHOM operational volunteer who has outstanding debts to GSHOM and/or its' sub-units for products or services rendered, non-collectible checks, or has embezzled or misappropriated Girl Scout funds which require external collection procedures will be permanently released of all volunteer responsibilities.

Any GSHOM operational volunteer who writes a check from their troop/group or Area account that is returned for any reason is personally responsible for all fees and charges associated with that check. This includes debit card transactions. Troop/group or Area funds cannot be used to satisfy the fees or charges. An operational volunteer may be removed from the troop/group or Area account for writing insufficient funds checks. Other action may also be taken in regards to the volunteer's appointed position.

## Money Earning Guidelines

Girl Scouts can earn money in two ways:

1. Council-sponsored product programs - Sales of Girl Scout authorized products such as Girl Scout cookies, magazines, nuts or candy.
2. GSHOM approved troop/group money-earning projects - Activities organized by the troop/group

that are planned and carried out by girls (in partnership with adults). *Note: Participation in council sponsored product programs **is required** for approval of additional money earning projects. Additionally, Girl Scout Daisy troops may **only** participate in council sponsored product programs.*

Troop/Group money-earning projects must be approved by GSHOM using the Troop Money Earning Application, [http://www.gshom.org/docs/forms/2010-11\\_troop\\_money\\_earning\\_app\\_fillable.pdf](http://www.gshom.org/docs/forms/2010-11_troop_money_earning_app_fillable.pdf)

Money-earning projects cannot be held during council-sponsored product program sales or during United Way black-out periods. Your Membership Specialist should have the dates of these events. Prior to applying for a Troop Money-Earning project, please check Volunteer Essentials for guidelines.

Some examples of money earning projects are:

- Washing cars, raking leaves, shoveling sidewalks and doing other lawn work
- Holding a garage or tag sale
- Recycling items
- Hosting an event, such as a games or badge workshop for GSHOM or your Girl Scout Area
- Making and selling craft items
- Ushering or helping in other ways at special events in the community
- Sponsoring dances, talent shows, fashion shows, or other forms of entertainment
- Group babysitting, such as at an Area meeting, GSHOM function, or community organization's event or meeting
- Putting on parties or story hours for children
- Hosting a face-painting booth at a special event
- Pop can drive
- Bake sale
- Car Wash
- Gift-wrapping
- Dog walking service

Other ideas can be submitted for consideration. You should call your Area Manager or Membership Specialist while you are in the planning stages of this event.

As ideas begin to gel, use the tips in the "Helping Girls Reach Their Financial Goals" section of Volunteer Essentials to facilitate an age-appropriate, girl-led planning session. The girls **must** be involved in planning

all the details of the event. Be sure to review the safety guidelines with the girls for any event in which they participate.

#### **Avoid fundraising for other organizations:**

Girl Scouts (girls or adults) are not allowed, when identifying themselves as Girl Scouts (such as wearing a uniform, a sash or vest, official pins, and so on) or as part of a Girl Scout activity to solicit money on behalf of another organization or individuals. This includes raising funds in events like Relay for Life, Hunger Walks, or bell ringing for Salvation Army. You and your troop/group can, however, support another organization through take-action projects or by making a donation from your troop/group's account.

Product demonstration parties, raffles, drawings, games of chance, the direct solicitation of cash, and the sale or endorsement of commercial products are examples of **inappropriate** money-earning activities.

Troops and Girl Scout Areas **may not** solicit funds from foundations, United Ways, or other entities, including businesses or organizations, that require 501(c)(3) documentation.

Girl Scout Areas may conduct money-earning projects. The same guidelines apply for these money-earning projects as for the troop. Money-Earning Applications must be submitted to your Membership Specialist, using this same form and instructions.

After the troop/group has made a decision regarding their money-earning project, complete the money earning form and submit to your Membership Specialist at least one month prior to the planned money-earning activity.

## **Sponsorship of Girl Scout Troops**

Troop sponsorship is a voluntary agreement between a Girl Scout troop and a local entity such as a local business, school, place of worship, community group or person(s). Sponsorship is open to supporters whose aims and objectives are compatible with the Girl Scout Promise and Law. The primary purpose of securing a sponsor is to gain support for the Girl Scout program within the community.

## What a Girl Scout Troop May Do for the Sponsor

- Keep the sponsor informed of Girl Scout activities and needs.
- Perform one or more service projects for the sponsor.
- Recognize and publicize the sponsor's contributions to the troop.
- A certificate is available for the troop to customize and present to the sponsor in appreciation of their support.

## What the Sponsor May Do for the Troop

- Provide appropriate meeting space.
- Consult and/or assist troops with program activities.
- Help troops find necessary adult leadership.
- Provide resources for troop activities and events.
- Provide or suggest service project opportunities for the troop.
- Offer other means of support including supplies, equipment, membership fees, dues, or in-kind materials.

## The Troop Sponsorship Agreement

The Troop Sponsorship Agreement form, [http://www.gshom.org/docs/forms/troop\\_sponsorship\\_for\\_m.pdf](http://www.gshom.org/docs/forms/troop_sponsorship_for_m.pdf) must be completed and signed by both the sponsor and the troop leader (follow the Troop Sponsorship Agreement Instructions). Completed copies of the form must be provided to the troop, the sponsor and to the troop's Membership Specialist.

Girl Scouts Heart of Michigan is a nonprofit 501(c)(3) tax-exempt organization. Troops, groups or other entities are not included under this nonprofit status and, therefore, are not in a position to accept cash donations of \$250 or above unless coordinated with the Regional Fund Development Staff. Direct donations of any amount to troops, groups or other entities are not tax-deductible.

# Fundraising

## Fundraising – Supports our Council

Fundraising is the responsibility of adults. Fundraising involves appealing to the public to contribute funds to support the overall program and activities of the organization. We look to the community for contributions through individuals, foundations, local businesses, program income through product sales, and United

Ways. The goal of Fund Development in Girl Scouts Heart of Michigan is to diversify and increase income generated with a broad-based adult effort, which will support current and long-term fiscal stability. Methods used for adult-generated fund development include but are not limited to: Annual Giving Campaign, Family Partnership, Financial Assistance/Campership Funding, Foundations and Grants, Honor and Memorial Gifts, Planned Giving, Gifts-In-Kind, United Way, and Special Events.

## Project Sponsorship

A project can be any experience, activity, opportunity, or event that is **planned by girls** in partnership with adults that furthers the Girl Scout leadership experience of the girls involved. The primary purpose of project sponsorship is to secure the commitment and involvement of a community entity in a joint venture that will provide greater opportunities for girls to develop skills in their area of interest. Projects may include: the "take action" segment of an age-level Journey; a Bronze, Silver or Gold Award planned by a troop or individual; high adventure experiences requiring special instruction, and equipment; trips; environmental impact projects; etc. Project sponsorship offers positive visibility and identity in the community. It gives the sponsor the chance to interact with and benefit local youth. Projects are limited only by the energies, enthusiasm and imagination of their initiators.

## Donations to Troops/Groups/Areas

### Donations and Contributions

Girl Scouts Heart of Michigan is the **only** authorized entity to receive contributions, regardless of value, form or designated use that requires a 501(c)(3) number. GSHOM is a tax-exempt entity, incorporated in the state and designated as a 501(c)(3) organization and operates in compliance with the State of Michigan's License to Solicit Charitable Contributions. Troops/groups and Areas are sub-units of GSHOM and do not have 501(c)(3) status. Gifts made directly to troops/groups or Areas are not tax-deductible. Funds received may be designated for a specific purpose at the council level.

### Solicitation of Gifts

*"Adult members in their Girl Scout capacities may not solicit financial contributions for purposes other than Girl Scouting. Adults may engage in combined fundraising efforts authorized by the Girl Scout council and in which the local council is a beneficiary. Girl members may not engage in any direct solicitation for money."*

**GSUSA Policy from the Blue Book of Basic Documents 2009, Fundraising Policy, page 18.**

Products, services, or gift items may not be solicited for the purpose of generating income for a troop/group or Area. Contributions should be requested from small, local and independently owned community businesses.

Large, multi-unit companies, groups and organizations or their local branches may not be solicited. Mass solicitation is not allowed. Acceptance of contributions is not allowed where the council tax ID number, IRS determination letter or letterhead request is required. Girls may not engage in the direct solicitation of goods or services.

### **Grants**

Grant and United Way Request for Funds applications by troops, groups, Areas, adult volunteers and girls are not allowed. Opportunities for grant funding can be referred to the Fund Development Department.

### **Corporate Volunteer Awards**

Many companies provide charitable contributions to non-profit organizations where employees volunteer their time. Guidelines vary by company and most often require that the GSHOM CEO sign all applications for awards of this nature. Corporate volunteer rewards contributions are acknowledged, accepted, and utilized by the incorporated organization. See section Donations to Troop/Groups/Areas.

### **Store Loyalty Rewards**

Retail stores sometimes encourage collecting paid receipts for items purchased at their stores and rebate a portion of the submitted receipts to groups or organizations. Troops are able to participate in this type of program if store rebate program rules do not require 501(c)(3) status for the troop. Troops need to keep a copy of receipts for troop purchases made through the troop account. Troops or girls should not actively promote or advertise shopping at any specific store. Follow the guidelines for Money Earning Projects.

## **Fundraising and Tax Exemption**

### **Council 501(c)(3) Status as related to Tax Exemption for Michigan Sales Tax**

Girl Scouts Heart of Michigan is a corporation that has 501(c)(3) non-profit status as determined by the Internal Revenue Service of the United States Government. This

status exempts the council from federal income taxes. This status also requires the council to be audited and complete file an IRS form 990 on an annual basis.

### ***Troops/Groups and Areas do not have 501(c)(3) non-profit corporation status***

Troops/Groups and Areas are subordinate units of the Girl Scout Council and are the property of the Girl Scout Council. All assets (both cash and physical) held by Girl Scout Troops/Groups and Units are owned by the Girl Scout Council.

There are two distinct taxing authorities in this situation. The Internal Revenue Service (IRS) is the taxing authority of the Federal government, and the Michigan Department of Treasury is the taxing authority of the State government. The IRS allows council and troop level exemption of federal income taxes. As a result, troops are allowed to use GSHOM's 501(c)(3) number when opening bank accounts for their troops. The Michigan Department of Treasury allows exemption of income taxes at the council and troop level. Troops are once again in compliance when opening a bank account. The Sales and Use division of the Michigan Department of Treasury does not allow exemption at the troop level (see letter). Troops are subject to sales and use taxes at the state level. Some cities and counties have taxing authorities, and the council is often subject to those taxes as well.

[http://www.gshom.org/docs/flyers/mi\\_dept\\_of\\_treasury\\_troop\\_sales\\_tax.pdf](http://www.gshom.org/docs/flyers/mi_dept_of_treasury_troop_sales_tax.pdf)

### **G.S.U.S.A. Policy from the Blue Book of Basic Documents 2006, page 19:**

*“Control of Funds All money raised, or earned, and other assets received in the name of and for the benefit of Girl Scouting must be authorized by a Girl Scout council or Girl Scouts of the United States of America and used for the purposes of Girl Scouting. Such monies and other assets become the property of and are administered by the Girl Scout council or Girl Scouts of the U.S.A. Such assets are not the property of individuals, geographic units, or communities within a Girl Scout council.”*

Troops/Groups and Areas must use the council Federal Tax ID number for opening all bank accounts. This allows the bank to report interest income earned by Troops/ Groups and Areas to the IRS. Troop/Group and Area Bank accounts are exempt from paying Federal income tax on interest income when they use the council tax ID number to identify the Troop/Group or Area bank account as owned by the council.

### **Michigan Sales Tax**

Girl Scout Troops/Groups or Areas may not use the Council Federal Tax Identification number to obtain

exemption from State of Michigan Sales Tax. State of Michigan Law grants sales tax exemption only to 501(c)(3) organizations. ***Troops/Groups and Areas do not have 501(c)(3) non-profit corporation status.***

Troop leaders and other volunteers must not ask for or use a sales tax exemption for purchases made for the Troop/ Group or Area.

**Girl Scout Troops/Groups and Areas of Girl Scouts Heart of Michigan Council will pay sales tax on all purchases including those made in any Council Shop.**

### **Federal Tax ID or EIN Numbers**

Girl Scouts Heart of Michigan Council Troop/ Groups and Areas do not need and should not apply for a tax ID or Employer Identification Number (EIN). Having an EIN or tax ID number does not grant or imply tax exempt status.

If you have an EIN send a letter requesting the closing of your account to: Internal Revenue Service, Attn: EO Entity, Mail Stop 6273, Ogden, Utah 84201 or fax it to 801-620-3249. State the reason you wish to close the account. If you have a copy of the EIN assignment notice that was issued include that when you write. Include legal name of entity, the EIN and the mailing address.