

Policies Related to Money Earning

The Girl Scouts of Greater New York actively raises funds and program support on behalf of the girls it serves annually. It does so approaching large corporations, government officials and individuals, who in return, receive an acknowledgment for their gift for tax deduction purposes. While we understand and appreciate the desire of Girl Scout adult volunteers to fund raise among local businesses, it is important that our combined efforts result in additional resources and not compete with one another. Based on inquiries received from individual leaders and Service Unit Managers who wish to fund raise on behalf of their own troop/service unit(s), listed below are important guidelines to follow.

Girl Scout Cookie Program

All Girl Scout troops are encouraged to participate in the Girl Scout Cookie Program. The program is a voluntary program that teaches girls five skills: Goal Setting, Decision Making, Money Management, People Skills and Business Ethics. The Cookie Program is the primary vehicle for troops to raise funds for their troop treasuries. Troops are encouraged to set goals for the number of boxes they would like to sell and the percentage of girls in the troop who participate in the program.

For Adults

Adults are welcome to participate in fund-raising efforts on behalf of and together with the council only when authorized in advance of the solicitation by the council, and when the council is the beneficiary. Government grants and corporate grants will go towards council programs according to how they are designated.

Volunteers who work at companies that offer Volunteer Grants may apply for these grants. These grants must be made payable to the "Girl Scouts of Greater New York" and will be used for council programs. Volunteer hours must be verified by a member of the council staff and each volunteer must submit her/his own application based on the requirements to his/ her company. Volunteers may apply for up to 50% of the funds from the volunteer grant for use by their troop. To meet IRS regulations and comply with donor intent, the funds must be used for appropriate Girl Scout activities and must benefit the entire troop rather than a specific individual. To apply for a volunteer grant, please contact the Special Event and Individual Giving Department at 212.645.4000, x241.

Adult members in their Girl Scout capacities may not solicit financial contributions for purposes other than Girl Scouting.

If adults solicit local businesses for in-kind donations, the donor must be advised that the contribution, which must be payable or given to the individual troop is not tax-deductible.

For Troops

Troop money-earning activities may not be held during the Council's initial Cookie Campaign period.

Those troops who wish to conduct an additional fundraiser to the Cookie Campaign must participate in the initial Cookie Campaign.

All troop monies earned or raised are not the property of any one individual, but of the troop or the council.

Girl Scouts may not engage in direct solicitation of money, other than within the purview of the Cookie program.

A Troop Money Earning Application must be completed, submitted, and approved by Council, prior to any fundraising activity. Submit the form to your membership specialist or manager. The form must be approved by both your membership manager and the cookie department.

For Service Units/Groups

The vast majority of events at the Service Unit or Borough Level are not fundraising events; they are program events that should be designed to run at cost. They should follow the Girl Scout guidelines for girl and adult participation. In the event there is a profit on an event, the proceeds should go to the service unit or borough's program committee in a separate account to be used for start-up funds for future events or other approved Service Unit Expenses. A Service Unit or Borough Program committee should not maintain a balance or greater than \$ 100.00 at year-end.

Service Units/Boroughs who are interested in running a fundraising event need to:

First consider whether a fundraising event is the best approach. Fundraising events require a great deal of time and resources; the vast majority of events yield a small return and some events lose money.

Understand the proceeds from Fundraising Events must come to the Girl Scout Council. The proceeds may be designated in one or more of the following ways:

- Family Partnership Appeal
- Overall Council Programs
- With approval, they may be designated to one of the Council's Program Priorities such as Camp or Older Girl Programs.

Manage the event at the volunteer level including promoting the event, recruiting volunteers, girls and attendees and managing the funds.

Submit a written proposal to your Borough Membership Manager on the event, including its budget, date and anticipated proceeds. Proposals must be submitted no less than two months prior to anticipated event date and allow at least 3 weeks for approval. The proposal must be approved by your Membership Manager and the Director, Major/Individual Giving & Special Events.

If approved:

- Ensure promotional materials clearly state the percentage of proceeds that will benefit the Girl Scout Council, so this amount is transparent to the participants. For example, "10% of the proceeds will support the Girl Scouts of Greater New York."
- If applicable, confirm the tax-deductible portion and receipt process with the Council's Individual Giving/Special Events team.
- Ensure you follow Girl Scout branding guidelines when using the Girl Scout name or logo.

When given at least 6 weeks' notice, the Council may be able to include approved Service Unit/Borough Events as an additional opportunity in one of its regular e-letters. Note that products or brands cannot be promoted or endorsed in these communications.

If you have any questions regarding this policy, please speak to your Membership Manager or call 212.645.4000 x249.

Girl Scouts of the USA Council Financial Consulting

Donations to subordinate units guidance for Girl Scout councils

All Girl Scout councils encounter issues surrounding charitable gifts made to subordinate units, whether said units are troops, groups, or geographic subdivisions (neighborhoods/associations/service units/districts). GSUSA offers councils this general guidance on substantiation and acknowledgment policies with regard to charitable gifts.

From a legal perspective, subordinate units are a subdivision of the council, and councils are the only distinct legal entity and the only entity with tax exemption. Therefore, Girl Scout subordinate units have no independent existence for tax purposes, and it is in the council's best interest to have subordinate units comply with the tax law requirements on gifts. This means that councils will need to supervise the fundraising activities of their subordinate units to ensure they engage in appropriate fundraising methods. Policies and procedures will need to be established so that councils can document that funds raised comply with donor and IRS-required substantiation.

As each council is a separately incorporated 501(c)(3) organization, councils will need to set up their own policies and procedures that fit their specific circumstances, volunteer structures, and jurisdictions in safeguarding the council's name, tax exemption, and resources. The policy will need to specifically indicate the rationale, and procedures will need to be established on how to comply internally. GSUSA recommends that each council consider the below guidance in its risk assessment discussions with the board of directors, legal counsel, and independent external auditors. In addition, the following IRS resources should be reviewed:

- IRS Publication 1771: Charitable Contributions Substantiation and Disclosure Requirements
- IRS Publication 526: Charitable Contributions
- IRS Publications 4302: A Charity's Guide to Vehicle Donations

Topics of Interest:

General Donations

All donors who make gifts of \$250 or more, in cash or in property, must have an appropriate acknowledgment letter from the council substantiating such gifts, in order to claim a tax deduction. Note that the law imposes a requirement on the donors, not on the charity; however, donors are likely to be disappointed if the council does not provide the required acknowledgment.

GSUSA recommends the council receive the contribution directly and provide the acknowledgment for gifts \$250 or more. Each council can determine if they would prefer a lower threshold. In addition, each council needs to determine how best to utilize the donation for Girl Scout purposes, based on established policies and procedures.

Cash Donations

All donors who make any monetary contribution (e.g., via cash, check, or credit card) must have substantiation in the form of a bank record (canceled check, credit card statement) or written communication from the council confirming the gift in order to claim a tax deduction for the amount donated. The substantiation does not need to state whether goods or services were provided, unless the contribution was at least \$250. Note again that the tax law places the substantiation obligation on the donor, not on the charity.

Since all cash gifts require a receipt, GSUSA recommends:

- The council allow de minimis cash amounts, as defined by each council, to be received directly by the subordinate unit
- The council determine whether they wish to provide volunteers with a template or printed contribution forms by which to acknowledge de minimis gifts
- Any receipts coming directly from councils are tracked and recorded in fund development

Restricted Donations

GSUSA recommends that all restricted donations, regardless of amount, be directed to the council. This practice will allow the local council to maintain records of all restricted gifts and thus ensure donor intent and enable the council to provide the proper acknowledgment for substantiation purposes. Each council can determine whether they will direct restricted funds to the subordinate unit, maintain and spend it as directed by the donor, or not accept the gift at all. If the council chooses to pass donations on to subordinate units, GSUSA also recommends that the council receive local legal or financial guidance based on the established fund development policies and procedures.

As a reminder to those councils who have realigned, make sure you have complete donor and accounting records in order to comply with legacy council restricted donations, especially those restricted to geographic areas.

Volunteer Matching Grants

GSUSA holds no position regarding volunteer matching grants other than to follow the IRS guidelines as stated above for gifts of \$250 or more. Each council may establish their own policy that balances the opportunity to leverage support from volunteers and corporations with the requirement to comply with the donor intent and IRS regulations. GSUSA recommends that councils or their designee are able to certify that volunteer hours have been provided and funds used for appropriate Girl Scout activities.

Volunteer Out-of-Pocket Expense

Volunteers who are claiming a charitable deduction for their out-of-pocket expenses will need to substantiate the amounts to the IRS and obtain from the council a written acknowledgment describing the services provided to the organization, as well as a statement that no goods or services were provided in return for the costs incurred. Volunteers claiming a charitable deduction for their one-time out-of-pocket expenses of \$250 or more will require an appropriate acknowledgment letter from the council substantiating such a gift in order to claim a tax deduction.

GSUSA recommends councils provide a form letter that can be used by volunteers for this purpose, as it does not seem practical to have councils provide the appropriate written acknowledgment, considering that, often, only the volunteer is in a position to describe such services.

Non-Cash Donations

There are special requirements for certain gifts, including vehicles, clothing, and other property. GSUSA recommends that councils require that all “substantial” (as defined by the council) non-cash gifts come through the council to ensure proper property insurance coverage, legal title, and IRS compliance on substantiation and acknowledgement.

Private Benefit

Generally, where certain individuals benefit from gifts made to Girl Scouting, the determination of whether such gifts are deductible is based on whether the council has full control of the donated funds and discretion as to their use, so as to ensure that they will be used to carry out the organization’s functions and purposes. An IRS tax deduction may be disallowed where the gift appears to be primarily for the benefit of a single individual.

To ensure council compliance with IRS regulations, GSUSA strongly discourages accepting donations where the gift appears to be primarily for the benefit of a single individual. In addition, GSUSA recommends that councils seek legal or financial advice in cases of parents donating to subordinate units to which their daughters belong.

For any questions regarding this guidance, please contact the GSUSA Fund Development Department at 212.852.8044, or the Council Financial Consulting Department at 212.852.5082.