Chapter 9- Restricted Contributions

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9.1 Classification of Original Gifts

Contributions are classified as to the types of restrictions placed upon the contribution by the donor.

> **Rule: Only a donor can place a restriction upon a gift. Neither the executive board nor the Scout Executive of the council can initiate, change or release a restriction.**

The three types of classifications are:

9.1.1 Unrestricted

There are no donor restrictions placed upon the gift.

9.1.2 Temporarily Restricted

These are donor-imposed restrictions that can be satisfied by the passage of time (for example, a pledge made this year for next year's council operations) and/or by a council's action (for example, the money was donated for a specific project such as building a dining hall at camp).

9.1.3 Permanently Restricted

These are donor-imposed restrictions that cannot be removed by the council (for example, a donation to the Endowment fund).

9.1.4 Recording the Original Gift

The contribution is credited to the appropriate contribution account number based on the type of gift and is tagged with the class code based on the type of restriction. Careful documentation should be maintained on all restricted gifts, particularly where the restriction can be lifted at some future date.

Examples: A contribution from legacies or bequests would be recorded in one of the following accounts:

4301-90 for unrestricted
4301-91 for temporarily restricted
4301-92 for permanently restricted

A direct endowment gift could be 3-4501-XXX-92

An FOS pledge can be made for the current year, or for a future year and would be recorded as:

4001-90 for an unrestricted gift for the current year
4001-91 for a temporarily restricted gift for a future year

See item 9.5 below for a table that lists all the possible restricted accounts.

9.2 Release from Restriction

Once the council accepts a gift that is restricted, it incurs the obligation of tracking and documenting council actions to meet the donor's intent. Once the council performs the required action the restriction may be removed and record a decrease in Temporarily Restricted Net Assets and a corresponding increase in the Unrestricted Net Assets of the council. This release may be a release of contributions or a release of net assets, depending on the timing of the release

9.2.1 Release of Contributions from Restriction

If the release is to occur within the same fiscal year as the original contribution, create a transaction that debits the temporarily restricted contributions account and credits the unrestricted contributions account.

Example:

A donor contributed $1,000 for camperships. The contribution was placed in account 4501-91, Contributions—Other Direct with a Temporarily Restricted class code of 91.
In that same year, camperships in the amount of $500 were used by Scouts. To reclassify the contribution and release from the restriction:

4501-XXX-91 Contributions—Other Direct—Temporarily Restricted	500.00
4501-XXX-90 Contributions – Other Direct – Unrestricted	500.00

9.2.2 Release of Net Assets from Restriction

At year-end, all temporarily restricted contributions are written to temporarily restricted net asset accounts in the range 3005 to 3065 **(see section 9.7)** range of accounts. Those balances remain there until the council has fulfills the requirements of the gift. At that point those net assets may be released from restriction:

3605-XXX-01 Reclass Other Direct - Temporarily Restricted	500.00
3605-XXX-00 Reclass Other Direct - Unrestricted	500.00

(see the table below to define other types of release entries)

The reclassified net assets accounts (3600 series) are reported on the Statement of Operations as Net Assets Released from Restriction within each contribution type. Budgets may be assigned to the unrestricted, reclassification accounts. Example: Account 3630-00, Budget $500.

9.3 Restricted Fund Report

This report is designed to show temporarily restricted balances by project code, along with additions, reclassified amounts, and unrestricted income and expenses. Temporarily restricted and unrestricted reclassification of net assets should always equal each other.

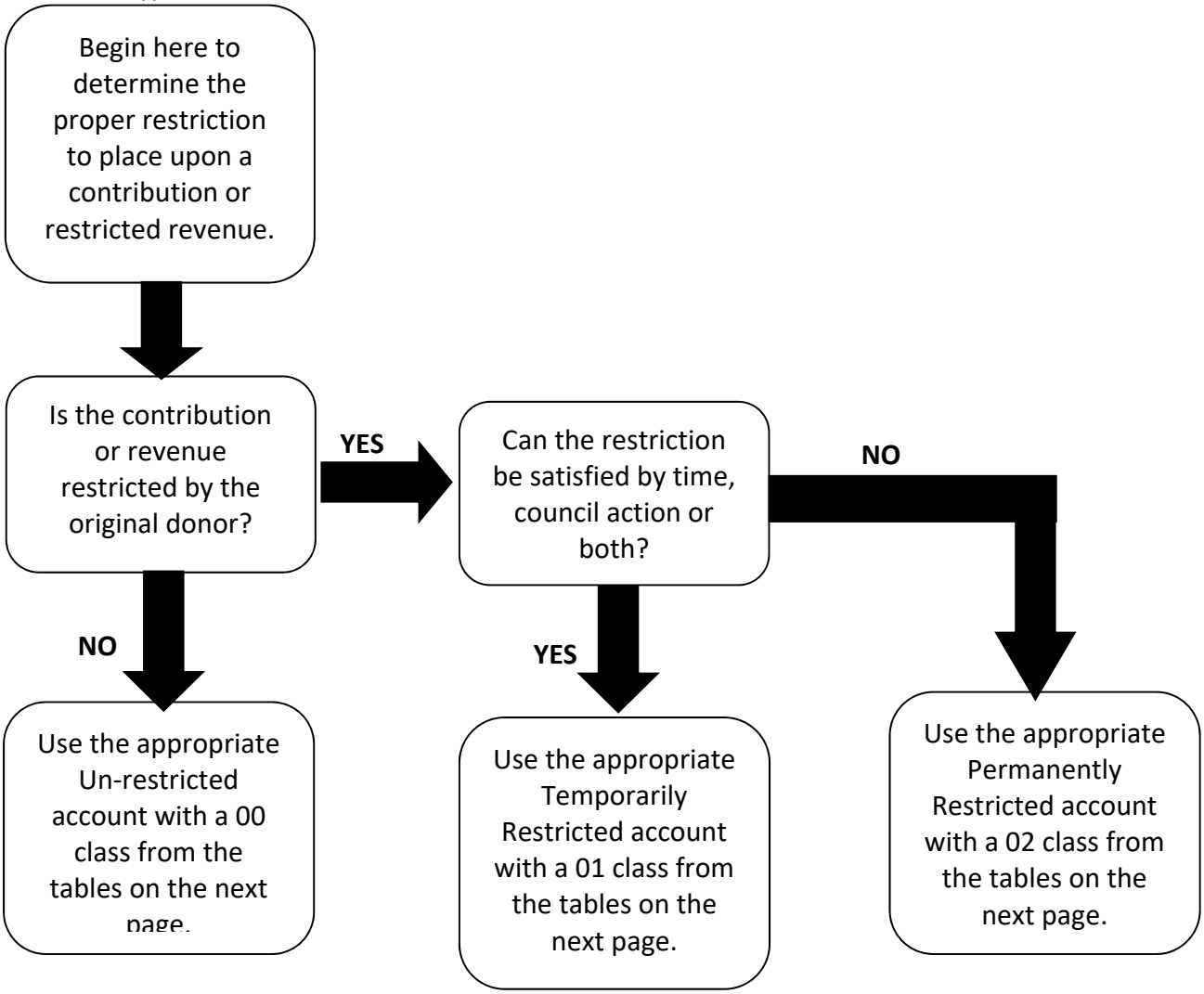
Tip: Contributions received in a prior year for the current year will always be expressed as a part of the Reclassified Net Assets line on the Statement of Operations—Unrestricted.

In order for the budgets to reflect the appropriate amounts on the Statement of Operations—Unrestricted, always begin by budgeting the contribution accounts for the full amount of the anticipated budget. At the end of the current year, you will know the amount of money that has been received for the next year. At current year-end, all of this money will be closed to temporarily restricted net assets accounts. As you open the new year, decrease the budgets on the contributions accounts and add the budgets to the reclassified net assets accounts by the amount reflected in the temporarily restricted net asset account. This will cause early gifts to be reflected properly in the budget columns on the Reclassified Net Assets line of the Statement of Operations—Unrestricted.

9.4 Decision Tree: Restricted Revenues

It is very important that restricted contributions and restricted revenues be recorded correctly when they first enter the local council accounting system. Many of these entries will originate in the fund-raising software but regardless of the source, please be certain that the proper account is used initially.

The guide below and the table on the next page will help you determine the correct account based on the type of contribution or revenue involved.

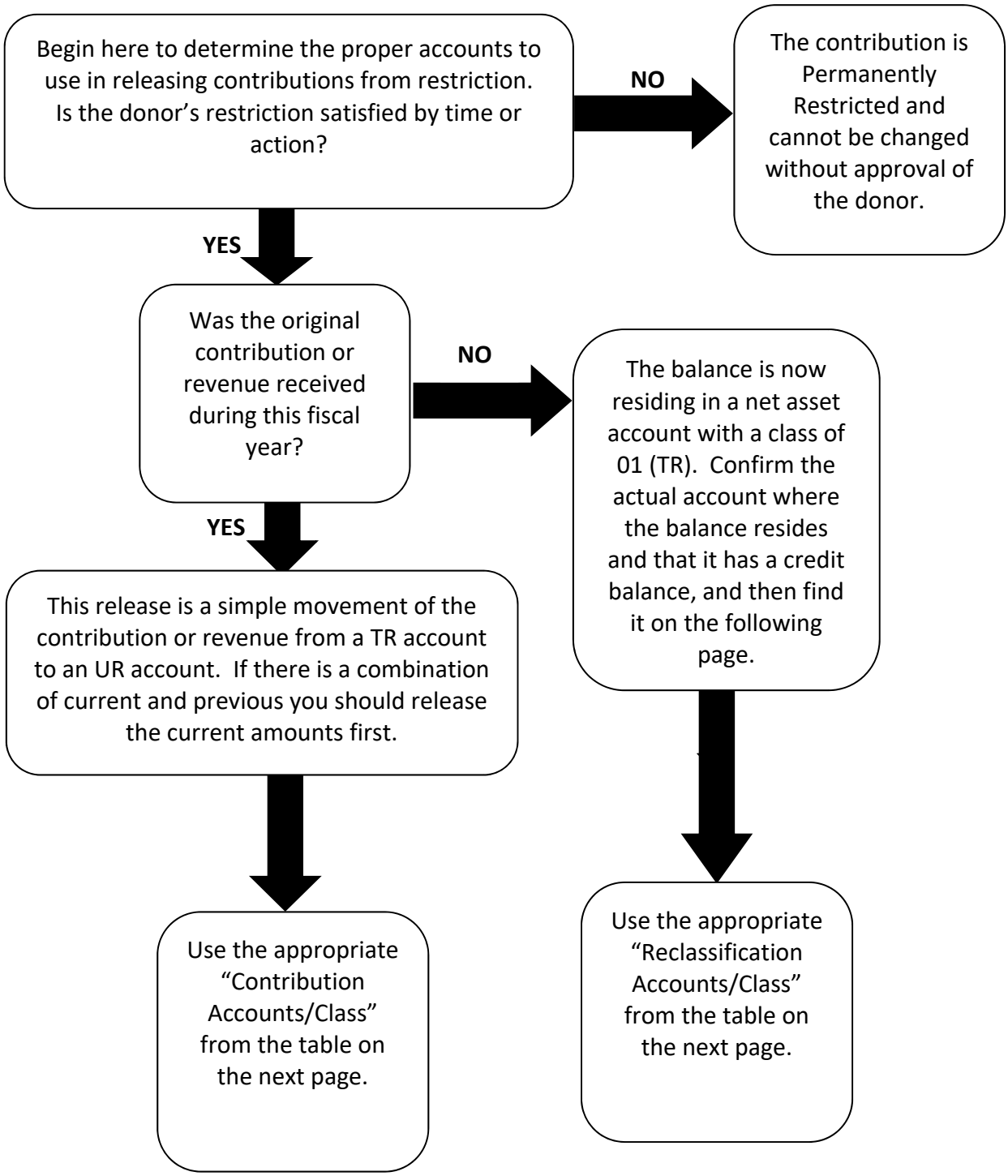


9.5 Table: Contribution Accounts

Type of Contribution or Revenue	Un-Restricted	Temporarily Restricted	Permanently Restricted
Friends of Scouting	4001-90	4001-91	N/A
Direct Mail Campaign	4010-90	4010-91	4010-92
Project Sales	4071-90	4071-91	4071-92
Capital Campaign	4101-90	4101-91	4101-92
Special Events - Sponsorships	4201-90	4201-91	4201-92
Special Events - Participants	4202-90	4202-91	4202-92
Special Events - Souvenir Programs	4203-90	4203-91	4203-92
Special Events - Advertising	4204-90	4204-91	4204-92
Special Events - Concessions	4205-90	4205-91	4205-92
Special Events - Resale Items	4206-90	4206-91	4206-92
Special Events - Other	4231-90	4231-91	4231-92
Legacies and Bequests	4301-90	4301-91	4301-92
Foundations/Trusts	4401-90	4401-91	4401-92
Other Direct Contributions	4501-90	4501-91	4501-92
Other Direct Contribution – Purpose	4502-90	4502-91	5402-92
Associated Organizations - OA	4601-90	4601-91	4601-02
Associated Organizations - National Council	4602-90	4602-91	4602-92
Associated Organizations - Other	4603-90	4603-91	4603-92
Contributions -- Learning For Life	4604-90	4604-91	4604-92
United Way - Allocations	4701-90	4701-91	4701-92
United Way Donor Designated	4702-90	4702-91	4702-92
Unassociated Organizations	4801-90	4801-91	4801-92
Other Indirect	4901-90	4901-91	4901-92
Government Grants/Fees	5001-90	5001-91	5001-92
Investment Income - Operating	6501-90	6501-91	6501-92
Investment Income - Capital	6502-90	6502-91	6502-92
Investment Income - Endowment	6503-90	6503-91	6503-92
Investment Income - Royalties	6531-90	6531-91	6531-92
Gain (Loss) on Investments	6601-90	6601-91	6601-92
Unrealized Gain or Losses	6651-90	6651-91	6651-92

9.6 Decision Tree: Restriction Release

When a donor's **temporary restriction** has been satisfied by time or by action of the council, the funds can be released from restriction and allow them to flow into the unrestricted funds area. The GL system has specific accounts to release depending on the type of original gift and whether the contribution was received in the current year or in some prior period. If the release comes in the same year as the original gift the move is to release **contributions** or **revenue.** If the release happens in a subsequent fiscal year then the release involves net assets.



9.7 Table – Release of Temporarily Restrictions

Release of Contributions from the current year should use these accounts		Type of Contribution	Prior year contributions will be found in these accounts.	Release of Net Assets from prior year contributions should use these accounts	
Contribution Accounts/Class		NOTE: Year-End Accounts should always have a credit balance to be correct. If there is a debit balance, DO NOT RELEASE until reconciliations is completed.	Year-End Net Asset Accounts	Reclassification Accounts/Class	
Debit	Credit			Debit	Credit
4001-91	4001-90	Friends of Scouting	3005-01	3605-01	3605-00
4010-91	4010-90	Direct Mail Campaign	3006-01	3606-01	3606-00
4071-91	4071-90	Project Sales	3007-01	3607-01	3607-00
4101-91	4101-90	Capital Campaign	3010-01	3610-01	3610-00
4201-91	4201-90	Special Events - Sponsorships	3015-01	3615-01	3615-00
4202-91	4202-90	Special Events - Participants	3015-01	3615-01	3615-00
4203-91	4203-90	Special Events - Souvenir Programs	3015-01	3615-01	3615-00
4204-91	4204-90	Special Events - Advertising	3015-01	3615-01	3615-00
4205-91	4205-90	Special Events - Concessions	3015-01	3615-01	3615-00
4206-91	4206-90	Special Events - Resale Items	3015-01	3615-01	3615-00
4231-91	4231-90	Special Events - Other	3015-01	3615-01	3615-00
4301-91	4301-90	Legacies and Bequests	3020-01	3620-01	3620-00
4401-91	4401-90	Foundations/Trusts	3025-01	3625-01	3625-00
4501-91	4501-90	Other Direct Contributions	3030-01	3630-01	3630-00
4502-91	4502-90	Other Direct Contribution – Purpose	3031-01	3631-01	3631-00
4601-91	4601-90	Associated Organizations - OA	3035-01	3635-01	3635-00
4602-91	4602-90	Associated Org - National Council	3035-01	3635-01	3635-00
4603-91	4603-90	Associated Organizations - Other	3035-01	3635-01	3635-00
4604-91	4604-90	Contributions -- Learning For Life	3035-01	3635-01	3635-00
4701-91	4701-90	United Way - Allocations	3040-01	3640-01	3640-00
4702-91	4702-90	United Way Donor Designated	3041-01	3641-01	3641-00
4801-91	4801-90	Unassociated Organizations	3045-01	3645-01	3645-00
4901-91	4901-90	Other Indirect	3050-01	3650-01	3650-00
5001-91	5001-90	Government Grants/Fees	3055-01	3655-01	3655-00
6501-91	6501-90	Investment Income - Operating	3060-01	3660-01	3660-00
6502-91	6502-90	Investment Income - Capital	3060-01	3660-01	3660-00
6503-91	6503-90	Investment Income - Endowment	3060-01	3660-01	3660-00
6531-91	6531-90	Investment Income - Royalties	3060-01	3660-01	3660-00
6601-91	6601-90	Gain (Loss) on Investments	3065-01	3665-01	3665-00
6651-91	6651-90	Unrealized Gain or Losses	3065-01	3665-01	3665-00

9.8 Table: Release of Permanent Restrictions

Release of Contributions from the current year should use these accounts		Type of Contribution	Prior year contributions will be found in these accounts.	Release of Net Assets from prior year contributions should use these accounts	
Contribution Accounts/Class: Use Class of 01 for TR; Use Class of 00 for UR.		**NOTE:** This is not a normal process and should only be used when a donor redirects their gift. When in doubt visit with your auditor or call the Fiscal Management Team at National BSA for clarification.	Year-End Net Asset Accounts	Re-class Accounts/Class: Use Class of 01 for TR; Use Class of 00 for UR.	
Debit	**Credit**			**Debit**	**Credit**
4010-92	4010-(91or90)	Direct Mail Campaign	3006-02	3606-02	3606-(01or00)
4071-92	4071-(91or90)	Project Sales	3007-02	3607-02	3607-(01or00)
4101-92	4101-(91or90)	Capital Campaign	3010-02	3610-02	3610-(01or00)
4201-92	4201-(91or90)	Special Events - Sponsorships	3015-02	3615-02	3615-(01or00)
4202-92	4202-(91or90)	Special Events - Participants	3015-02	3615-02	3615-(01or00)
4203-92	4203-(91or90)	Special Events - Souvenir Programs	3015-02	3615-02	3615-(01or00)
4204-92	4204-(91or90)	Special Events - Advertising	3015-02	3615-02	3615-(01or00)
4205-92	4205-(91or90)	Special Events - Concessions	3015-02	3615-02	3615-(01or00)
4206-92	4206-(91or90)	Special Events - Resale Items	3015-02	3615-02	3615-(01or00)
4231-92	4231-(91or90)	Special Events - Other	3015-02	3615-02	3615-(01or00)
4301-92	4301-(91or90)	Legacies and Bequests	3020-02	3620-02	3620-(01or00)
4401-92	4401-(91or90)	Foundations/Trusts	3025-02	3625-02	3625-(01or00)
4501-92	4501-(91or90)	Other Direct Contributions	3030-02	3630-02	3630-(01or00)
4502-92	4502-(91or90)	Other Direct Contributions – Purpose	3031-02	3631-02	3631-(01or00)
4601-92	4601-(91or90)	Associated Organizations - OA	3035-02	3635-02	3635-(01or00)
4602-92	4602-(91or90)	Associated Organizations - National Council	3035-02	3635-02	3635-(01or00)
4603-92	4603-(91or90)	Associated Organizations - Other	3035-02	3635-02	3635-(01or00)
4604-92	4604-(91or90)	Contributions -- Learning For Life	3035-02	3635-02	3635-(01or00)
4701-92	4701-(91or90)	United Way - Allocations	3040-02	3640-02	3640-(01or00)
4702-92	4702-(91or90)	United Way Donor Designated	3041-02	3641-02	3641-(01or00)
4801-92	4801-(91or90)	Unassociated Organizations	3045-02	3645-02	3645-(01or00)
4901-92	4901-(91or90)	Other Indirect	3050-02	3650-02	3650-(01or00)
5001-92	5001-(91or90)	Government Grants/Fees	3055-02	3655-02	3655-(01or00)
6501-92	6501-(91or90)	Investment Income - Operating	3060-02	3660-02	3660-(01or00)
6502-92	6502-(91or90)	Investment Income - Capital	3060-02	3660-02	3660-(01or00)
6503-92	6503-(91or90)	Investment Income - Endowment	3060-02	3660-02	3660-(01or00)
6531-92	6531-(91or90)	Investment Income - Royalties	3060-02	3660-02	3660-(01or00)
6601-92	6601-(91or90)	Gain (Loss) on Investments	3065-02	3665-02	3665-(01or00)
6651-92	6651-(91or90)	Unrealized Gain or Losses	3065-02	3665-02	3665-(01or00)