

“Staying Tax-Exempt – What Local Councils Need to Know”

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INTRODUCTION

- BSA National Governing Documents
- Charter and Bylaws, Article VI, Section 6, Incorporation of Local Council
- Rules and Regulations, Article XI, Section 1, Clause 2(d) Special Funds



BSA LOCAL COUNCIL GOVERNING DOCUMENTS

- Articles of Incorporation
- Bylaws
- Model Form for Local Council Declaration of Trust Creating a Boy Scout trust fund



STATE LAWS FOR CHARITABLE ORGANIZATIONS

- Non-profit Corporation Acts – Secretary of state
- Charitable Solicitation Acts – State attorney general or other department
- Charitable Trust Registration – State attorney general



FEDERAL TAX LAW REQUIREMENTS FOR TAX-EXEMPT ORGANIZATIONS

- Organizational test
- Primary purpose test
- Operational test



PRIVATE BENEFIT AND INUREMENT

- Private benefit
- Inurement
- Excess benefit transactions



POLITICAL CAMPAIGN ACTIVITY PROHIBITED

- Endorsements of candidates
- Contributions
- Public statements or distributing materials



LEGISLATIVE ACTIVITIES

- Lobbying: attempting to influence legislation
- General advocacy: influence public opinion on issues;
- Influence non-legislative activities
- Encourage voter participation



UNRELATED BUSINESS TAXABLE INCOME

- Unrelated trade or business
- Excluded trade or business activities
- Unrelated business taxable income



CHARITABLE CONTRIBUTIONS – SUBSTANTIATION AND DISCLOSURE

- Contemporaneous
- Goods and services
- Written disclosure



LOCAL COUNCIL TAX-EXEMPT STATUS

- Determination ruling letters
- Annual group exemption filing
- IRS Form 990, 990-EZ, 990-N



ARE YOUR COUNCIL AND TRUST FUND TAX-EXEMPT?

- Tax status remains in effect unless terminated by organization or revoked for cause by IRS
- Losing tax-exempt status can be caused by failure to follow rules
- Grant makers and other funders are asking for more documentation than ever



ARE YOUR LOCAL COUNCIL DOCUMENTS CURRENT?

- National copies in Records Management
- Can your local council locate it's documents?
- Is there a practice in your local council to review and update documents?



FIDUCIARY AND LEGAL OBLIGATIONS OF EXECUTIVE BOARD MEMBERS

- Does your executive board have new-member training, a board manual, agendas, and minutes?
- Has each board member signed a conflict of interest policy (sample in bylaw template)?
- Do the board members know and follow the requirements of the governing documents?



CONCLUSION

- Tax-exempt status depends on state nonprofit laws, requirements, and formalities.
- State registration requires proof of tax-exempt status.
- BSA requires following charter and bylaws, rules and regulations, and required model documents.



QUESTIONS AND ANSWERS

For assistance with maintaining your tax-exempt status, contact:

Russ McNamer at russ.mcnamer@scouting.org



RESOURCES

- Tax Information for charitable organizations:
<http://www.irs.gov/charities/charitable/index.html>
- BSA Finance Impact Department website

This is not tax or legal advice. Consult local council legal counsel for assistance.



SURVEY

- We invite you to participate in a survey to let us if this webcast was informative and useful to you.

http://scouting.co1.qualtrics.com/SE/?SID=SV_3OTlg7jhnn8XvMh



*We look forward to supporting the needs of
local councils.*

Thank You

Great Councils = Great Units = Great Kids

