



**FISCAL POLICIES AND PROCEDURES
FOR EXPLORING
*FREQUENTLY ASKED QUESTIONS***

Should our post/club have a checking account?

Yes. Program funds should be deposited in a checking account that requires two signatures on every check unless the participating organization requires other procedures.

Does a post/club need its own tax identification number? If so, where do we get it?

The answer depends on the participating organization. Most programs obtain their own tax ID number by completing IRS Form SS-4. The current form and instructions are available on the IRS website (www.irs.gov). The participating organization should be the "responsible party." Contact your participating organization for written permission. Contact your local office for more information.

Who is responsible for the finances of the program?

The Post/Club Committee is responsible for the finances of the post/club, but the assets belong to the participating organization.

Should our program consider insuring our program equipment?

Yes. It is suggested that your program insure its equipment. Remember, the participating organization owns the assets.

Can our program deposit funds with the local office?

No. This service is no longer available.

What happens to the program funds and equipment should the program dissolve?

The Post/Club Committee shall apply program funds and property to the payment of program obligations and shall turn over the surplus, if any, to the participating organization or the local Exploring office, as may be agreed upon, pending reorganization of the program or for the promotion of the Exploring program.

When should our program submit a LFL Money-Earning Application?

For all post/club fundraising except council-operated campaigns like Career/Camp Cards. Approval must be given in advance by the participating organization and the local Exploring office.

Is our program considered tax-exempt by the IRS?

Participating organizations vary widely in tax status, but the tax status of your program is the same as that of your participating organization if the participating organization includes the LFL program in its tax status.

Does our program need to file annually an electronic postcard 990-N with the IRS?

The LFL National Service Center consulted with outside counsel. In their opinion, most programs do not have to file. The only exception is for the very small number of programs that have filed for separate federal tax-exempt status under Section 501(c)(3) of the Internal Revenue Code.

Can our program be covered under the LFL's group exemption?

No. The IRS only allows local Exploring offices (and service center trust funds) to be included under the LFL group exemption.

Can our program be exempt from state sales taxes?

Your program may qualify for a number of state sales tax exemptions as a nonprofit organization under your state laws. Check with your own state; this varies widely across the country.

A volunteer suggested that our program apply for its own tax-exempt status. Can we?

LFL programs should not incorporate or apply for their own tax-exempt status. LFL programs are not legal entities and operate under the ownership of the participating organization.

Can we solicit gifts for our program?

No. Simply put, LFL programs are not permitted to solicit any financial gifts.

Does that mean people can't make gifts to our program?

Anyone can contribute to an Exploring post/club, but they cannot be solicited by the post or club.

Can gifts go to the local Exploring office to benefit our program, then "pass through" the council to us?

No. Your program "belongs" to your participating organization, not to your local Exploring office.

My local company has employee volunteerism grants. Can these gifts go to our program?

Employee incentive awards and volunteerism grants usually can NOT go to an individual program, due to the company's giving restrictions. Corporate donations often can only go to charities that are "501(c)(3)." These grants could not be solicited by the post or club.

Can my LFL program credit amounts from fundraising to an individual toward their expenses?

See the Product Sales Guide for more information.

Questions? Please contact your local Exploring office. Thank you for all you do for Learning for Life and the young people in your community.