

United States  
Power  
Squadrons®



# Treasurer's Manual

dedicated to  
making boating  
safer and more fun

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United States Power Squadrons

1504 Blue Ridge Road

P .O. Box 30423

Raleigh, NC 27622

919-821-9281

Fax: 919-836-0813

1-888-FOR-USPS (367-8777)

[www.usps.org](http://www.usps.org)

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## Introduction

Congratulations! You have become Treasurer of your Squadron or District. This is the most important financial management position. Everyone depends on you for historical and current financial data.

Your Squadron or District can remain solvent only if the Treasurer maintains good accounting control over its assets. It is the Treasurer's responsibility to be on top of all of the financial matters for the Squadron or District. It is your job to make sure only funds that have been budgeted are spent; anything else must be approved by the proper people. You also have the duty of collecting renewing members' dues. These are a few of your duties; others are described in this manual.

Some of your duties may seem intimidating but this manual should help. The manual will be maintained in electronic form and may be viewed or downloaded from the USPS Treasurer's page. The USPS *Operations Manual*, especially the Treasurer's section, will also guide you. Of course the rest of your bridge, the National Bridge, and the Headquarters staff are all available to assist you and answer your questions. The toll-free number for Headquarters is 1-888-367-8777.

Best wishes for a successful year. Thank you for all the help you give to USPS.



V/C Douglas Kerr, SN  
National Treasurer

## 1. Office of the Treasurer

The Treasurer's department is an integral part of the Squadron or District organization. On the next pages are typical Squadron and District organization charts. These show how the Treasurer fits into the overall picture

As a bridge officer, the District Treasurer is obliged to attend District Council meetings and Conferences. The Squadron Treasurer is encouraged to attend Councils and Conferences. Both should be familiar with the sections of the bylaws and Operations Manual dealing with the Treasurer.

The Treasurer is responsible for accurate financial reports and records, for policy guidance, and for the solvent operation of the Squadron. To do this, the Treasurer shall:

- Collect and process all dues
- Collect and be responsible for all other monies
- Promptly pay all bills that have been approved
- Promptly deposit funds in an approved bank
- Keep accurate financial records
- Advise the Commander when expenditures do not conform with the budget
- Give a brief financial report at each meeting and a complete audited report at the annual meeting
- Assure compliance with all sales tax laws
- Prepare appropriate IRS forms as required
- Maintain a current list of paid-up members and, with the Secretary, keep an accurate mailing list

There are positions that report to the Treasurer. These positions and their duties are described here.

### **Assistant Treasurer**

An Assistant Treasurer may be elected or an Assistant to the Treasurer may be appointed to work with the Treasurer as required. This term will serve as good training, making it easier to move up. The person should be capable of assuming the office of the Treasurer when required.

### **Property Officer**

This person maintains an inventory of squadron properties. These may be films, projectors, teaching aids, flags, printing equipment, awards, and other equipment owned by or in the custody of the Squadron. The Property Officer should know who has a particular item and therefore has assumed responsibility for it. He/she should make an annual report of the inventory so that adequate insurance coverage of these items is maintained. One way to gather data for the report is to mail a form letter to all concerned in order to establish the inventory.

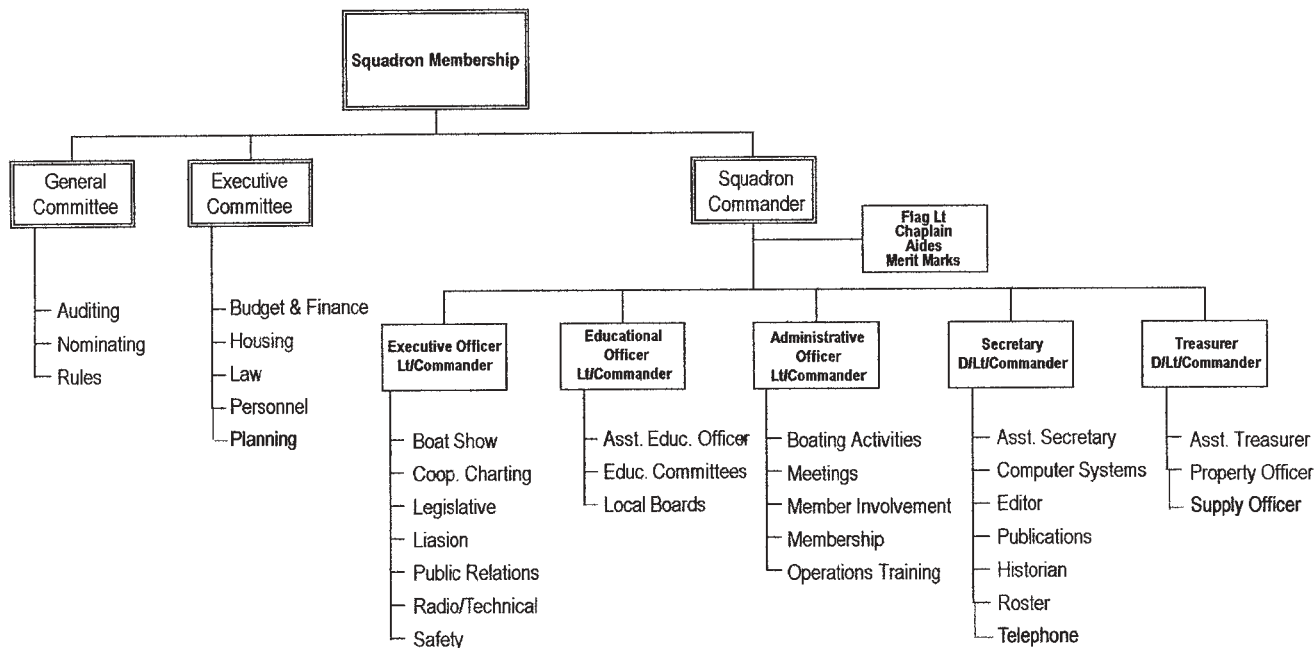
### **Supply Officer and Ship's Store**

This person brings to each squadron meeting a supply of insignia, burgees, ensigns, and uniform accessories that may be sold to members. He/she will also have catalogs available for ordering uniforms from USPS-approved sources. This officer should be knowledgeable about correct uniforms and insignia in order to help members desiring such items. He/she shall keep up to date on what is available from National's Ship's Store. All funds collected are to be forwarded to the Treasurer without delay.

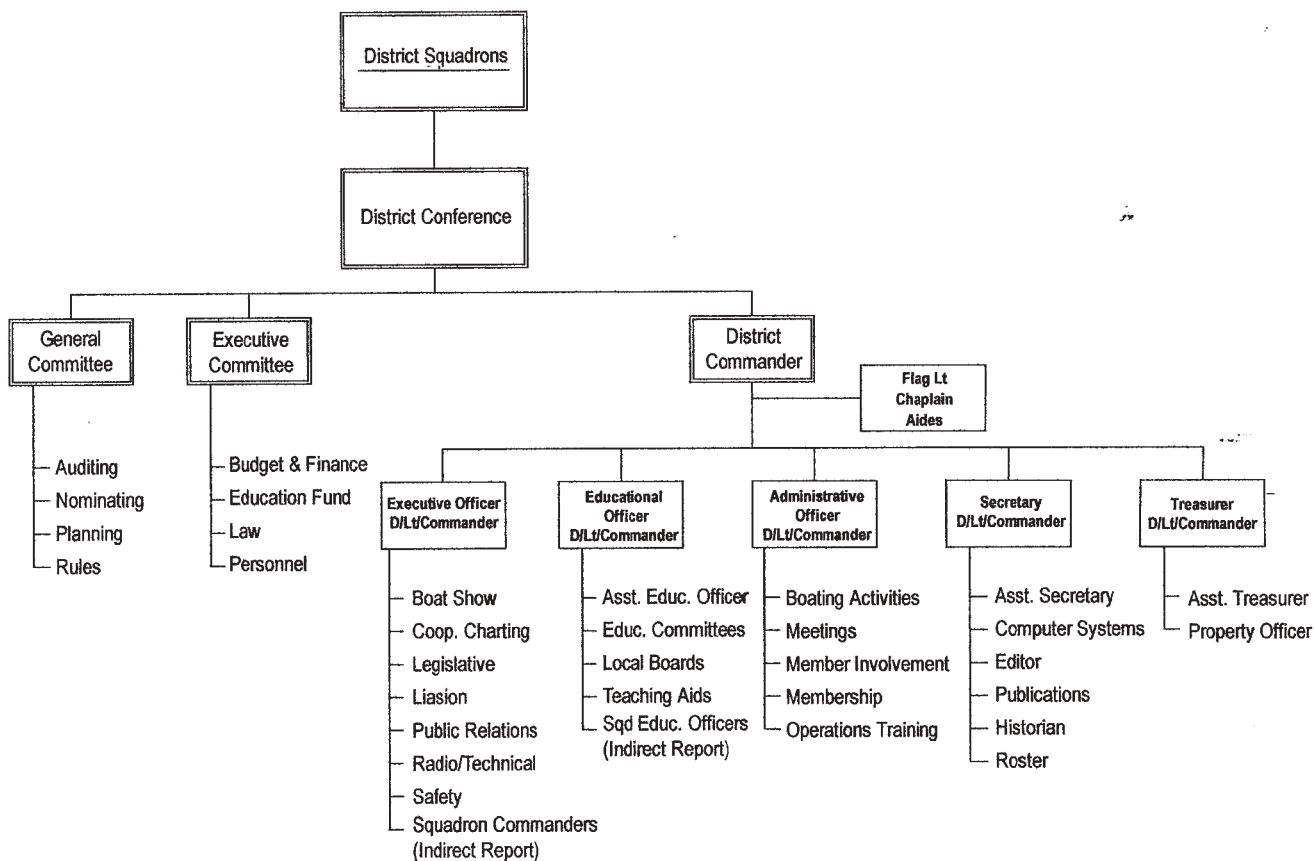
## Squadron and District Organization

These organizational charts are based on the model bylaws for district and common practice. Your organization may differ.

### Typical Squadron Organization



### Typical District Organization



## 2. Detailed Descriptions of Duties

The *Operations Manual* is your primary information resource. The current edition is available via the Internet at the USPS page. If you need further help, you should call your Commander or District Treasurer or the people at Headquarters. They are always willing to help; the toll free number is 1-888-FOR-USPS. Just describe your problem and they will connect you to the person who has the information you need. Also, the list of USPS national officers in the back of each edition of *The Ensign* may be useful for identifying committee chairmen.

Questions about USPS insurance should be directed to the National Treasurer. His name and address are on the inside back cover of *The Ensign*.

Questions about the USPS Boat Insurance Program for members should be directed to McGriff, Seibels & Williams at 1-800-763-8777

A squadron member roster will soon become available electronically. It should be checked carefully against the Squadron's own database so that errors can be discovered and corrected. Try to keep member information current. USPS requires that all important squadron records (e.g., membership) must be maintained for at least 5 years. Use discretion to decide which files should be retained. See also Section 5D.

### A. Recurring Duties

The treasurer has tasks that are done at the same time each year. Make yourself a calendar to use as a reminder of these milestones. The following lists tell you what is done and when.

#### i. District Treasurer

February	Have district books audited prior to Spring Conference. Send out assessment notices to your squadrons about District Spring Conference.
March	Attend Spring District Conference.
April	Review information needed to comply with IRS rules pertaining to Form 990.
July 15	Send Form 990 and 990T information to Headquarters on forms provided. Send letters to Squadron Treasurers requesting payment of District fees.
August	Send out assessment notices to your Squadrons about District Fall Conference.
October	Attend Fall District Conference.
November	Arrange for audit of books prior to Spring Change of Watch. The schedule should be modified for districts having Fall Change of Watch. Send notice to Squadron Treasurers requesting payment of District fees for new members.

## ii. Squadron Treasurer

February	Arrange for audit of squadron books prior to squadron annual meeting.
28 February	Prior to this date, notify Headquarters of the amount of your squadron dues for the upcoming dues year. Headquarters will provide a dues update form in January for this purpose.
March	Furnish Squadron Commander with report showing total receipts and disbursements for previous calendar year. Review <i>Operations Manual</i> for information necessary to comply with IRS rules pertaining to Form 990. Report to your District Treasurer your 990 filing status. Detailed information will be sent to you from Headquarters. Attend Spring District Conference.
30 April	Dues notices mailed directly to members by Headquarters. A package of information on dues containing all the information you need will be sent to you from Headquarters.
31 May	Dues submitted by members to Squadron Treasurers.
1 June	Mail second dues notices to delinquent members. These are in the package you received from Headquarters. Consider adding a personal note encouraging members to continue their membership. Prepare a list of all potential non-renewals for the Squadron Commander.
30 June	Send dues transmittal to Headquarters, postmarked no later than midnight. Do not wait until 30 June to mail transmittal, as post office may not postmark it on the day it is deposited and there is a penalty for late submission.
14 July	Mail Form TR-1 (IRS 990 information) to Headquarters by this date
September	Prepare preliminary budget for next year.
October	Prepare merit mark recommendations for department. See <i>Operations Manual</i> Chapter 16. Attend Fall District Conference.
November	Prepare final budget for next year.

## **B. General Duties**

The duties described in this section are everyday kinds of duties that are continuous throughout the year.

### **i. District Treasurer**

- Having custody of all monies received by the District
- Collecting all monies payable to the District
- Promptly paying all District bills that have been approved by proper authority
- Promptly depositing funds in a bank approved by the proper district authority
- Keeping an accurate record of all receipts and expenditures
- Advising the District Commander and District Council when expenditures do not conform to district budget
- Giving a brief financial report at each District Council meeting and a complete financial statement at each District Conference
- Seeing that the Squadron Treasurers in the District comply with all sales tax requirements
- Preparing Internal Revenue Service Tax Form 990 for the District, if required
- Submitting an annual report to Headquarters stating that all Squadrons in the District have submitted 990 Tax Return on time and/or that squadron revenues were less than \$25,000 and therefore the return is unnecessary
- Turning over to your successor all documents, records, bank books, statements, property, and funds of the District at the end of your term

### **ii. Squadron Treasurer**

- Collecting dues
- Paying district assessments (dues or fees)
- Being aware of different sources of revenues
- Obtaining permit deposits for U.S. Postal Service
- Maintaining monthly accounts by entering the monthly receipts and disbursements supported by receipts and invoices
- Always paying from original invoices
- Depositing all receipts to the appropriate bank account as soon as possible
- Paying Educational Fund amount, as determined by your Executive Committee
- Paying all disbursements on time and by the proper account classifications
- Accounting for student materials purchased and comparing to amounts collected
- Preparing an inventory for educational materials
- Using separate journals for receipts, disbursements, and general entries
- Maintaining a file for paid invoices, cash receipts, and correspondence
- At month-end, reconciling the bank accounts, CDs, and liability accounts
- Verifying that all other accounts are accurately stated
- Printing the financial and budget statements and checking for unusual items
- Making copies of reports for the Executive Committee meetings
- Turning over to your successor all documents, records, bank books, statements, property, and funds of the Squadron at the end of your term

## C. Fiscal Years

All Treasurers need to be aware of the different fiscal years used by USPS:

National	December 1 through November 30
District	See bylaws
Squadron	See bylaws
Educational Fund	Dec. 1 through Nov. 30
Dues Year	June 1 through May 31

## D. Dues Collection

By far, the most time consuming duty for the Squadron Treasurer revolves around dues. This comes in two parts: dues collection for renewing (old) members and dues collection for new members.

### i. Old Members

The annual cycle goes something like this:

- 31 January Headquarters sends Dues Update Requests to Squadron Treasurer. This material asks you for your dues information for the next dues year starting in June. Complete instructions are included with the material.
- 28 February Dues Update Request Forms are due at Headquarters by this date.
- 30 April Dues notices are mailed from USPS Headquarters to every member household. Dues collection packages to use in collecting and remitting dues are sent to each Squadron Treasurer along with complete instructions. These will tell you everything you need to know about dues collection.
- 31 May Dues remittances from UPSP members are due to Squadron Treasurers. New membership cards are mailed by Squadron Treasurers as dues are received from members. Second dues notices are sent by the Treasurer to those who have not renewed yet. Phone Committee calls those who have not yet renewed.
- 30 June Squadron Treasurers send dues transmittals to USPS Headquarters.
- 1-31 July As the dues transmittals are received at Headquarters, they are scanned and non-renewals are recorded.

## ii. Reinstating Members

Past members who have let their membership lapse for one reason or another may request reinstatement. These people fall into two categories, those who have been away for less than one year and those who have been away for more than a year.

Those who have been away for less than a year are usually members who are late paying their dues. For these, you should collect the amount they should have paid the previous June plus a reinstatement fee of \$2.00.

For those who have been away more than a year, the same reinstatement fee applies but their renewal membership dues are prorated depending on the time of year that they reinstate. The Reinstating Members Chart (Page 10) tells you how much to charge the reinstating member. Do not forget to add squadron and district dues, prorating them too, if your bylaws are so written.

Note: To avoid additional full-year billing, reinstatements just prior to the June 1 national dues year should be processed with an “as of” date of June 1.

## iii. New Members

The Squadron’s life depends on getting new members. Usually these come from graduates of your Squadron’s *Boating Course*, *Boat Smart*, and *America’s Boating Course* classes. The amount that a new member has to pay depends on the time of year in which he/she joins as well as whether the new member is a first active, additional active, adult family, or junior family member. You can use the New Members Chart (Page 9) to determine the national dues for this new member. You must add to this the squadron and district dues. In most Squadrons and Districts, these dues are prorated. Make yourself a table showing your squadron and district dues by month and by type of membership. If you have trouble with this, contact the District or National Treasurer for help.

Be sure your Membership Chairman copies you on all applications sent to Headquarters and that someone gets the dues money to you.

USPS® 2003 NATIONAL DUES AND FEES SCHEDULE (1 JUNE 2002 - 31 MAY 2003)

FIRST TIME MEMBER (Use Form MemCom1)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
New Primary Active Member Non-Prorated Entrance Fee Prorated Annual Dues TOTAL	\$10.00 30.00 \$40.00	\$10.00 27.50 \$37.50	\$10.00 25.00 \$35.00	\$10.00 22.50 \$32.50	\$10.00 20.00 \$30.00	\$10.00 17.50 \$27.50	\$10.00 15.00 \$25.00	\$10.00 12.50 \$22.50	\$10.00 10.00 \$20.00	\$10.00 30.00 \$40.00	\$10.00 30.00 \$40.00	\$10.00 30.00 \$40.00	
	New Additional Active Member Non-Prorated Entrance Fee Prorated Annual Dues TOTAL	\$5.00 15.00 \$20.00	\$5.00 13.75 \$18.75	\$5.00 12.50 \$17.50	\$5.00 11.25 \$16.25	\$5.00 10.00 \$15.00	\$5.00 8.75 \$13.75	\$5.00 7.50 \$12.50	\$5.00 6.25 \$11.25	\$5.00 5.00 \$10.00	\$5.00 15.00 \$20.00	\$5.00 15.00 \$20.00	\$5.00 15.00 \$20.00
		New Adult Family Member Non-Prorated Entrance Fee Prorated Annual Dues TOTAL	\$5.00 7.50 \$12.50	\$5.00 7.00 \$12.00	\$5.00 6.50 \$11.50	\$5.00 6.00 \$11.00	\$5.00 5.50 \$10.50	\$5.00 5.00 \$10.00	\$5.00 4.50 \$9.50	\$5.00 4.00 \$9.00	\$5.00 3.50 \$8.50	\$5.00 7.50 \$12.50	\$5.00 7.50 \$12.50
New Junior Family Member Non-Prorated Entrance Fee Non-Prorated Annual Dues TOTAL			\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00

ADDING TO EXISTING HOUSEHOLD (Use Form HQ104) (PRIMARY ACTIVE MEMBER DUES MUST BE CURRENT)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
Adding New Additional Active Member Non-Prorated Entrance Fee Prorated Annual Dues TOTAL	\$5.00 15.00 \$20.00	\$5.00 13.75 \$18.75	\$5.00 12.50 \$17.50	\$5.00 11.25 \$16.25	\$5.00 10.00 \$15.00	\$5.00 8.75 \$13.75	\$5.00 7.50 \$12.50	\$5.00 6.25 \$11.25	\$5.00 5.00 \$10.00	\$5.00 15.00 \$20.00	\$5.00 15.00 \$20.00	\$5.00 15.00 \$20.00	
	Adding New Adult Family Member Non-Prorated Entrance Fee Prorated Annual Dues TOTAL	\$5.00 7.50 \$12.50	\$5.00 7.00 \$12.00	\$5.00 6.50 \$11.50	\$5.00 6.00 \$11.00	\$5.00 5.50 \$10.50	\$5.00 5.00 \$10.00	\$5.00 4.50 \$9.50	\$5.00 4.00 \$9.00	\$5.00 3.50 \$8.50	\$5.00 7.50 \$12.50	\$5.00 7.50 \$12.50	\$5.00 7.50 \$12.50
		Adding New Junior Family Member Non-Prorated Entrance Fee Non-Prorated Annual Dues TOTAL	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00	\$3.00 2.00 \$5.00

NEW APPRENTICE (Use MemCom1) (PLEASE WRITE 'APPRENTICE' ON TOP OF FORM)	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
Non-Prorated Entrance Fee Non-Prorated Certificate Fee TOTAL	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00	\$10.00 2.00 \$12.00

\*\*Pays dues through May 2003

HQ100(Rev2/2002)

	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
<b>REINSTATING MEMBER (Use HQ103)</b> *(Relates Only To Those Members Who Have Been Nonrenewals More Than 1 Year)												
<b>Primary Active Member</b> *Prorated Annual Dues Reinstatement Fee - \$2.00 <b>TOTAL</b>	\$30.00 2.00 \$32.00	\$27.50 2.00 \$29.50	\$25.00 2.00 \$27.00	\$22.50 2.00 \$24.50	\$20.00 2.00 \$22.00	\$17.50 2.00 \$19.50	\$15.00 2.00 \$17.00	\$12.50 2.00 \$14.50	\$10.00 2.00 \$12.00	\$7.50 2.00 \$9.50	\$5.00 2.00 \$7.00	\$2.50 2.00 \$4.50
<b>Additional Active Member</b> *Prorated Annual Dues Reinstatement Fee - \$2.00 <b>TOTAL</b>	\$15.00 2.00 \$17.00	\$13.75 2.00 \$15.75	\$12.50 2.00 \$14.50	\$11.25 2.00 \$13.25	\$10.00 2.00 \$12.00	\$8.75 2.00 \$10.75	\$7.50 2.00 \$9.50	\$6.25 2.00 \$8.25	\$5.00 2.00 \$7.00	\$3.75 2.00 \$5.75	\$2.50 2.00 \$4.50	\$1.25 2.00 \$3.25
<b>Adult Family Member</b> *Prorated Annual Dues Reinstatement Fee - \$2.00 <b>TOTAL</b>	\$7.50 2.00 \$9.50	\$7.00 2.00 \$9.00	\$6.50 2.00 \$8.50	\$6.00 2.00 \$8.00	\$5.50 2.00 \$7.50	\$5.00 2.00 \$7.00	\$4.50 2.00 \$6.50	\$4.00 2.00 \$6.00	\$3.50 2.00 \$5.50	\$3.00 2.00 \$5.00	\$2.50 2.00 \$4.50	\$2.00 2.00 \$4.00
<b>Junior Family Member</b> No Reinstatement Fee Non-Prorated Annual Dues - \$2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

\*Denotes changes made at the Spring 1998 GB. NOTE: Squadrons will be invoiced a full year's dues for those members who are LATE RENEWALS for Yr 2002 dues regardless of month of renewal.

	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
<b>STATUS CHANGE (Use Form HQ104)</b> (Primary Active Member Dues Must Be Current)												
<b>Active or Additional Active Member</b> changing to Family Member (DUES MUST BE CURRENT) Non-Prorated Entrance Fee	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00
<b>Family Member</b> changing to Active Member or Additional Active Member (DUES MUST BE CURRENT) Non-Prorated Entrance Fee	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00	\$10.00

	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY
<b>Transfer of Membership (Use HQ110)</b> (DUES MUST BE CURRENT) Fee is for Primary Active Member Only Non-Prorated Transfer Fee	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00	\$ 2.00

(HQ100 - 2003 Dues & Fees Page 2) (Rev 2/2002)

FIND THE APPROPRIATE MEMBERSHIP TRANSACTION IN THE COLUMN ON THE LEFT, THEN FIND THE "MONTH" COLUMN ON THE RIGHT THAT AGREES WITH THE FIRST MONTH OF MEMBERSHIP. THIS AMOUNT IS THE CORRECT NATIONAL DUES AND/OR FEES FOR THE MEMBER.

THIS DUES & FEES SCHEDULE IS FOR NATIONAL DUES ONLY. IT DOES NOT INCLUDE YOUR SQUADRON DUES & FEES AND DISTRICT ASSESSMENTS.

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### 3. USPS Headquarters Accounting

USPS Headquarters will send you invoices for educational materials and squadron dues. Samples of invoices with an explanation for each type, and other forms, are reproduced on the next four pages. Separate monthly statements are sent covering materials and dues. It is acceptable to wait for the statement, compare it to the various invoices received, and issue one check for the total amount. Be sure you attach the statement and invoices, show check number and amount paid, and file these for your records. If one check is issued for both statements be sure, to enclose a document showing the allocation of the payment between dues and materials.

Do not pay "Credit Memos." Also, do not take unissued credits when paying a monthly statement. If you feel that a credit is due, please contact USPS Headquarters Accounting. If you need copies of invoices or statements, request them immediately. If an invoice contains discrepancies, the sooner they are reported, the sooner they can be traced and resolved. USPS is not responsible for discrepancies that are not reported within 90 days of the invoice date.

Source documents for dues invoices are the various membership forms sent by the Squadron to USPS Headquarters. When a form is received at Headquarters, any accompanying payment is immediately credited to the squadron's account. The form is received by the Membership Department, where the dues calculation is checked. The squadron's account is then charged (debited) for the total dues amount from the membership form. If the squadron dues calculation agrees with that of the Membership Department, the credit and debit are the same. If there is an error, the dues statement will show the over- or underpayment and a balance.

### A. Dues Invoice Explanation Key

The following is an item-by-item explanation of the sample dues invoice by item number.

- i. The invoice number is generated by computer and is unique for each document.  
This number will be referenced on each monthly Dues Receivable Statement.
- ii. This invoice date is generated by computer and is the date the invoice is produced.
- iii. This notation will identify this particular invoice as a Dues Invoice.
- iv. The account number and District designation is printed along with the name and address of the Squadron Treasurer.
- v. The certificate number, name, type, and amount of charge will be printed for each member covered by the invoice.
- vi. The total amount of the invoice will be printed next to the word "TOTAL "

It is not necessary to pay each individual invoice. Headquarters recommends that Treasurers hold the invoices until the end of the month and compare them with the Dues Receivable Statement.

INVOICE NO 1138040

UNITED STATES POWER SQUADRONS

5/18/01

OFFICE OF THE NATIONAL TREASURER  
P.O. BOX 30423  
RALEIGH, NORTH CAROLINA 27622

\*\* DUES \*\* 3 01  
INVOICE TO Kimberster  
196 ... Rd  
CT OF -0000

CERT NO	NAME	AMOUNT
E19	George NEW ACTIVE MBR-APRIL	34.00
E19	Joan C NEW ADD ACT MBR-APR	17.00
E15	Lynne NEW ACTIVE MBR-APRIL	34.00
E19	Donna NEW ADD ACT MBR-APR	17.00
E19	Barry S. NEW ACTIVE MBR-MAY	34.00
TOTAL		136.00



### C. Materials/Exam Invoice Explanation Key

- i. The invoice number is generated by computer and is unique for each document. This number will be listed on each monthly Materials Receivable Statement.
- ii. The invoice date is generated by computer and is the date the invoice is produced.
- iii. The order date is the date the order was first entered into the computer.
- iv. The account number and district designation are printed along with the name and address of the Squadron Treasurer.
- v. The certificate number, name, and address of the order's consignee will be listed here.
- vi. Each item ordered will be listed separately. The "item number" is the headquarters inventory number. The description or name of the item follows the number. Then the quantity shipped, the quantity on backorder (if any), and the price for each item and the total price are listed across the page.
- vii. For items that are shipped at no charge to the Squadrons and Districts, "No Charge" will print in the "Total Price" column.
- viii. A service charge is added to each invoice.
- ix. When special handling or shipping methods are requested, that cost is charged to the Squadron or District making the request, and the description and amount will be shown on the invoice. There was no such charge on the sample invoice.
- x. The grand total of the invoice will print next to "Amount Due."

It is not necessary to pay each individual invoice. Headquarters recommends that Treasurers hold the invoices until the end of the month and compare them to the materials receivable statement.

**INVOICE NO** 1138030 **i**

UNITED STATES POWER SQUADRONS  
OFFICE OF THE NATIONAL TREASURER  
P.O. BOX 30423  
RALEIGH, NORTH CAROLINA 27622

**INV DATE** 5/22/01 **ii**  
**ORD DATE** 5/18/01 **iii**

**INVOICE TO** SUEAD **iv**  
Sue C. 6627

**DIST** Sail & **v**  
Dr 33 -0000

**SHIP TO** Joseph R. 1017 **v**  
way , FL 33 -0000

ITEM NO	DESCRIPTION	QTY SHIPPED	QTY BACKORD	UNIT PRICE	TOTAL
0373112	BOAT SMART SM 2001	60		15.00	900.00
0273139	BOAT SMART EX CB 98/01	70			NO CHARGE
0273117	B-EX-ANSWER SHEET ED-26	10			NO CHARGE
0973104	ED-46 BOATING REGISTRTION FORM	10			NO CHARGE
0973118	BOAT SMART CERTIFICATE	10			NO CHARGE
0973119	BOAT SMART WALLET CARD	10			NO CHARGE
0830106	THIS IS USPS (UNIT OF 50) SERVICE CHARGE	100		.07	7.00
					4.00 <b>viii</b>
					911.00 <b>x</b>

**AMOUNT DUE** 911.00 **vi**

### D. Materials Receivable Statement Explanation Key

- i. Squadron account number
- ii. District account number
- iii. The end of the month for which this statement applies
- iv. The Squadron name and the name and address of the Squadron Treasurer
- v. The type of transactions listed on the statement
- vi. Amount listed on the "TOTAL DUE" block on the prior month's statement
- vii. Supporting invoice number
- viii. Payment or credit transaction amount
- ix. The total amount of current month's invoices
- x. The total amount due now

**UNITED STATES POWER SQUADRONS®**  
**P. O. Box 30423, Raleigh, NC 27622**  
**Tel: 919-821-0281 - Toll Free: 1-888-367-8777**

**NOTICE: ALL PAYMENTS ARE AUTOMATICALLY CREDITED TO OLDEST BALANCE**

DN. NO.	TREASURER	DATE
15-05	Peter Ireland 22 Rd 082 NJ	4/30/01

TEAR HERE →

SQDN. NO.	DATE
	4/30/01

MATERIAL/EXAMS ETC  
**STATEMENT**

MATERIAL/EXAMS ETC

PLEASE RETURN STUB WITH PAYMENT

DATE	TRANSACTION	INVOICE NUMBER	AMOUNT	DATE	TRANS	INVOICE NUMBER	AMOUNT
			BALANCE FORWARD			BALANCE FORWARD	
12/01		1022062	245.64			1022062	245.64
24/01		1101022	25.00	4/12/01		1101022	25.00
24/01		1107123	191.59	4/24/01		1107123	191.59
24/01		1107123	29.00	4/24/01		1107123	29.00
30/01		1116151	245.50	4/30/01		1116151	245.50
17/01		0001787	245.64CR	4/17/01		0001787	245.64CR
CURRENT			491.09	TOTAL DUE			491.09
PAST 30				TOTAL DUE			
PAST 60				TOTAL DUE			
PAST 90				TOTAL DUE			
PAST 120				TOTAL DUE			

ALL PAYMENTS ARE AUTOMATICALLY CREDITED TO OLDEST BALANCE

A TOTAL DUE AMOUNT FOLLOWED BY THE LETTERS "CR" IS CREDITED TO YOUR ACCOUNT AND SHOULD NOT BE PAID.

## 4. Fund Raising

Every Squadron and District should have sources of income over and above dues. These other sources will allow your unit to carry out activities that would not be feasible if the unit depended on dues alone. In today's uncertainty of member renewal, it is absolutely necessary to have other sources of income in place. Several programs to consider are noted here.

### A. FUSA Program

The First USA Bank (FUSA) runs an affinity credit card program for USPS. They issue USPS credit cards to anyone who applies and meets their credit standards. The card holder does not have to be a member of USPS. In exchange for letting FUSA solicit our members for a credit card, they give money to USPS. For every accepted applicant who applies on a special USPS application form, bar coded for the Squadron, FUSA gives USPS \$25 that goes directly to the Squadron. As these credit cards are used, one half of one percent of all purchases made goes to the cardholder's indicated Squadron, one tenth of one percent goes to the corresponding District, and four tenths of one percent goes to National. All in all this totals to about \$100,000 per year in USPS' various treasuries.

### B. Co-Op Advertising Program

Your Squadron can recoup money spent on advertising your *Boating Course*, *Boat Smart* or *America's Boating Course*. Some \$30,000 to \$50,000 a year is set aside by National for this program. Up to 50% of the money you spend advertising your *Boating Course*, *Boat Smart*, or *America's Boating Course* will be refunded by National if you apply for it and follow certain procedures.

This advertising/promotional program can take many forms. However, the main focus of Squadron and District advertising/promotion should be the Boating courses and promoting the Squadron and USPS image.

Examples of reimbursable expenditures include:

- Radio, TV, Cable TV advertising or print advertising in newspapers, magazines, tabloids, penny shoppers, or other publications that have local or regional circulation
- Printed material such as flyers, letters, posters, printed place mats, and cards that are posted in community locations, circulated by direct mail or made available for distribution
- Direct mailings, telephone information lines, yellow page listings, and other mass media advertising
- Billboards, banners, and signs that promote the Boating courses and enhance your Squadron's and USPS' image at gas docks or launch ramps, and other materials displayed in the outdoor areas of communities
- Fabricated displays promoting the Boating courses, your Squadron, or USPS that are used at boat shows, parades, shopping mall displays, local festivals, and other activities
- Materials used to produce advertising to promote the Boating courses or the image of USPS on a District or regional basis; several Squadrons may work together on projects with reimbursement of funds shared by Squadrons involved
- Other expenses such as labor for billboard installation or expenses associated with installing signs, building floats, or decorating boats for parades

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Reimbursement will be made at 50% of the actual amount spent for eligible projects up to the allocated amount. Usually, the District Public Relations Officer (PRO) coordinates plans for advertising and reimbursement under this plan. Special forms must be used to participate in the Cooperative Advertising Program. Copies are contained in an information package that is sent to your Squadron PRO. Your Squadron is encouraged to take advantage of this program. Squadron PROs should keep a copy of the information for their records. Be sure to include all required documentation to ensure timely processing.

## **C. Boating Course**

As you know, we teach the *Boating Course*, *Boat Smart*, or *America's Boating Course* for no charge, other than the materials. The course manuals are purchased from Headquarters and resold to your students. Also, for the longer course, some charting tools may be bought from Headquarters and sold to students. These programs can provide substantial income to support your squadron's activities. Be sure that your Educational Department people collect the costs of these materials and send them to you, the Treasurer. You should record where the money came from for bookkeeping purposes.

## **D. Other Courses**

There is a charge for members to take most of our courses and the exams. You should record the names of members taking courses and the amounts of money collected from each for the course material. Be sure that your Educational Department people collect these fees and send them to you, the Treasurer. Record where the money came from for bookkeeping purposes.

## **E. Ship's Store**

National has a Ship's Store. The inventory is material that is of interest to our members. Ship's Store provides a profit incentive for Squadrons and Districts to sell their merchandise. The profit is 20%, provided at least \$250 worth of merchandise is sold. Squadrons often order specific material at members' request for resale, while Districts arrange to have material sent to their semi-annual conferences for showing and sale. Details of the way to make this happen are outlined below.

A responsible person requests materials to be sold at a district or squadron meeting. This request must be submitted to Headquarters no less than six weeks before the intended date of sale. Requests must include the name of the responsible member, date of sale, and shipping address.

Headquarters will prepare and ship the merchandise. Included will be a "USPS Ship's Store Sales Event Control Sheet" listing the items, starting count, and selling price. There will also be columns for end count, number sold, and gross sales, as well as a tally showing gross total, less 20% commission, less shipping and insurance, and net total.

All items that are not sold must be properly repacked and returned to headquarters correctly identified along with the completed Sales Event Control Sheet together with the check covering the net total. This must be sent within three days of the sale. Any damaged merchandise must be separated in the package with a note explaining the problem.

There will be a \$25 penalty if the above instructions are not followed or if unsold merchandise and a check are not received at Headquarters within two weeks of the date of sale.

Orders may be taken for items not included in the merchandise sent. The price of such items can be included in the gross total subject to the 20% commission. Order forms will be enclosed with the kits. You must include packing and shipping charges, as per the chart below, based on each shipping point, plus the name and shipping address.

### **Shipping Charges**

If the individual purchase totals:	
Under \$10.00	add \$4.95
\$10-\$20	add \$5.95
\$20-\$30	add \$6.45
\$30-\$50	add \$6.95
\$50-\$100	add \$8.95
\$100-\$600	add \$10.95
Over \$600.00	add \$12.95

## **F. General Fund Raising**

Every Squadron should have its own fund raising program in place. Some additional ideas that have been successful include garage sales, bake sales, and social activities. Don't forget to include grants from BOAT/US and state governments. Make sure that your fund raising objective does not jeopardize the USPS not-for-profit status. Rereading the section of this manual on IRS will help you here.

## 5. Accounting System

If your Squadron or District does not have a formal accounting system, you should start one. This section will help you to set up your new accounting system.

The first step is to develop a Chart of Accounts (i.e., account numbers). This is the most important item to creating good financial statements. Examples of major accounts:

Assets	account numbers	1000 to 1999
Liabilities	account numbers	2000 to 2900
Fund Balances	account numbers	2901 to 2999
Revenues	account numbers	3000 to 3999
Expenses	account numbers	4000 to 4999 Cdr.'s dept. 5000 to 5999 Executive dept. and so on

### A. Sample Chart of Accounts

#### Balance Sheet Accounts

<b>Assets</b>	
1000	Checking Account
1010	Savings Account
1020	CD Investment
1100	Accounts Receivable
1200	Inventory - Educational Materials
1250	Inventory - Squadron Assets
1400	Other Assets
1700	Fixed Assets - Squadron
1900	Prepaid Items

#### **Liabilities**

2000	Accounts Payable
2200	Notes - Squadron

#### **Fund Balance Accounts**

2900	Fund Balance - Beginning
2910	Restricted Funds-A
2920	Restricted Funds-B
2999	Income Over Expenses-Current Yr.

## **Income & Expense Statements Accounts**

### Income

3000	Income-Dues
3010	Income-Rendezvous
3020	Income-Advertising
3030	Income-Donations
3040	Income-Fund Raising
3050	Income-Educational Classes
3060	Income-Advanced Classes
3090	Dividend/Interest Income

### Expenses (Expand with detail accounts for each department)

4000-4999	Commander's Department
5000-5999	Executive's Department
6000-6999	Educational Department
7000-7999	Administrative Department
8000-8999	Secretary's Department
9000-9599	Treasurer's Department
9600-9999	Other Income/Expense Items

Be sure you leave plenty of space between each account number for future insertion

## B. Sample Financial Statements

### BALANCE SHEET

Date xx/xx/xx

#### Assets

Current Assets	\$ xx,xxx.xx
Checking Account	xx,xxx.xx
CD's	xx,xxx.xx
Accounts Receivable	xx,xxx.xx
Prepaid Items	xx,xxx.xx
Inventory	xx,xxx.xx
Other	xx,xxx.xx
Total Current Assets	\$ xx,xxx.xx
Fixed Assets	xx,xxx.xx
Details	xx,xxx.xx
Accumulated Depreciation	xx,xxx.xx
Total Fixed Assets	\$ xx,xxx.xx
Other Assets	xx,xxx.xx
Total Other Assets	\$ xx,xxx.xx
Total Assets	\$ xx,xxx.xx
Liabilities and Fund Balance	
Current Liabilities	\$ xx,xxx.xx
Accounts Payable	xx,xxx.xx
Other Payables	xx,xxx.xx
Total Current Liabilities	\$ xx,xxx.xx
Long Term Liabilities	xx,xxx.xx
Total Long Term Liabilities	\$ xx,xxx.xx
Fund Balances	
Restricted Funds	\$ xx,xxx.xx
Operating Fund - Start of period	xx,xxx.xx
Undesignated *	xx,xxx.xx
Operating Fund Bal./End of Period	xx,xxx.xx
Total Fund Balance	\$ xx,xxx.xx

\*Excess of income over expenditures

**INCOME STATEMENT**

xx Months Ending xx/xx/xx

## Revenues

Dues Revenues	\$ xx,xxx.xx
Other Income	xx,xxx.xx
Total Income	\$ xx,xxx.xx

## Expenses

Operating Expenses	\$ xx,xxx.xx
Commander	xx,xxx.xx
Executive Department	xx,xxx.xx
Educational Department	xx,xxx.xx
Administrative Department	xx,xxx.xx
Secretary's Department	xx,xxx.xx
Treasurer's Department	xx,xxx.xx
Other	xx,xxx.xx
Total Operating Expenses	\$ xx,xxx.xx

Income over Expenses	\$ xx,xxx.xx
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The above accounts can be used for either a manual or computerized system. The key to a successful accounting system is proper account structure and proper account classifications. Remember, always check the accuracy of entries made before posting to General Ledger Accounts.

The Squadron or District may use the accrual or cash basis of accounting. The accrual method should be used if the system has Accounts Receivable, Accounts Payable, or Materials Inventory on the books. USPS is a non-profit organization that uses the Fund Accounting method, meaning there is a beginning fund balance, reserve funds, allocated funds, and any unallocated funds are added to the ending fund balance. You will find more information in books describing Fund Accounting. Such books are available in bookstores and libraries.

### **C. Manual vs. Computerized Accounting Systems**

A manual accounting system is time consuming and prone to errors. It is better to use a simple computerized accounting system that includes a budget module. The accounting becomes an easy task because you enter each transaction only once, instead of over and over again as in a manual system. Your accounting knowledge can be minimal, because the software has accounting procedures built in. A good understanding of Receipts and Disbursements is all that's needed; the program will do the rest. It will post the monthly transactions to the General Ledger, print all Journals and the Financial Statements, prepare a Budget Analysis, and compare actual with the budget for your meetings.

Next time the Nominating Committee searches for a new Treasurer, the task will be easier when you have a good accounting system in place.

When looking for software, select accounting software versus a spreadsheet application. The reason is that true accounting software has the accounting knowledge built in. Once set up the only task for the Treasurer is entering the deposits and checks, and the software will do the rest.

The software selection criteria should include the following:

- Double entry capability
- Checking that each set of entries has an equal amount for debit and credit entries, prior to posting to General Ledger
- A budget module; some have one annual, while others have monthly budgeting and other variations.
- Financial format options as well as budget vs. actual options.
- Date sensitivity, that is, able to make previous month corrections and reprint the financial statements
- A text editor to allow you to make specific heading changes
- Operation on Windows
- Historical features to keep prior years' data for reference

## **D. Keeping Records**

Important material to be kept for squadron reference

- Auditing and Financial Reports
- Budget Process, Budget Spreadsheet, Budget Analysis, and Previous Budgets
- Operations Manual
- Bylaws: Squadron, District, and National
- District Operations Guide

Squadron and district officers are sometimes puzzled about how long to keep records. The answer can be rather complex. No single listing can be entirely satisfactory, but the schedules on the following pages may be helpful.

The retention period begins at the end of the fiscal year during which the document was created, not from the date on the face of the document. For items supporting tax returns, the retention period would begin on the filing date of the return or its due date (with extensions), whichever is later.

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**SUGGESTED SCHEDULE FOR  
RETENTION OF BUSINESS RECORDS**

**KEY:**

"P" means Permanently, otherwise the figures represent the number of years for retaining the records. "AT" means after termination, and "AD" means after disposal.

<u>Type of Record</u>	<u>Suggested Retention Period</u>	<u>Type of Record</u>	<u>Suggested Retention Period</u>
Accident Reports-Settled.....	7	Correspondence:	
Accounts Charged Off.....	7	Accounting.....	5
Accounts Payable Ledger.....	7	Credit and Collection.....	7
Accounts Receivable Ledger.....	7	General.....	3
Annual Financial Reports.....	P	Personnel.....	7 AT
Articles of Incorporation.....	P	Cost Accounting Records.....	5
Audit Reports.....	P	Deeds.....	P
Authorities for Issuance of Securities.....	P	Delivery Receipts.....	3
Bank Deposit Slips.....	3	Deposit Slip Copies.....	3
Bank Reconciliation Papers.....	3	Dividend Register.....	P
Bank Statements.....	7	Depreciation Schedules.....	7 AD
Bills of Lading.....	5	Equipment Leases (after expiration).....	6
Bonds, Records of Issuance.....	P	Equipment Repair Records.....	3
Budgets.....	3	Expense Reports:	
Capital Stock Certificates.....	P	Departmental.....	5
Capital Stock Ledger.....	P	Employee.....	5
Capital Stock Transfer Records.....	P	Fidelity Bonds.....	3 AT
Cash Receipts and Disbursement Journals.....	10	Financial Reports - Audited.....	P
Cash Sales Slips.....	5	- Annual.....	P
Charge Sales Slips.....	7	- Interim.....	3
Check Register.....	10	Fire Damage Reports.....	6
Checks - Paid and Cancelled.....	7*	Fixed Asset Records.....	7 AD
Commission Reports.....	7	Franchise Agreement.....	10 AT
Contracts:		Freight Drafts, Bills and Claims.....	5
Corporate.....	20 AT	Garnishments.....	3 AT
Employee.....	7 AT	General Journal.....	10
Vendor.....	7	General Ledger.....	P

\*Cancelled checks relating to acquisitions of investments, real or personal property and other important items should be retained for 7 years after disposal of the item.

**SUGGESTED SCHEDULE FOR  
RETENTION OF BUSINESS RECORDS**

- Sheet 2 -

**KEY:**

"P" means Permanently, otherwise the figures represent the number of years for retaining the records. "AT" means after termination, and "AD" means after disposal.

<u>Type of Record</u>	<u>Suggested Retention Period</u>	<u>Type of Record</u>	<u>Suggested Retention Period</u>
Incorporation, Articles of.....	P	Leases .....	7 AT
Insurance Policies (after expiration) .	3	Ledgers and Journals:	
Inventory Records .....	7 AD	Accounts Payable Ledger.....	7
Invoices Issued .....	7	Accounts Receivable Ledger .....	7
Invoices Received .....	7	Cash Journal .....	10
Invoices - Fixed Assets.....	7 AD	Customer Ledger .....	7
		General Journal .....	10
Journal Entries-Year-End .....	P	General Ledger.....	P
		Payroll Journal .....	10
Labor Records:		Plant Ledger .....	P
Applications, Employees .....	7 AT	Purchase Journal.....	10
Clock Records .....	5	Royalty Journal .....	10
Commission Reports .....	7	Sales Journal.....	10
Contracts .....	7 AT	Daily Time Reports .....	5
Stock Ledger.....	P	Voucher Journal .....	10
Disability Claims .....	7 AT	Licenses .....	1 AT
Earnings Records .....	7		
Employee's Service Records.....	7 AT	Maintenance and Repairs:	
Pay Checks .....	7	Buildings .....	7
Personnel Files.....	7 AT	Machinery .....	5
Salary and Wage Rate Changes..	7 AT	Manufactured Stock Records .....	7
Salary Receipts .....	7 AT	Minute Books .....	P
Time Cards and Tickets.....	5	Mortgages.....	7 AT
Unemployment Claims.....	7 AT		
Withholding Exemption		Notes, Cancelled .....	7
Certificates .....	7 AT	Note Register.....	P
Workmen's Compensation			
Reports.....	10		

**SUGGESTED SCHEDULE FOR  
RETENTION OF BUSINESS RECORDS**

- Sheet 3 -

**KEY:**

"P" means Permanently, otherwise the figures represent the number of years for retaining the records. "AT" means after termination, and "AD" means after disposal.

<u>Type of Record</u>	<u>Suggested Retention Period</u>	<u>Type of Record</u>	<u>Suggested Retention Period</u>
Paid Bills.....	7	Stockholders:	
Patent Records.....	P	List of.....	P
Pension Records.....	P	Minutes.....	P
Petty Cash Records.....	3	Proxies.....	P
Plant Acquisition Records.....	7 AD	Reports to.....	P
Property Records:		Surety Bonds.....	3 AT
Account Ledgers.....	P	Tax Records (Federal and State).....	10
Appraisals.....	P	Tax Work Sheets.....	10
Damage Reports.....	7	Tax Bills and Statements.....	10
Deeds, Titles.....	P	Tax Agent's Reports.....	P
Depreciation.....	7 AD	Tax Returns (Copies):	
Plans and Specifications.....	P	Estate.....	P
Purchases.....	P	Gift.....	P
Sales.....	P	Income.....	P
Taxes.....	10	Payroll.....	7
Purchase Order Copies.....	3	Personal Property.....	10
Purchase Invoices.....	7	Sales and Use.....	10
Purchase Journal.....	10	Social Security.....	7
Receiving Reports.....	3	Time Cards.....	5
Remittance Statements.....	3	Title Papers.....	P
Requisitions.....	3	Trademarks.....	P
Sales:		Travel, Employees.....	5
Journal.....	10	Uncollectible Account Records.....	7
Invoices.....	7	Union (Labor) Contracts.....	P
Tax Return.....	10	Vouchers (Copies).....	7
Salesmen's Commission Reports.....	7	Voucher Register.....	10
Securities, Brokerage Slips.....	7 AD	Wage Rates.....	7
Shipping Tickets.....	5	Warrants.....	P
Stock, Capital:		Withholding and Exemption Certificates.....	7 AT
Applications for Issuances.....	P	W-2 Forms.....	7
Certificates Cancelled.....	P		
Sales or Transfers.....	P		
Transfer Books or Ledgers.....	P		

## 6. Budget

The Finance Committee and Budget Committee, working with the Treasurer, should develop a budget for each new fiscal year. A review of past budgets, a breakdown of anticipated departmental income and expenses, and an analysis of how well the Squadron or District operated within those budgets is required in planning future needs. All of these pieces of information should be used to develop a budget.

After a preliminary budget is developed, each department head should have his committee chairmen review the budget so they can determine the financial needs of the department as a whole. These reviews are used by the Budget Committee, the Finance Committee, and Treasurer to prepare the budget for further review. The Squadron Executive Committee will review and approve the needs expressed within the departments as well as the recommendations of the Finance Committee before the budget is presented to the membership for approval. After approval, this becomes the Squadron or District budget for the upcoming year.

Each month you should compare actual revenue and expenses to this budget. After entering and posting all transactions for the month and reconciling all bank accounts, review each account to make sure the transactions were indeed posted to the correct account. Print a preliminary Budget/Actual Financial Statement and review the over- and under-budget accounts. If any look unreasonable, go back to those accounts and analyze the transactions posted. It's possible a transaction should have been charged to another account classification. Make the corrections required, and then reprint your report. It is only by this type of scrutiny that you will find errors and fully understand your reports.

After you have analyzed and reviewed the accounts and the results of operations, you should be able to explain how the cash accounts have changed from the last month's statement. Use your cash receipts and disbursement journals to help with this. If any budget items are over, make sure the amount was approved by the Executive Committee. The Executive Committee should have established a resolution of limited amounts over the budget to cover special situations prior to making any financial commitment. These amounts must be approved before making the commitment.

Always make sure your Squadron is solvent by reviewing the current month, the year-to-date, and potential year-end financial position. Be sure sufficient cash resources are available to pay expenses and carry you through the remaining part of the year. Savings and CD accounts are intended for cash stability and future use and should be used only in extreme emergencies. The Executive Committee should approve any use of these funds.

You should make a complete report to the membership at each meeting. The key to your success is to explain the monthly Financial/Budget Statements so they are easily understood.

## 7. IRS Information

It is the responsibility of the District Treasurer to ensure that Squadrons file their Internal Revenue Service (IRS) forms or report that they do not have to file. This is sometimes like pulling hen's teeth. Many Squadrons believe that because they do not have to file, they do not have to do anything. Not so! They must file a TR-1 form with National that declares that they have filed or that they do not have to file. In order to get Squadrons to do this, a District Treasurer should take several copies of the TR-1 form to the Spring District Conference and urge each Squadron Treasurer or Commander to sign the form right there if it has not already been filed.

The information in this section is designed to provide general guidance. The Internal Revenue Service Code, Revenue Rulings, and Revenue Procedures dealing with the subject matter are voluminous and complex. In the event that you have a set of circumstances that requires further guidance, please consult with your Squadron or District Law Officer and/or a local attorney or CPA with experience in this area of the tax law. Should local resources not be available, or should questions remain, please contact the Law Committee Chairman or the National Treasurer.

In May of each year, you should be thinking about your Squadron's or District's IRS filing obligations. The National Treasurer will send you a reminder letter. Below is some information provided by a member of the USPS Law Committee.

### A. Filing Requirements

- There is no Form 990 or Form 990-EZ filing requirement unless gross receipts, including unrelated business income, are more than \$25,000. Gross receipts are the total amount received from all sources, during the annual accounting period before subtracting any costs or expenses. However, they exclude annual National or District dues collected and not retained by the Squadron.
- File Form 990-EZ (short form) if gross receipts from related and unrelated income are more than \$25,000 but less than \$100,000 and if gross assets at the end of the year are less than \$250,000.
- File Form 990 if your gross receipts, including unrelated income are more than \$25,000 and if gross assets at the end of the year are \$250,000 or more.
- If you are required to file, then you must submit a copy of your Form 990 with Schedule A to USPS Headquarters. If you are not required to file, you must complete and file USPS Form TR-1; copies of this form will be sent to you along with other information at tax time.
- If a Squadron or District receives a "preaddressed form from the IRS," and the Squadron or District is not required to file, check the box in the heading of the Form 990-EZ or Form 990 to indicate that the organization's gross receipts are normally not more than \$25,000, sign the return, and send it to the Internal Revenue Service Center in Ogden, Utah.
- File Form 990-T if gross income from unrelated trade or business is \$1,000 or more. "Gross income" is gross receipts minus the cost of goods sold. "Unrelated trade or business income" is the gross income derived from any trade or business that is regularly carried on, and not substantially related to the organization's exempt purpose or functions. Filing Form 990-T with taxable income will require the issuance of a check for the appropriate tax.

- Filing Form 990-EZ or Form 990 must contain the “Group Exemption Number” assigned to USPS by the Internal Revenue Service. That number is “1041.” It goes in the related header block on page 1 of Form 990-EZ or Form 990.
- Forms 990-EZ, 990, and 990-T must be filed by the 15th day of the 5th month after the end of the tax year, unless an extension to file is granted.
- Forms 990-EZ, 990, and 990-T should be mailed by CERTIFIED MAIL, RETURN RECEIPT REQUESTED, on or before the filing due date, including extensions, to the following address: Internal Revenue Service Center, Ogden, Utah 84201-0027
- While it is not necessary to file by certified mail return receipt requested, it is good practice to file by this method to show proof of delivery.
- Failure to file a Form 990-EZ, Form 990, or Form 990-T creates an unending Statute of Limitations. However, the Statute of Limitations starts to run as soon as a return is filed. In most cases, the Statute of Limitations will be 3 years.
- Forms 990, 990-EZ, and 990-T and the related instructions can be downloaded to your computer from the government’s IRS site.

## **B. Answers to Common Questions and Suggested Guidance**

- A Squadron should include as gross receipts only the portion of annual dues retained by the Squadron. Do not include National or District dues.
- A Squadron or District should include investment income as gross receipts.
- A Squadron or District should include as gross receipts all income from checks for a specific program or event if the checks are made payable to the Squadron or District.
- A Squadron or District should include as gross receipts only the net amounts received from a specific program or event after payment of expenses, if receipts were collected by and bills paid by a member, not the Squadron or District.
- A Squadron or District should include as gross receipts sales of educational materials to members with corresponding deductions for the cost of said materials.
- A Squadron or District should include as gross receipts all income from a fund raiser with corresponding deductions pertaining to the cost of the fund raiser.

## **C. Unrelated Business Income Tax**

Unrelated business income may generate a tax liability for your Squadron or District. Here is some help to determine if you have such a liability.

- Interest income, dividend income, and recognized capital gains (while considered as part of gross receipts) are not gross income from an unrelated trade or business.
- Royalty income generally is not gross income from an unrelated trade or business.
- Rental income from renting real property generally is not gross income from an unrelated trade or business unless it involves debt-financed property.
- Advertising income from ads in rosters and newsletters generally is considered as gross income from an unrelated trade or business.
- Sales of Ship’s Store merchandise, except educational material, generally are considered as gross income from an unrelated trade or business.

- In determining the taxable income from the sale or activities that generate unrelated business income tax, directly related expenses are deductible against the income derived therefrom.
- Income tax due on unrelated business taxable income is computed using corporate tax rates.

## **D. Public Disclosure Requirements**

On 8 April 1999, the IRS issued some new regulations governing the public disclosure requirements for tax-exempt organizations. These concern the organization's application for recognition of tax-exemption, and the organization's three most recent annual information returns, i.e., Forms 990 and 990-EZ, along with all schedules, attachments and supporting documents. If a request for information is made in person, an organization generally must provide the requested information immediately. An exempt organization receiving a written request for information must respond within 30 days from the date the request is received. Organizations are not required, however, to disclose portions of the return that identify the names and addresses of contributors, nor are organizations required to disclose their Form 990-T. In the event that you have a request for any of the above information, please contact the USPS Headquarters Director for further guidance.

## **E. Definition of Gross Receipts**

### **i. District**

Includes:

- Sales of educational materials
- Assessments collected by the Squadron Treasurer and remitted intact to the District Treasurer
- Net amounts (i.e., after expenses) received from events such as dinners or dances if a member, not the District, collects money and pays the bills
- Gross receipts (i.e., before expenses) from events such as dinners or dances if money is paid to the District and the District pays the bills
- Investment income
- Advertising revenue for ads in rosters and newsletters
- Gross receipts of fund raisers
- Any other monies raised for use in attaining or accomplishing USPS goals
- Other income, net of reimbursement and expenses

Does not Include:

- Gross amount received in connection with events such as dinners or dances less reimbursements from members

### **ii. Squadron**

Includes:

- Sales of educational materials
- Squadron dues not including district assessments or national dues
- Net amounts (i.e., after expenses) received from events such as dinners or dances if a member, not the Squadron, collects money and pays the bills
- Gross receipts (i.e., before expenses) from events such as dinners or dances if money is paid to the Squadron and the Squadron pays the bills
- Investment income

- Advertising revenue for ads in rosters and newsletters
- Gross receipts of fundraisers
- Any other monies raised for use in attaining or accomplishing USPS goals

Does Not Include:

- National dues, which are collected by the Squadron Treasurer and remitted intact to the National Treasurer
- Assessments collected by the Squadron Treasurer and remitted intact to the District Treasurer
- Gross amount received in connection with events such as dinners or dances less reimbursements from members

## F. Tax Deductions For Officers and Members

A person who performs services or incurs expenses on behalf of an organization that is tax-exempt under Section 501(c) (3) of the Internal Revenue Code, may deduct certain expenses as a charitable contribution on his Federal Income Tax return. One must itemize deductions to take advantage of these contributions.

The value of personal services is not deductible, but unreimbursed expenses incurred in performing the services may be deducted. Acting in an official capacity for a 501(c)(3) organization qualifies as rendering services to the organization. Serving as an officer or delegate, an instructor or proctor in an educational course, or participating in public service activities such as cooperative charting are examples of service to the organization.

Officers and delegates may deduct transportation expenses to meetings and other activities. Personal auto use may be deducted; the current (2001) rate is 14 cents per mile plus tolls and parking. Items such as depreciation or insurance cannot be deducted. Members participating in cooperative charting cruises may deduct boat operating expenses.

Officers and delegates may deduct travel expenses such as lodging and one half of meal costs, but only if a person is away from home overnight on behalf of the organization. The cost of uniforms worn is deductible. Dues paid to USPS are deductible, less the \$10 value of *The Ensign*.

In addition to the above, members may deduct the expenses of operating a boat on a cruise or predicted log race for instructional purposes, as well as the expenses of operating a boat (no allowance for depreciation or repairs) in connection with a class or course, such as when demonstrating buoys, anchor techniques, laying out and following courses, cooperative charting, and safety instructions.

Your USPS expenses are deductible as charitable contributions and should be shown as part of your charitable deductions on your IRS 1040. You should keep good documentation, as you would for any other charitable contribution.

In summary, officers, delegates, instructors, and members may deduct the cost of attending a meeting at which they perform official duties. Members who are not officers may deduct only the expenses for public services, such as teaching our public courses. You should always consult a tax advisor to determine how these laws affect your personal situation.

## 8. Investing

The bylaws of almost all Squadrons and Districts limit investing to government-backed securities. Recently, the Finance Committee has made available guidelines that loosen those restrictions. Should your Squadron or District be interested in investing in more productive but less secure instruments, you must change your bylaws to permit this.

### A. Depository and Investment Guidelines

Squadrons and Districts of USPS are obligated to their members to employ the highest standards in the handling of monies entrusted to their care. Prudent financial stewardship is expected in all financial matters. Treasurers, Finance Committee members, members of District Council, and Executive Committee members are acting in a fiduciary capacity in the maintenance of and investment of members' funds. They must adhere to the bylaws of USPS and of the Squadron or District and to the provisions of the *USPS Operations Manual*.

### B. Guidelines for Approval of Investment Provisions in Model Bylaws

Upon request by appropriate officials in Squadrons and Districts, the provisions for deposit and investment of funds in approved bylaws may be modified as follows:

*Example:* Section 6.7.6 of Squadron Model Bylaws lists one of the Executive Committee Responsibilities as “With the advice of the Treasurer, designate depositories insured by an agency of the U.S. government in which Squadron funds shall be kept, ... .” It could be changed to read: “Upon recommendation of the Treasurer, designate depositories, which may include those insured by an agency of the U.S. Government or an appropriate money market fund, in which working funds of the Squadron shall be kept and approve investment of Squadron funds as recommended by the Treasurer.” (and/or Finance Committee).

*Example:* Section 2.7.4 of District Model Bylaws lists one of the responsibilities of the Treasurer as “Deposit District funds in financial institutions insured by an agency of the U.S. government and approved by the Council.” This section could read “Deposit working funds of the District in financial institutions insured by an agency of the U.S. Government or in an appropriate money market fund and supervise investments, all as recommended by the Treasurer and Finance Committee and approved by the District Council.”

Circumstances under which changes could be approved are:

- Where the District or Squadron Rules Committee petitions National Committee on Rules for a change as approved by the District Council or Executive Committee of the Squadron.
- Units so interested should state reasons for change including current amount of funds to invest, investment goals, and program for supervision of investments.
- Bylaws so approved should contain wording charging senior executive approving authority (Council, Conference and/or Executive Committee) with at least annual supervisory responsibility.

## C. Working Funds

In general, all units of USPS are expected to maintain a prudent level of working funds in bank deposits or investments insured by the government of the United States. For those Squadrons and Districts that have made provisions in their bylaws for broader investment discretion, the following apply:

- Working funds are considered to be those funds up to approximately 75% of the annual expense budget. These are for month-to-month operation. These working funds must be maintained as provided in the bylaws, perhaps in money market funds or other uninsured investments. Any uninsured money market deposits should be managed by a publicly recognized and institutionally rated money manager and be backed by short-term government bills and notes or investment grade short-term corporate obligations.
- All depositories for working funds other than U.S. Government insured depositories must be approved by the Squadron Executive Committee or the District Council upon recommendation by the Treasurer and Finance Committee, if such provision is made.

## D. Other Funds

Squadrons and Districts that have funds available above the prudent amount required for working funds may find longer term investments to be appropriate. However, any investment of Squadron and District funds in other than government insured deposits or with USPS requires appropriate bylaw provisions and approval as specified in the unit's bylaws. These funds are also subject to "prudent investor" guidelines to execute proper fiduciary responsibility.

Where appropriate approval and circumstances exist, longer term investments may be made to maximize returns to USPS units. The following guidelines are suggested:

- Units of USPS should exercise caution and diligence in the investment choices they approve, recognizing the following:
  1. Knowledge and experience available in officers, committee chairpersons, and outside advisors
  2. Investment goals and time horizons for invested funds
  3. Funds available
  4. Appropriate approval procedures and continuing oversight
- National Headquarters maintains a pooled certificate of deposit program for Squadrons and Districts to invest on a pooled basis to attain large CD rates for smaller investments. National Headquarters deposits and accounts for these funds.
- Where longer term investments are recognized as desirable by the appropriate authority in the District or Squadron, these investments should be limited to investment grade fixed income investments and highly rated equities and mutual funds.
- More speculative investments such as commodities, derivatives, restricted stock, unlisted securities, and narrowly traded issues should be avoided.

- Bylaws should provide for at least annual supervision by the Squadron Executive Committee or District Council. This review should cover investment positions and results and should be compiled by the Treasurer and/or Finance Committee.

## 9. Insurance

USPS carries insurance to protect Districts, Squadrons, and members against lawsuits that might result from certain events. All of this is described well in the *Operations Manual*, under insurance.

Sometimes, the owner of a facility where you want to hold a class or stage an event will require proof of USPS' liability insurance. To get this, phone, write, or e-mail the National Treasurer or Headquarters with the information noted below. The Certificate of Insurance will be promptly issued and sent to the appropriate person.

Squadron name

Type of event

Date of event

Location of event

Name and address of owner of property being used

Normal use of property (e.g., school, library, yacht club)

Portion of property being used (e.g., room name, all)

Rent being paid, if any

Amount of insurance coverage being requested by owner, if specified

Name and address of person to whom Certificate of Insurance is to be sent

Signature with rank and title of person making request

Today's date

## 10. Year End Duties

Your year as treasurer is coming to an end, and a few things are still to be done. This section provides a guide as you close out the year.

### A. Treasurer

- Prepare Internal Revenue Service Tax Form 990 for the Squadron or District, if required. The National Treasurer will send you a letter detailing what is to be done.
- File any Sales Tax Reports, if required.
- Be sure that the books are in good order.
- District Treasurer - Annually submit a report to headquarters stating that all Squadrons in the District have submitted the 990 Tax Return on time and/or that Squadron revenues are less than \$25,000 and Form 990 need not be filed. Also, at least once a year, ask for a copy of each Squadron's Financial Report to review for results of operations and solvency.

### B. Auditor

At your Squadron or District year-end you must prepare the books and records for the annual audit. Things to have ready:

- Approved budget for the year
- Last year's closing entries
- Cash Receipts and Disbursement Journal
- General and other journals
- Twelve months of canceled checks and bank statements
- Receipt vouchers
- Invoices paid
- Other authorizations to disburse funds
- All Financial Statements prepared
- Correspondence

The audit should consist of testing the trail of certain transactions as well as checking on authorizations. At the end of their audit, the Committee should be prepared to write a report of their findings to the Squadron.

The Audit Committee shall examine the following areas:

- **Cash**
  - Obtain copies of bank statements and account reconciliation.
  - Compare bank account statement balance to checkbook balance and trace to ledger account.
  - Review listing of outstanding checks and look for old outstanding checks. Ascertain reasons for old outstanding checks and void or reissue such checks.
  - If the Squadron or District has funds on deposit with the National Treasurer, examine the statement provided by Headquarters.
  - Savings accounts or investment balances shown on the books should be supported by statements or directly confirmed by the institution.

- **Revenue**
  - Primary sources of Squadron or District revenue are dues, sale of educational materials, and interest on savings.
  - Test dues income, multiplying membership count by annual or pro-rated dues amount. Trace deposits to bank statements and books of account.
  - Determine if income from educational sales is promptly deposited and credited to proper accounts.
  - Determine if interest or dividend earnings are properly reflected in the accounts.
  - Other income, e.g., donations and newsletter advertising revenue, should be acknowledged in the minutes of the Executive Committee and credited in the accounts according to their directions.
  - Test all sources of income by comparing to estimates adopted in the current budget. Question material differences from the budget.
  
- **Expenditures**
  - Obtain a copy of the current budget for expenses and any minutes reflecting changes in budget amounts.
  - Determine that expenditures are within budget authorizations for account categories. Examine supporting documents for any disbursements and determine if authorization is correct.
  
- **Other**
  - Some Squadrons own real property and buildings. In this case the Auditing Committee should assure itself that title is properly recorded and held in the name of the organization or trustees of the organization, and that adequate insurance coverage is provided.
  - Other assets of the Squadron (e.g., teaching aids, awards, sextants) should be accounted for. The appropriate bridge officer should be able to verify the location and existence of these assets.

## **C. Turning Over Treasurer's Files and Records**

At the end of the Treasurer's term and after the completion of the audit, all files and records should be in good order for a smooth transfer of responsibilities. Make sure you spend enough time with the new Treasurer to explain duties such as the day-to-day processing, things to look for, and filing timely reports.

