



**VETERANS OF FOREIGN WARS**

**NO ONE DOES MORE FOR VETERANS.**

**DEPARTMENT OF  
PENNSYLVANIA**

**“EFFECTIVE MANAGEMENT  
OF  
HOME ASSOCIATIONS”**

*Jan 2025*

## **ORGANIZATIONAL TIPS**

**The Post and the Home Association have a symbiotic relationship.**

**The Post and the Home Association operate for the benefit of each other. They accomplish this by ensuring that the following is in place.**

- 1. The Post owns all land and buildings.**
- 2. The Post owns all the equipment, furniture, and fixtures in the building.**
- 3. The Home Association enters into a lease agreement with the Post for the use of the building and the equipment, furniture, and fixtures in the building.**
- 4. The terms of the Lease should stipulate that the Post is responsible for the maintenance of all leased equipment.**
- 5. The terms of the Lease should stipulate that the Post is responsible for all utilities and administrative costs.**
- 6. Items 4 and 5 will extend the value of the Small Games of Chance revenue. (The Home Association donates sixty percent of the total SGO C revenue to the Post. The Post utilizes that donation to maintain equipment and pay the utilities and administration costs.)**
- 7. The cost of the lease should not be \$1.00. It is recommended that the cost of the lease be a minimum of \$500.00. The \$6000.00 received by the Post could then budget those funds to pay for life memberships at each meeting when a comrade is present, and his/her name is drawn. The maximum cost of a life membership would be \$425.00 and \$400.00 for a Legacy Life. If a life membership is awarded each month the total cost would be \$5100.00, that would leave \$900.00 that could be used to assist comrades that have difficulty paying their annual dues or reinstate those comrades that have been more than year in arrears.**

**The financial goal of the Home Association should be to break even or come as close as possible to even. The Home Association does not have to make a profit for the Post and Home Association to be financially successful.**

**The only donation the Home Association should make is sixty percent of SGOC revenues and foodstuff.**

**The Post should make all donations to the community, comrades in distress, and selected charitable organizations.**

### **ACCOUNTING TIPS**

- 1. If there are two entities, ensure there is a separate accounting for each. Be especially careful not to switch EIN's.**
- 2. Both organizations are better served by hiring a knowledgeable bookkeeper. This individual will ensure all entries are correct and will be able to prepare reports for a professional to complete IRS form 990 if revenues are greater than \$50,000.00. A 990N can be submitted if the total revenue of the Corporation is \$50,000.00 or less.**
- 3. Utilize prepaid expenses to maintain Assets and manage the bottom line.**
- 4. Ensure all fixed assets are entered into the books. This is important for insurance purposes, if you do not have them listed you will not receive payment for the articles not listed.**
- 5. Fixed assets depreciation schedules are defined by "Which Property Class Applies Under GDS." (Attachment 1)**

## **TRUSTEE QUARTERLY REPORT TIPS**

- 1. Any checking accounts should be listed as per the bank statements.**
- 2. Utilizing the Quarterly Profit and Loss Report, compare revenues to the total amount of Deposits reported in the Bank Statements for the Quarter.**
- 3. Repeat section 2 above to compare expenses.**
- 4. The reconciliation of the last Bank Statement will make available any checks or deposits in transit.**

# Which Property Class Applies Under GOS?

## Terms you may need to know (see Glossary):

Class life

Nonresidential real property Placed in service

Property class

Recovery period Residential

rental property Section 1245

property

Section 1250 property

The following is a list of the nine property classifications under GDS and examples of the types of property included in each class. These property classes are also listed under column (a) in Section B of Part III of Form 4562. For detailed information on property classes, see [Appendix B](#), Table of Class Lives and Recovery Periods, in this publication.

### 1. 3-year property.

- Tractor units for over-the-road use.
- Any racehorse over 2 years old when placed in service.
- Any other horse (other than a racehorse) over 12 years old when placed in service.
- Qualified rent-to-own property (defined later).

### 2. 5-year property.

- Automobiles, taxis, buses, and trucks.
- Any qualified technological equipment.
- Office machinery (such as typewriters, calculators, and copiers).
- Any property used in research and experimentation.
- Breeding cattle and dairy cattle.
- Appliances, carpets, furniture, etc., used in a residential rental real estate activity.
- Certain geothermal, solar, and wind energy property.
- Any machinery equipment (other than any grain bin, cotton ginning asset, fence, or other land improvement) used in a farming business and placed in service after 2017, in tax years ending after 2017. The original use of the property must begin with you after 2017.

### 3. 7-year property.

- Office furniture and fixtures (such as desks, files, and safes).
- Used agricultural machinery and equipment placed in service after 2017, grain bins, cotton ginning assets, or fences used in a farming business (but no other land improvements).
- Railroad track.
- Any property that does not have a class life and has not been designated by law as being in any other class.
- Certain motorsports entertainment complex property (defined later).
- Any natural gas gathering line placed in service after April 11, 2005. See [Natural gas gathering line and electric transmission property](#), later.

### 4. 10-year property.

- Vessels, barges, tugs, and similar water transportation equipment.
- Any single-purpose agricultural or horticultural structure.
- Any tree or vine bearing fruits or nuts.
- Qualified small electric meter and qualified smart electric grid system (defined later) placed in service on or after October 3, 2008.

### 5. 15-year property.

- Certain improvements made directly to land or added to it (such as shrubbery, fences, roads, sidewalks, and bridges).
- Any retail motor fuels outlet (defined later), such as a convenience store.
- Any municipal wastewater treatment plant.
- Initial clearing and grading land improvements for gas utility property.
- Electric transmission property (that is section 1245 property) used in the transmission at 69 or more kilovolts of electricity placed in service after April 11, 2005. See [Natural gas gathering line and electric transmission property](#), later.
- Any natural gas distribution line placed in service after April 11, 2005, and before January 1, 2011.
- Any telephone distribution plant and comparable equipment used for 2-way exchange of voice and data communications.
- Qualified improvement property (defined later) placed in service after 2017.

### 6. 20-year property.

- Farm buildings (other than single-purpose agriculture or horticultural structures).

- b. Municipal sewers not classified as 25-year property.
  - c. Initial clearing and grading land improvements for electric utility transmission and distribution plants.
7. **25-year property.** This class is water utility property, which is either of the following.
- a. Property that is an integral part of the gathering, treatment, or commercial distribution of water, and that, without regard to this provision, would be 20-year property.
  - b. Municipal sewers other than property placed in service under a binding contract in effect at all times since June 9, 1996.
8. **Residential rental property.** This is any building or structure, such as a rental home (including a mobile home), if 80% or more of its gross rental income for the tax year is from dwelling units. A dwelling unit is a house or apartment used to provide living accommodation in a building or structure. It does not include a unit in a hotel, motel, or other establishment where more than half the units are used on a transient basis. If you occupy any part of the building or structure for personal use, its gross rental income includes the fair rental value of the part you occupy.
9. **Nonresidential real property.** This is section 1250 property, such as an office building, store, or warehouse, that is neither residential rental property nor property with a class life of less than 27.5 years.

**Qualified rent-to-own property.** Qualified rent-to-own property is property held by a rent-to-own dealer for purposes of being subject to a rent-to-own contract. It is tangible personal property generally used in the home for personal use. It includes computers and peripheral equipment, televisions, videocassette recorders, stereos, camcorders, appliances, furniture, washing machines and dryers, refrigerators, and other similar consumer durable property. Consumer durable property does not include real property, aircraft, boats, motor vehicles, or trailers.

If some of the property you rent to others under a rent-to-own agreement is of the type that may be used by the renters for either personal or business purposes, you can still treat this property as qualified property as long as it does not represent a significant portion of your leasing property. However, if this dual-use property does represent a significant portion of your leasing property, you must prove that this property is qualified rent-to-own property.

**Rent-to-own dealer.** You are a rent-to-own dealer if you meet all the following requirements.

- You regularly enter into a rent-to-own contracts (defined below) in the ordinary course of your business for the use of consumer property.
- A substantial portion of these contracts end with the customer returning the property before making all the payments required to transfer ownership.

- The property is tangible personal property of a type generally used within the home for personal use.

**Rent-to-own contract.** This is any lease for the use of consumer property between a rent-to-own dealer and a customer who is an individual, which meets all of the following requirements.

- Is titled "Rent-to-Own Agreement," "Lease Agreement with Ownership Option," or other similar language.
- Provides a beginning date and a maximum period of time, not to exceed 156 weeks or 36 months from the beginning date, for which the contract can be in effect (including renewals or options to extend).
- Provides for regular periodic (weekly or monthly) payments that can be either level or decreasing. If the payments are decreasing, no payment can be less than 40% of the largest payment.
- Provides for total payments that generally exceed the normal retail price of the property plus interest.
- Provides for total payments that do not exceed \$10,000 for each item of property.
- Provides that the customer has no legal obligation to make all payments outlined in the contract and that, at the end of each weekly or monthly payment period, the customer can either continue to use the property by making the next payment or return the property in good working order with no further obligations and no entitlement to a return of any prior payments.
- Provides that legal title to the property remains with the rent-to-own dealer until the customer makes either all the required payments or the early purchase payments required under the contract to acquire legal title.
- Provides that the customer has no right to sell, sublease, mortgage, pawn, pledge, or otherwise dispose of the property until all contract payments have been made.

**Motorsports entertainment complex.** This is a racing track facility permanently situated on land that hosts one or more racing events for automobiles, trucks, or motorcycles during the 36-month period after the first day of the month in which the facility is placed in service. The events must be open to the public for the price of admission.

**Qualified smart electric grid system.** A qualified smart electric grid system means any smart grid property used as part of a system for electric distribution grid communications, monitoring, and management placed in service after October 3, 2008, by a taxpayer who is a supplier of electrical energy or a provider of electrical energy services. Smart grid property includes electronics and related equipment that is capable of:

- Sensing, collecting, and monitoring data of or from all portions of a utility's electric distribution grid;
- Providing real-time, **two-way** communications to monitor or to manage the grid; and

- Providing real-time analysis of an event prediction based on collected data that can be used to provide electric distribution system reliability, quality, and performance.

**Retail motor fuels outlet.** Real property is a retail motor fuels outlet if it is used to a substantial extent in the retail marketing of petroleum or petroleum products (whether or not it is also used to sell food or other convenience items) and meets any one of the following three tests.

- It is not larger than 1,400 square feet.
- 50% or more of the gross revenues generated from the property are derived from petroleum sales.
- 50% or more of the floor space in the property is devoted to petroleum marketing sales.

A retail motor fuels outlet does not include any facility related to petroleum and natural gas trunk pipelines.

**Qualified improvement property.** Generally, this is any improvement to an interior part of a building that is nonresidential real property, and the improvement is section 1250 property, is made by you, and is placed in service by you after 2017 and after the date the building was first placed in service by any person.

However, a qualified improvement does not include any improvement for which the expenditure is attributable to any of the following.

- The enlargement of the building.
- Any elevator or escalator.
- The internal structural framework of the building.

**Qualified smart electric meter.** A qualified smart electric meter is any time-based meter and related communication equipment, which is placed in service by a supplier of electric energy or a provider of electric energy services and which is capable of being used by you as part of a system that meets all of the following requirements.

- Measures and records electricity usage data on a time-differentiated basis in at least 24 separate time segments per day.
- Provides for the exchange of information between the supplier or provider and the customer's smart electric meter in support of time-based rates or other forms of demand response.
- Provides data to the supplier or provider so that the supplier or provider can provide energy usage information to customers electronically.
- Provides all commercial and residential customers of such supplier or provider with net metering. Net metering means allowing a customer a credit, if any, as complies with applicable federal and state laws and regulations for providing electricity to the supplier or provider.

**Natural gas gathering line and electric transmission property.** Any natural gas gathering line placed in service after April 11, 2005, is treated as 7-year property, and electric transmission property (that is section 1245

property) used in the transmission at 69 or more kilovolts of electricity and any natural gas distribution line placed in service after April 11, 2005, are treated as 15-year property, if the following requirements are met.

- The original use of the property must have begun with you after April 11, 2005. Original use means the first use to which the property is put, whether or not by you. Therefore, property used by any person before April 12, 2005, is not original use. Original use includes additional capital expenditures you incurred to recondition or rebuild your property. However, original use does not include the cost of reconditioned or re-built property you acquired. Property containing used parts will not be treated as reconditioned or rebuilt if the cost of the used parts is not more than 20% of the total cost of the property.
- The property must not be placed in service under a binding contract in effect before April 12, 2005.
- The property must not be self-constructed property (property you manufacture, construct, or produce for your own use), if you began the manufacture, construction, or production of the property before April 12, 2005. Property that is manufactured, constructed, or produced for your use by another person under a written binding contract entered into by you or a related party before the manufacture, construction, or production of the property is considered to be manufactured, constructed, or produced by you.

## What Is the Placed in Service Date?

### Terms you may need to know (see Glossary):

Placed in service

You begin to claim depreciation when your property is placed in service for either use in a trade or business or the production of income. The placed in service date for your property is the date the property is ready and available for a specific use. It is therefore not necessarily the date it is first used. If you converted property held for personal use to use in a trade or business or for the production of income, treat the property as being placed in service on the conversion date. See [Placed in Service](#) under [When Does Depreciation Begin and End?](#) in chapter 1 for examples illustrating when property is placed in service.

