



Unit Financial Management Manual



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Revision History

DATE	SUMMARY OF REVISIONS
10/30/19	<p>Initial Version –</p> <ul style="list-style-type: none">• Replaces Paymaster Manual• Paymaster title change to Financial Manager• Clarification of roles/responsibilities• Update to authorized Debit Card holders• Update to preparation of Monthly Bank Reconciliation• Update to preparation of Monthly Financial Report• Added Asset Management, Closing of a Unit, Reporting of Unethical Behavior• Asset reporting threshold changed from \$500 to \$1000

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CHAPTER 1: Purpose, Roles, and Responsibilities

1. Purpose

The purpose of this manual is to cover all aspects of Financial Management within the unit. This manual provides guidance for the duties of unit positions as they relate to financial management to include monthly financial reporting and maintaining accurate records/documentation for audit and transparency purposes.

The Young Marines has a responsibility to its members and our federal government to ensure the proper accounting of all funds collected and disbursed. Compliance with generally accepted accounting principles and local, state, and federal reporting procedures ensure that units remain in compliance and transparent at all times. The Young Marines is a federal tax exempt non-profit organization, 501(c)(3), which receives Federal Grant funding. Therefore, it is important to remember that all Young Marines' financial records are a matter of public record and presented, upon request, to Federal, State, and Local Governments and anyone who has contributed to or worked towards fundraiser activities.

Throughout this manual, the term Unit is interchangeable with the terms Battalion, Regiment, and Division. Financial management information that pertains to the unit also pertains to the Battalion, Regiment, and Division since all must submit a Monthly Financial Report **whether they have a bank account or not.**

All questions should be directed to the Headquarters Young Marines (HQYM) at (800) 717-0060 or Ambassador Accounting at (703) 392-0383 for assistance.

2. Roles and Responsibilities

The Unit Commander and Financial Manager (formerly known as the Paymaster) are key positions in performing and overseeing the financial management function within the unit. As such, it is imperative to implement adequate and proper internal controls within the financial management processes to safeguard funds/assets. Segregation of duties is a **key internal control intended to minimize the occurrence of errors or fraud** by ensuring that no member of the organization has the ability to both perpetrate and conceal errors or fraud in the normal course of their duties. Segregation of duties involves separating three main functions and having them conducted by different individuals:

- a. Having custody of funds/assets
- b. Being able to authorize the use of funds/assets
- c. Recordkeeping of assets

This segregation of duties is often difficult to achieve in small units but should be implemented to the extent possible. In some cases, such as the bank reconciliation, it may result in requesting the assistance of a registered Adult Volunteer just to perform that function. However, it is recognized that adequate segregation of duties within some units is not attainable due to the limited number of Adult Volunteers available to assist. Therefore, when the appropriate level of segregation of duties is not attainable, an additional level of review is

necessary. This could be another registered Adult Volunteer from the unit or higher level.

Financial Management duties/responsibilities for staff positions and volunteers is detailed below.

a. Unit Commander

The Unit Commander is responsible for all matters pertaining to the finances of their unit. The Unit Commander is an elected position. The Unit Commander:

- 1) Must be an Adult Volunteer properly registered in the Young Marines' Database prior to their appointment,
- 2) Cannot be related to, married to, live with, or in a relationship with the Financial Manager. This requirement maintains the integrity of the Unit Commander/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately,
- 3) Opens unit bank account,
- 4) Approves unit expenditures,
- 5) Approves/signs purchase receipts,
- 6) Signs all checks issued from unit bank account,
- 7) Deposits funds to unit bank account,
- 8) Reviews and approves monthly bank statement reconciliation,
- 9) Reviews and approves the Monthly Financial Report that includes the bank statement and all supporting documentation,
- 10) Controls and secures a unit Debit Card,
- 11) Must read, understand, and comply with the *Unit Financial Management Manual*.

b. Executive Officer

The Executive Officer, if one is assigned, assists the Unit Commander with designated financial management duties and may serve as a secondary for others. The Executive Officer is an elected position. The Executive Officer:

- 1) Must be an Adult Volunteer properly registered in the Young Marines' Database prior to their appointment,
- 2) Cannot be related to, married to, live with or in a relationship with the Financial Manager. This requirement maintains the integrity of the Executive Officer/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately. **Effective internal controls do not allow oversight of one person by another person in any of the relationships described,**

- 3) Opens unit bank account if Unit Commander is unavailable,
- 4) Approves unit Expenditures if Unit Commander is unavailable,
- 5) Approves/signs purchase receipts if approved signer on bank account,
- 6) Drafts checks if Financial Manager is unavailable,
- 7) Signs all checks issued from unit bank account if approved signer on bank account,
- 8) May prepare monthly bank statement reconciliation if there is not a registered Adult Volunteer available who does not sign checks, maintain checkbook, or make deposits,
- 9) Prepares Monthly Financial Report for Unit Commander's review and approval if Financial Manager is unavailable,
- 10) Reviews and approves the Monthly Financial Report that includes the bank statement and all supporting documentation if the Unit Commander is unavailable,

Note: The Executive Officer cannot sign report as Preparer and Reviewer/Approver.

- 11) Controls and secures a unit Debit Card,
- 12) Must read, understand, and comply with the *Unit Financial Management Manual*.

c. Financial Manager

The Financial Manager, formerly known as the Paymaster, is responsible to the Unit Commander for all matters pertaining to the finances of their unit. The Financial Manager is appointed by and serves at the discretion of the Unit Commander. The Financial Manager:

- 1) Must be an Adult Volunteer properly registered in the YM Database prior to their appointment,
- 2) Cannot be related to, married to, live with or in a relationship with the Unit Commander. This requirement maintains the integrity of the Unit Commander/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately. **Effective internal controls do not allow oversight of one person by another person in any of the relationships described,**
- 3) Ensures the bank signature card has a signer from Headquarters Young Marines or other Higher Command (Assistant Division Commander/Division Commander), the Unit Commander, and the Executive Officer (XO). One additional Adult Volunteer may be added as a back-up at the discretion of the Unit Commander. A copy of the signature card must be on file at National Headquarters,

- 4) Drafts checks,
- 5) Ensures unit checks have the required two signatures (Unit Commander and one other registered Adult Volunteer who is not the Financial Manager),
- 6) Witness all expenditures approved by the Unit Commander,
- 7) Does not allow expenditures of funds more than those that are in the account,
- 8) Ensures there are receipts for all expenditures made by check and/or on the unit debit card. If there is no receipt, the person incurring the expense must reimburse the unit for expenditures,
- 9) Ensures all bills are paid in full in a prompt manner,
- 10) Records and validates deposits to unit bank account,
- 11) **As a last resort**, may prepare the monthly bank reconciliation if there is not a registered Adult Volunteer available who does not sign checks or make deposits or other member serving in a Staff position,
- 12) Reviews and approves monthly bank reconciliation if Unit Commander is not available; however, cannot prepare and review/approve,
- 13) Prepares the Monthly Financial Report and provides to the Unit Commander for review and approval to include the bank statement, reconciliation, and all supporting documentation,
- 14) Submits the signed Monthly Financial Report with supporting documentation to Headquarters Young Marines' accounting firm,
- 15) Maintains all financial records for review to include the Monthly Financial Reports and supporting documentation. Makes all documentation available for inspection to Headquarters Young Marines, Young Marines independent auditors, Young Marines accounting firm, Adult Volunteers and any contributors to the unit,
- 16) Secures checkbook, check register, and financial records,
- 17) Must read, understand, and comply with the *Unit Financial Management Manual*.

d. Adjutant

The Adjutant, if one is assigned, assists the Unit Commander with designated financial management duties and may serve as a secondary for others. The Adjutant is appointed by the Unit Commander. The Adjutant:

- 1) Must be an Adult Volunteer properly registered in the Young Marines' Database prior to their appointment,

- 2) Cannot be related to, married to, live with or in a relationship with the Financial Manager. This requirement maintains the integrity of the Adjutant/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately. **Effective internal controls do not allow oversight of one person by another person in any of the relationships described,**
- 3) Approves/signs purchase receipts if an approved signer on bank account,
- 4) Signs all checks issued from unit bank account if an approved signer on bank account,
- 5) May prepare monthly bank statement reconciliation if there is not a registered Adult Volunteer available who does not sign checks, maintain checkbook, or make deposits,
- 6) Prepares Monthly Financial Report for Unit Commander's review and approval if Financial Manager is unavailable,
- 7) Must read, understand, and comply with the *Unit Financial Management Manual*.

e. Training Officer

The Training Officer, if one assigned, assists the Unit Commander with designated financial management duties and may serve as a secondary for others. The Training Officer is appointed by the Unit Commander. The Training Officer:

- 1) Must be an Adult Volunteer properly registered in the Young Marines' Database prior to their appointment.
- 2) Cannot be related to, married to, live with or in a relationship with the Financial Manager. This requirement maintains the integrity of the Training Officer/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately. **Effective internal controls do not allow oversight of one person by another person in any of the relationships described.**
- 3) Approves/signs purchase receipts if an approved signer on bank account,
- 4) Signs all checks issued from unit bank account if an approved signer on bank account,
- 5) May prepare monthly bank statement reconciliation if there is not a registered Adult Volunteer available who does not sign checks, maintain checkbook, or make deposits,
- 6) Prepares Monthly Financial Report for Unit Commander's review and approval if Financial Manager is unavailable,
- 7) Must read, understand, and comply with the *Unit Financial Management Manual*.

f. Adult Volunteers

Adult Volunteers, registered with the unit, who do not serve in Staff positions with the unit, may assist with the unit financial management responsibilities. In fact, it is preferred that a Adult Volunteer who does not sign checks, maintain checkbook, or makes deposits, prepare the monthly bank reconciliation. Adult Volunteers assisting:

- 1) Must be an Adult Volunteer properly registered in the Young Marines' Database prior to their performing financial management duties,
- 2) Cannot be related to, married to, live with or in a relationship with the Financial Manager. This requirement maintains the integrity of the Volunteer/Financial Manager position since the Financial Manager maintains the financial records and verifies that all funds are used appropriately. **Effective internal controls do not allow oversight of one person by another person in any of the relationships described,**
- 3) Approves/signs purchase receipts if an approved signer on bank account,
- 4) Signs all checks issued from unit bank account if an approved signer on bank account,
- 5) Prepares monthly bank statement reconciliation but must be a different volunteer from one who is authorized to sign checks,
- 6) Must read, understand, and comply with the *Unit Financial Management Manual*.

3. Overview of Responsibilities/Duties

To ensure segregation of duties, each of the following steps should ideally be performed by different individuals who are authorized to perform the respective duty:

- a. Receiver of Funds ≠ Depositor
- b. Depositor of Funds ≠ Performing reconciliation
- c. Receiver of Funds ≠ Responsible for issuing check

The chart below provides a quick reference for the financial jobs/duties of each staff position in the unit and volunteers assisting with unit financial management duties. Segregation of duties is imperative to ensure adequate and effective internal controls. However, it is recognized that adequate segregation of duties within some units is not attainable due to the limited number of Adult Volunteers available to assist. Therefore, when the appropriate level of segregation of duties is not attainable, an additional level of review is necessary.

Note: "Back Up" means this person perform this job/task if the primary individual is not available.

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Job/Duty	Unit Commander	Executive Officer	Financial Manager	Adjutant	Training Officer	Adult Volunteer
Opens the Bank Account	YES	BACK UP	NO	NO	NO	NO
Signer on Bank Account and Checks	YES	YES	NO	YES	YES	YES
Authorizes Expenditures	YES	BACK UP	NO	NO	NO	NO
Signs Purchase Receipts (Must be signer on account)	YES	YES	NO	YES	YES	YES
Drafts Checks	NO	BACK UP	YES	NO	NO	NO
Deposits Funds	YES	NO	NO	NO	NO	NO
Records and Validates Deposits	NO	NO	YES	NO	NO	NO
Reconciles Bank Statements ¹	NO	BACK UP	NO	BACK UP	BACK UP	YES
Reviews and Approves Bank Reconciliation	YES	BACK UP	BACK UP	NO	NO	NO
Prepares Monthly Financial Reports ²	NO	BACK UP	YES	BACK UP	BACK UP	BACK UP
Reviews and Approves Monthly Financial Report	YES	BACK UP	NO	NO	NO	NO
Controls/Secures Debit Card	YES	YES	NO	NO	NO	NO
Secures Checkbook	NO	NO	YES	NO	NO	NO
Maintains Records	NO	NO	YES	NO	NO	NO

¹ If at all possible, an individual other than the person writing/signing checks, maintaining checkbook, or making deposits should reconcile the bank account each month. The Unit Commander should not prepare the reconciliation and the Financial Manager would be considered a last resort due to limited resources.

² Executive Officer may sign as the Preparer or Approver of the Monthly Financial Report as a back-up; however, he/she may not sign as both.

CHAPTER 2: Unit Bank Account

1. Establishment of Unit Bank Account

The Unit Commander is responsible for opening the unit bank account since he/she is the main signer on the account. The Executive Officer may open the account if the Unit Commander is unavailable.

2. Authorized Signatures

The Unit Commander is responsible for determining who will be the signers on the unit bank account. There must be a minimum of three authorized signatures on the bank signature card to include the Unit Commander, any other Unit Adult Volunteer, and one from HQYM (or someone from a higher command element such as the battalion, regiment, or division level who is not registered with the unit). When selecting authorized signers on the account, the following restrictions apply:

- a. They cannot be related to, significant other of or living with each other.
- b. They cannot be the Financial Manager (FM).
- c. They must be a registered Adult Volunteer in the YM Database.

3. Opening a Unit Bank Account

The following guidance is provided to open a unit bank account:

- a. Select a bank that is conveniently located and, if possible, one that will not charge a monthly bank fee.
- b. Ensure that bank is willing to accept ADC/DC or HQYM representative as a signatory on the account that may not be in the geographic area.
- c. Units are encouraged to contact HQYM for a list of banks that are familiar with the Young Marines program and our requirement.
- d. All signers who will be on the signature card (other than the one from HQYM) must be present at the bank for the establishment of the account.
- e. Meet with a bank representative and provide him/her with the following information:
 - 1) Young Marines is a non-profit 501(c)(3) organization. Provide a copy of the Tax Exemption letter (Appendix A).
 - 2) Young Marines requires two authorized signatures on all checks.
 - 3) Young Marines requires someone from HQYM, ADC or DC on the unit account signature card (some financial institutions allow you to mail the card for signature). If your financial institution will not allow you to mail the signature card to HQYM, call Headquarters at 800-717-0060 and ask to speak with the appropriate regional Deputy Director or Director of Finance.

- f. The designated signers will sign all documents prepared by the bank representative.
- g. The bank representative will record the initial deposit and provide a temporary checkbook until the official checkbook arrives at the address on file.
- h. Request a debit card be issued to the Unit Commander and Executive Officer.
- i. **Credit cards are not authorized.**
- j. Set-up on-line access for the account.
- k. Provide a copy of the signature card to all of the designated signers for their records.
- l. Upload Signature Card on to the YMDBS.
 - 1) Log into the Young Marines Database Management system.
Select, "Unit Mgmt."
 - 2) Click on, "Bank Accounts."
 - 3) At the top of the page, select, "Add New Account."
 - 4) Fill out the information accordingly.
 - 5) After the information is saved, HQYM will verify manual entry against the uploaded signatory card.

4. Checkbook and Register

Once Unit checks are ordered and received, the checks must be immediately provided to the Financial Manager for safekeeping along with the check register. A check register keeps track of how much money is in the unit's checking account by recording checks and other transactions in the check register. The Financial Manager may use the manual check register provided by the bank or may choose to maintain an electronic version. Either form is acceptable, and both are considered supporting documentation and maintained with the financial records.

5. Debit Cards

Each unit is authorized to have a maximum of two debit cards issued in the names of the Unit Commander and Executive Officer.

Note: Units may not have credit cards since they are considered a loan and units are not authorized to borrow money.

6. Monthly Bank Reconciliation

A reconciliation of the unit bank account must be performed on a monthly basis. A bank reconciliation is a critical tool for managing your cash balance. Reconciling is the process of comparing the cash activity in your accounting records to the transactions in your bank

statement. This process helps you monitor all of the cash inflows and outflows in your bank account. The reconciliation process also helps you identify fraud and other unauthorized cash transactions. As a result, it is critical for the reconciliation of the bank account within a few days of receiving the bank statement.

If at all possible, an individual other than the person writing/signing checks, maintaining checkbook, or making deposits should reconcile the bank account each month (see Chapter 1: Purpose, Roles, and Responsibilities). If an Adult Volunteer is not available due to limited resources then a member holding a Staff position may perform the reconciliation with the Financial Manager being the least preferred (see Chapter 1: Purpose, Roles and Responsibilities). The Unit Commander should not perform the reconciliation as he/she reviews/approves the reconciliation.

7. Bank Reconciliation Process

If bank statement is received by mail, the unopened statement should be delivered to the registered Adult Volunteer performing the reconciliation. However, if statement is obtained through online account, the Unit Commander (or Executive Officer) should obtain the bank statement, review for any abnormal activity, initial and date prior to providing to the individual performing the reconciliation.

To complete the monthly bank reconciliation, perform the steps below. See Appendix B for a bank reconciliation work sheet.

- a. **Obtain supporting documentation.** Request the check register, all receipts, cancelled checks, deposit slips, invoices, etc. from the Financial Manager to reconcile the bank statement each month.
- b. **Examine the bank statement balance.** Obtain the bank statement as soon as possible. If the unit has online access to the account, the bank statement should be available shortly after that last day of the month. Upon receipt of the statement, note the month-end balance. The goal is to reconcile any differences between the bank balance and the unit's cash account records (check register). This means checking whether each transaction appears both in the unit's records and on the bank statement. The difference between these two balances is due to reconciling items.
- c. **Increase the bank statement balance for any deposits that have not posted (also known as deposits in transit).** There may be a delay between the time a deposit is made at the bank, and the time the deposit is posted as an increase to your bank account. If the funds are deposited at an ATM or at the bank branch, the delay may be brief.
- d. **Decrease the bank statement balance for all outstanding checks.** A cleared check refers to a check that has posted to the bank's records. Any check that has not been cleared by the bank is called an outstanding check. This situation occurs when checks are written in the last day or two of the month. Outstanding checks need to be deducted from the bank balance.
- e. **Increase the checkbook balance for any bank interest earned.** You will not typically know about interest the account has earned until a bank statement is received. Add any interest the bank has credited to the account balance. Until you post the interest to your

records, the amount is a reconciling item.

- f. **Decrease the checkbook balance for applicable bank charges and returned checks.** If the bank statement indicates that a check was returned during the month, due to insufficient funds (bounced check,) the results are that the check amount was not deposited to the account. You will have to deduct the check amount from the cash account records. If the bank charges a fee for depositing a bad check, you will also need to deduct that amount. In addition, the unit will also be charged an overdraft fee if applicable.
- g. Once the reconciliation is complete, the checkbook balance plus or minus all reconciling items should equal the balance per the bank statement. If the formula does not equal, review to determine if an error was made.
- h. If all items reconcile:
 - 1) Sign and date the reconciliation as Preparer.
 - 2) Return check register to Financial Manager.
 - 3) Forward the reconciliation and bank statement to the Unit Commander for review and approval.
 - 4) The Unit Commander reviews the reconciliation and bank statement for accuracy and any fraudulent activity (i.e., forged check, missing checks). If approved, signs the bank reconciliation as Approver and forwards documents to Financial Manager. If fraudulent activity is noted, see Chapter 9: Reporting of Unethical Conduct.
- i. If all items do **not** reconcile:
 - 1) Sign and date the reconciliation as Preparer and note errors found (i.e., unaccounted for checks in register, unaccounted for deposits on bank statement).
 - 2) Forward the reconciliation, bank statement and check register to the Unit Commander for review.
 - 3) If the Unit Commander is able to reconcile after further research, the Unit Commander will note on reconciliation, signs as the Approver, and forwards documents to Financial Manager.
 - 4) If the Unit Commander is unable to reconcile the account after further research, see Chapter 9: Reporting of Unethical Conduct

8. Transferring/Closing of Unit Bank Account

When a unit changes banks, the unit must report the change on the Monthly Financial Report as follows:

- a. Under the Income section: list money deposited into the new account from the old account as "Money transferred to this bank account from another account held by your unit."

- b. Under the Expenses section: list money transferred from the old account to the new account as “Money transferred from this bank account to another account held by your unit.”

A monthly bank reconciliation is required each month until the bank statement reflects a zero balance for the old account.

9. Securing of Bank Information/Documentation

a. Debit Card

The Unit Commander and Executive Officer should be the only individuals in possession of the debit cards. The debit cards should always be kept in a secure location.

b. Checkbook and Register

The Financial Manager (FM) should be the only person in possession of the checkbook and register. The checkbook and register should always be kept in a secure location.

c. Financial Records

The Financial Manager (FM) should be the keeper of all financial records. The unit Records should always be kept in a secure location.

d. Staff Changes

When units experience changes in Staff positions (i.e., due to elections or commander assignments of positions), the following must occur to ensure a smooth transition:

- 2) Unit Commander must decide who will be the authorized signers on the bank account,
- 3) Notify the bank of the change of authorized signers which would require a new signature card to be completed (may require an in-person visit to bank),
- 4) Financial Manager verify mailing address on account and update if needed,
- 5) Notify HQYM of the change,
- 6) Financial Manager ensure there is a signature on the new card from HQYM or ADC/DC,
- 7) Upload Signature Card on to the YMDBS.
 - 1) Log into the Young Marines Database Management system.
Select, “Unit Mgmt.”
 - 2) Click on, “Bank Accounts.”

- 3) At the top of the page, select, "Add New Account."
- 4) Fill out the information accordingly.
- 5) After the information is saved, HQYM will verify manual entry against the uploaded signatory card.

CHAPTER 3: Unit Income and Deposits

1. Categories of Income

There are different types of income that a unit could receive from various sources and generally fall into one of the below categories. **All income must be reported under the Income section of the Monthly Financial Report.**

2. Fundraising Event Income

This is income generally generated by a community activity where goods are sold and/or services are performed. Example: A car wash where donations are collected by the unit in exchange for a car washed by Young Marines from the unit.

3. Contributions/Donations and Unrestricted Grants

A business or individual makes a donation to the unit and places no restriction or any condition on how it is to be spent. This type of donation is preferred.

4. Restricted Donations and Grants

Funds are given to the unit and the donor specifies that the money is to be spent in a specific manner or for a specific purpose. Examples include: 1) A local business gives your unit a check to defray the cost of your unit's trip to Pearl Harbor, 2) If you stand out in front of a local grocery store collecting donations and the sign on the donation jar states "Your donations will help fund our trip to Pearl Harbor to honor our veterans". These are restricted donations. All money collected must be spent on the Pearl Harbor trip and must be accurately accounted for.

Note: If it is your intent to raise money to be used for general unit purposes, the sign should read "Your donations will help support our unit". This qualifies as an unrestricted donation.

5. Unit Fees

These are fees and expense reimbursements paid by parents to support the unit and its activities. Examples are:

- a. Unit Registration Dues and Fees
- b. Unit Event Fees
- c. Uniforms and Gear
- d. SPACES and NDSP Registration Fees
- e. ALC Registration and Expenses

6. Funds Received from other Unit/Battalion/Regiment/Division

This type of income may occur when hosting a local encampment and other units are sending your unit the registration fees to help defray the costs. When reporting this income on the Monthly Financial Report, it is important to list the full name of each unit that sent you money

and the amount.

7. Funds Received from Headquarters Young Marines

This type of income occurs if your unit has donations that are sent to Headquarters that they are then sending on to you. These donations should be recorded as unrestricted donations. If you receive funds from Headquarters for any other reason, please contact the Director of Finance or Ambassador Accounting to determine how this income is to be recorded in your unit records and how to report it on the Monthly Financial Report.

8. Interest/Dividend Income

Unit bank accounts may accrue interest income which must be reported on the Monthly Financial Report. Interest/dividend income is recorded in the check register during the monthly bank reconciliation process (see Chapter 2: Unit Bank Account).

9. In-kind Donations

In-kind donations are a kind of charitable giving in which, instead of giving money to buy needed goods and services, the goods and services themselves are given. In-kind Donations are distinguished from gifts of cash (donations) and are recorded in the In-kind Donations section of the Monthly Financial Report. Only non-monetary items donated to the unit valued over \$1000 are reported and itemized.

10. Forms of Income

a. Cash and Checks

The most common forms of unit income are cash and checks. Cash is the most liquid of assets and is susceptible to loss if not properly controlled. Therefore, it is extremely important all units handling cash implement and adhere to strong internal controls. When handling cash and checks:

- 1) For cash collections, **always** have a minimum of two collectors and counters throughout the entire period you are taking in cash. No one individual should ever be left alone with the cash. The cash should never be left unattended.
- 2) Provide a pre-numbered receipt form to each individual for all collections. See Receipt Book below for guidelines and copy distribution.
- 3) Complete the Cash Verification Form (see Appendix C) for cash only. Two individuals must sign the form verifying the amount received.
- 4) Once the cash has been counted and verified by no less than two individuals, the cash should be placed in an envelope, to include any checks received, with the Cash Verification Form. The envelope must be sealed, the envelope flap initialed by the counters and delivered to the Unit Commander.
- 5) The Unit Commander confirms the cash and checks equal the amount recorded on the Cash Verification Form and prepares the Deposit Detail Form (see Appendix D).

- 6) The Unit Commander makes a copy of the checks received and prepares the bank deposit slip. (See Deposits below.)
- 7) The Unit Commander should deposit as soon as possible, but never more than 72 hours later unless there are extenuating circumstances.
- 8) Cash and checks should always be held in a secure location to prevent theft.
- 9) Once the deposit has been made, the Financial Manager verifies that the total on the validated deposit slip matches the Deposit Verification Form and signs off on the deposit slip.
- 10) The Financial Manager attaches the Cash Verification Form and the Deposit Detail Form and copies of checks to the validated deposit slip for the file.
- 11) If you withdraw money to use as a change fund for an activity, make a separate deposit that matches the amount withdrawn. It shows the money was returned to the account and was not included as income for the activity.

b. Credit Card Receipts

Accepting credit card payments through entities such as PayPal and Square is convenient and more reliable (no bounced checks). However, the Financial Manager must ensure there are adequate records to support the deposits.

- 1) Keep a deposit detail showing who paid, what it was for, and the amount. (PayPal and Square have reports that you can print showing who paid and how much they paid—just indicate what it was for next to the amount on the report.)
- 2) Print off a Transaction Detail report (similar to a bank statement) to put with each month's records.

Note: Whichever credit card processing method/application you choose to use, you need to complete a separate monthly financial report for it and be able to provide a corresponding report like a bank statement showing the transaction details, fees, and any beginning and ending balances.

c. Receipt Book

All units must have pre-numbered receipt books on hand to record monies received. The following guidelines apply:

- 1) Anytime you receive a payment, cash, check or credit card, write a receipt and provide a copy to the person for their records.

Note: This may not be feasible during fundraising events such as carwashes.

- 2) The unit's portion of the receipt retained must indicate the amount received, date, and the purpose of collection (registration, encampment, SPACES, fundraiser, etc.)
- 3) **If the person declines a receipt, you still must write a receipt for your**

records—especially if you receive cash.

- 4) Attempt to get the payer to confirm the amount and sign the receipt particularly when it is cash so there is no question or discrepancy about the amount received.
- 5) Giving receipts protects you and the person who pays you especially when dealing with cash.
- 6) It is recommended that you use the receipt books available through Headquarters. The receipt books are in triplicate, so the top copy goes to the payer, the next copy goes with the corresponding deposit receipt and deposit detail, and the last copy stays in the book and is not perforated (to have a running list kept in the book).

1. Deposits

If possible, it is recommended to separate deposits by each type of income (Fundraiser, Donations, Dues/Registration, Other) to allow easier preparation of the Monthly Financial Report and clearer recordkeeping for audits. For example, if fundraising income and uniform income are collected and the unit intends to deposit the funds on the same day, separate the two deposits on separate deposit slips noting the source of income on each deposit slip – fundraising and uniforms, respectively. However, this may not be possible if the unit receives a check for multiple income types.

Supporting documentation must be maintained for every deposit. All deposits must have a validated deposit slip, Deposit Verification Form, copies of receipts, copies of checks and, if applicable, supporting documentation for payments received by credit card.

CHAPTER 4: Unit Expenses and Purchases

1. Categories of Expenses

There are different types of expenses/purchases that a unit will incur and generally fall into one of the below categories. **Record all expenses/purchases in the Expense section of the Monthly Financial Report.**

a. Unit Activities

This expense captures the funds spent to support unit activities such as trips, parades, sporting, events, etc.

b. Fundraiser Expenses

This expense is commonly generated when the unit participates in a community activity where goods are sold and/or services are performed and there are costs associated with the activity. Examples include carwash supplies, meat sticks, wreaths, candy, and food during the fundraiser.

c. Asset Purchases

Units may purchase assets for Young Marines' use; however, only a purchase of one single item that costs over \$1000 is recorded on the Monthly Financial Report. Examples of a single item over \$1000 include the purchase of a computer, trailer, tent, or bus. (See Chapter 6: Asset Management)

d. Funds Paid to other Unit/Battalion/Regiment/Division

This type of expense may occur when attending a local encampment hosted by another unit and registration fees are paid. When reporting this expense on your Monthly Financial Report, it is important to provide the following information:

- 1) list the full name of each unit's name and the exact amount paid,
- 2) if payment is made to multiple units, do not add total together – list each unit separately,
- 3) do not abbreviate the name of the unit.

e. Funds Paid to Headquarters Young Marines

This expense captures all payments made to Headquarters Young Marines either electronically (through the Young Marines database) or by check.

f. Other Expenses

On the Monthly Financial Report, the category of Other Expenses is used to capture the miscellaneous expenses units may incur. This section includes items such as bank fees, returned check fees, debit card fees, PayPal and Square fees. However, if fees are incurred related to accepting credit cards (i.e., PayPal and Square fees) as part of a fundraiser, these

fees must be reported under Fundraiser Expenses on the Monthly Financial Report. Fees are recorded in the check register during the monthly bank reconciliation process (see Chapter 2: Unit Bank Account).

2. Purchase Authorization

Any Adult Volunteer may make purchases on the unit's behalf at the discretion and with permission of the Unit Commander. All purchases must be pre-approved. Documentation of the authorization can be for one-time or routine expenses as described below.

- a. Items that are non-recurring, "one-time", and/or high dollar-value purchase may be pre-authorized by one of the following:
 - 1) Expense Pre-authorization Form (see Appendix E),
 - 2) memorandum from the Unit Commander,
 - 3) printed e-mail from the Unit Commander or an Adult Volunteer that is authorized by the Unit Commander to approve purchase on behalf of the unit,
 - 4) a list of graduating recruits to support a uniform purchase signed by the Unit Commander.
- b. Routine expenses such as food for drill or office supplies can be pre-approved by a written Blanket Authorization from the Unit Commander that provides the below information:
 - 1) items that may be purchased,
 - 2) quantity limitations,
 - 3) dollar amount limitations.

3. Reimbursement for Purchases

Supporting documentation for all expenses must be provided to the Unit Commander or Financial Manager along with the pre-authorization documentation for reimbursement. A description of the activity, event or purpose for the purchase must be written on all receipts, bills, invoices and/or reimbursements along with the required signatures. Examples: chow for drill, uniforms, Young Marine Ball, office supplies, carwash. If the receipt is for meals related to a meeting on a specific topic, the names of all in attendance and the topic of discussion must be written on the receipt. All receipts for purchases, whether paid by check or debit card, require two signatures on each receipt to verify that the purchases are valid (must be signers on the unit's bank account). Exceptions to this rule can only be made by the Unit Commander and only in cases where receipts are not available (a brief explanation must be provided) or in the case of reimbursement for mileage. The below details the supporting documentation required for reimbursement.

a. Purchases by Cash

Cash should only be used to make payments as a last resort, when absolutely no

other option is available. You should always try to use a check or debit card as the method of payment for all expenses. If a cash payment cannot be avoided, it is extremely important to have all of the receipts to support the purchase as valid.

If cash is withdrawn from the unit's bank account to make a purchase, the following must be provided as supporting documentation and all items must have the appropriate signatures:

- 1) Pre-authorization from Unit Commander
- 2) The ATM withdrawal slip.
- 3) The receipt indicating the items purchased.
- 4) Dual signatures on receipts (must be signers on the bank account)
- 5) The deposit slip showing the deposit of the unused funds (it is rare that you make a withdrawal and spend the EXACT amount that you withdrew—you must re-deposit the difference).
- 6) Reimbursement Authorization Form (Appendix F), if applicable. (For example, a parent or Adult Volunteer may need to make a purchase using personal funds. To be reimbursed, Reimbursement Authorization Form must be completed and two signatures confirming the expenses are valid. **Never use cash to reimburse expenses.**)

b. Purchases by Check

When paying for purchases using the unit's bank account, the Financial Manager drafts the check and all checks must have two signatures to be considered valid. Payments by check must have the following supporting documentation and all must have the appropriate signatures. Supporting documentation includes:

- 1) Check stub or copy of the check (if not available, write the date paid, amount paid, and the check number on the receipt)
- 2) Copy of bill or invoice
- 3) The receipt indicating the items purchased.
- 4) Dual signatures on receipts (must be signers on the bank account).
- 5) Copy of approved Reimbursement Authorization Form (see Appendix F), if applicable. (For example, a parent or Adult Volunteer may need to make a purchase using personal funds. To be reimbursed, Reimbursement Authorization Form must be completed and two signatures confirming the expenses are valid. **Never use cash to reimburse expenses.**)

c. Purchases by Debit Card

Using a debit card in place of a check is convenient but needs the same supporting documentation and signature verification that a check requires. The Unit Commander and

Executive Officer maintain the debit card. Payments by debit card must have the following supporting documentation and all must have the appropriate signatures. Supporting documentation includes:

- 1) Copy of bill or invoice
- 2) Online Receipt
- 3) Store Receipt
- 4) Dual signatures on receipts (must be signers on the bank account).

4. Reimbursements for Events/Activities

Commanders of their respective levels can authorize reimbursements for activities within their command. Only authorized Headquarters Young Marines personnel may approve or deny submitted requests for reimbursement for Headquarters sponsored events and activities. All funds are to come from the respective command's account.

a. Authorization

Authorization must be obtained prior to an event or activity for financial support from Headquarters Young Marines or respective level. The corporate officers from Headquarters Young Marines have full discretion as to how much money is reimbursed to any person for any activity, regardless whether at unit, battalion, regiment, division or national level. Headquarters and respective commander levels will give an explanation if the requested amount is not approved.

b. Authorized Expenses

The following expenses may be authorized for events and activities. Reimbursement will be made using the Field Activity Expense Report (FAER,) Appendix G.:

- 1) Lodging: Commercial establishments with nightly, weekly or monthly overnight rates. The established reimbursable rate for lodging is \$120.00 per night. Itemized receipts and proof of payment is required for reimbursement consideration. Only room rate and tax will be reimbursed.
- 2) Air Transportation: Economy commercial air transportation used to travel to and from an authorized Young Marines activity. All air transportation must be authorized by respective command level prior to the purchasing of any ticket. Proof of payment and travel must be provided for reimbursement consideration.
- 3) Ground Transportation: Public or private vehicles such as automobiles, taxis, buses, trains, etc. Regardless whether traveling in public or private means, proof of transportation is required for consideration of reimbursement. Gratuity will not be reimbursed.
 - a) Private Conveyance: The established rate is \$ 0.54 per mile for private forms of transportation. This rate applies only to the driver, regardless of number of

passengers in the vehicle. The driver must write down the starting mileage and the ending mileage on the FAER. Headquarters and respective command levels will verify the distance to validate the mileage. Receipts are not required, as Headquarters Young Marines (HQYM) will not reimburse gasoline, unless otherwise authorized.

- b) Public Conveyance: All forms of public transportation must be pre-authorized to receive consideration of reimbursement. Receipts are required.
- 4) Emergency Transportation: Emergency claims are an after-the-fact case-by-case basis. All emergency claims must have receipts and a formal letter of explanation for consideration.
- 5) Meals: Young Marines members on authorized Young Marine business are authorized no more than \$50.00 per working day meal rate. Itemized receipts are required for reimbursement consideration for meals. Gratuity and alcoholic beverages will not be reimbursed.
- 6) Other / incidentals: Expenses not covered by the lodging, air transportation, ground transportation, or meals. Such costs incurred include but are not limited to parking fees, toll fees, supplies, etc. If you are unsure if your expense is a valid incidental purchase, provide letter of explanation for consideration.

c. Tracking Expenses

Ensure all original receipts are maintained and do not mix personal matters with Young Marines' business. All receipts must show the form of payment, date, and an itemized list of the purchase(s). Expenses on the receipt shall be labeled using the categories of expenses on the Monthly Financial Report. Reimbursement requests will not be honored without an itemized receipt. If a receipt is not provided at time of purchase, a brief explanation should be kept with the records indicating the amount, purpose, and date of expense.

Commanders are responsible to ensure that no prohibited item or service is reimbursed. Such items are, but not limited to, alcohol, tobacco, or items/goods alike. If unauthorized or prohibited items are present on receipts, commanders are to scratch out the item and amount, initial the correction and recalculate the total.

If cash is used, a running tally or spreadsheet of expenditures shall be kept. Receipts supporting these expenditures must be attached to the tally or spreadsheet. If there is remaining money, it shall be re-deposited into the bank and the deposit slip shall be attached to the cash tally or spreadsheet.

d. Payment

A Field Activity Expense Report (FAER) (see Appendix G) with all supporting documentation noted above must be submitted to their respective command level **within 30 days of the activity or function** or it will be denied. All approved reimbursements, regardless of level of command, will be paid by check to the name and address written on the reimbursement form.

5. Accountability

By signing and submitting the Field Activity Expense Report (FAER,) the claimant certifies that they have not received any reimbursement for the requested expenses and is not profiting from the requested amount. Any member attempting to receive payment for an already reimbursed expense and/or is attempting to profit from the request will have legal action taken against him/her.

At any given time, any reimbursement request, processed or pending is subject to scrutiny and all documentation must be produced upon request by the Headquarters Young Marines (HQYM.)

CHAPTER 5: Monthly Financial Report

The Monthly Financial Report is a monthly report that provides the financial activity that has occurred within the unit during the previous month for financial reporting purposes. **Therefore, the Monthly Financial Report should mirror the unit's check register (not the bank statement).** While the Monthly Financial Report and monthly bank reconciliation contain some of the same information, they serve different purposes and provide different levels of detail. The monthly bank reconciliation is a tool to monitor all of the cash inflows and outflows in your bank account. The reconciliation process also helps you identify fraud and other unauthorized cash transactions. As a result, it is critical for the bank account to be reconciled within a few days of receiving the bank statement and performed by an individual that does not sign checks or make deposits. Since the closing date of bank statements do not usually occur on the last day of the month, the end of the month balance of the check register may not be the same since deposits or purchases may have occurred after the closing date.

It is important to remember that the bank reconciliation is balancing the checkbook at a point in time and the Monthly Financial Report reflects all activity occurring within that month. For example: The bank statement closing date is the 20th of the month, the bank reconciliation is completed on the 23rd, and a fundraiser is held on the 25th. The deposit from the fundraiser would not be included on the bank reconciliation since the bank statement and check register would balance on the 23rd (point in time). However, the deposit from the fundraiser is activity that occurred for the month and must be recorded on the Monthly Financial Report to reflect all activity occurring within the reporting month.

1. Preparing the Monthly Report

The Financial Manager prepares the Monthly Financial Report (see Appendix H) using supporting documentation received from the Unit Commander. The report consists of two pages. Page 1 contains the Income and Expense information for financial reporting purposes and Page 2 contains the detailed Income and Expense information maintained by the unit for recordkeeping and audit purposes.

a. Financial Information

Ensure the following when preparing the report:

- 1) Include the following in the top section of the report:
 - a) Name of unit: Do not abbreviate name or use initials. Provide full name of unit and include name of state.
 - b) Month/Year: Month and year of activity reported.
 - c) Type of Account: A report is required for each account (checking, savings, PayPal, Square, etc.)
- 2) Beginning Balance:
 - a) agrees with the ending balance from the prior month's report
 - b) agrees with the 1st day of the month's balance in check register for the**

month reported on

3) Ending Balance:

a) agrees with the last day of the month's balance in check register for the month reported on

To assist with preparing the Income and Expenses sections of the report, refer to:

- 1) Chapter 2: Unit Bank Account (Transferring/Closing Unit Bank Account)
- 2) Chapter 3: Unit Income and Deposits
- 3) Chapter 4: Unit Expenses and Purchases

b. Review Process

The Monthly Financial Report and all supporting documentation (bank statement, bank reconciliation, deposit slips, receipts, etc.) must be reviewed/approved prior to submission for accuracy, validity, and completeness as follows:

- 1) The Unit Commander must review/approve the unit's Monthly Financial Report each month prior to submitting to Ambassador Accounting.
- 2) The Battalion Commander must review/approve the battalion's Monthly Financial Report each month prior to submitting to Ambassador Accounting.
- 3) The Regimental Commander must review/approve the regiment's Monthly Financial Report each month prior to submitting to Ambassador Accounting.
- 4) The Division Commander must review/approve the division's Monthly Financial Report each month prior to submitting to Ambassador Accounting.

c. Signatures

Each report must have TWO signatures to be deemed compliant.

- 1) The signers cannot be related, married or otherwise in a relationship.
- 2) The signers have to be registered Adult Volunteers (preferably the Unit Commander and Financial Manager.)

Electronic signatures are acceptable; however, the signers must review all supporting documentation prior to signing.

2. Monthly Financial Report Submission

a. Report Due Date

The report is due the first day of each month. The units have 30 days to prepare and submit the report (i.e. May report is due on July 1st).

b. Required Documentation

The monthly submission includes the following documentation:

- 1) Page 1 of the Monthly Financial Report
- 2) All pages of the unit's bank statement that reflects activity and:
 - a) the beginning and ending balances
 - b) bank's name, address, and account number
- 3) Bank reconciliation if the ending balance is different than report balance

c. Report Delivery

Submit Monthly Financial Reports to Ambassador Accounting by the following methods:

- 1) Email (Best Method): YMMonthlyReport@gmail.com
 - a) Attempt to scan the attachments all together as one PDF file when possible
 - b) Ensure the correct file is attached to the email
 - c) Ambassador Accounting will provide a confirmation email
- 2) Fax: 703-361-1765
 - a) Verify that it is not upside down
 - b) Make sure you receive a confirmation report
- 3) Mail: Ambassador Accounting 7521 Presidential Lane, Manassas, VA 20109
 - a) Least preferred method as mail could take several days, may get lost, and there is no confirmation of receipt.

d. Compliancy

The Headquarters receives a Compliancy Report every Wednesday that provides a listing of the delinquent units. If a unit does not submit a Monthly Financial Report by the required due date the unit is deemed non-compliant and the unit's charter is automatically suspended without notice. The Deputy Director(s) sends an updated compliancy report weekly to the Division Commanders. The Division Commanders are responsible for informing their subordinates of the delinquent units and providing assistance for the unit to become compliant. The unit is subject to the following penalties:

- 1) Delinquent units are locked out of the Young Marine Database and are prohibited from conducting or participating in any activity or event involving Young Marines. This includes but is not limited to regular drills, fundraiser events, encampments, and

SPACES.

- 2) Headquarters Young Marines will provide information on requirements needed to become compliant again. However, support services will not be provided to non-compliant units.
- 3) Non-compliant units will not be covered under the Headquarters' liability insurance.

If the Monthly Financial Report was submitted on time but the unit is locked out of the database, verify that the correct report was submitted, and confirmation was received (email or fax). If you did submit the correct report and have confirmation, call Ambassador Accounting at 703-392-0383 to inquire why the unit is locked out. If there was an administrative error, Ambassador Accounting will contact Headquarters immediately to have the unit unlocked.

Common reasons units are locked out include:

- 1) report sent to wrong email address
- 2) report was not sent in the current month that is due
- 3) the fax did not transmit properly
- 4) the fax was upside down during transmission
- 5) the report was lost in the mail

CHAPTER 6: Asset Management

1. Definition

Asset management, broadly defined, refers to any system that monitors and maintains items of value. All physical tangible assets of any “in-kind” donation or assets purchased with a value of \$1000 or more (single purchase) must be accounted for and reported on the Monthly Activity Report as an expense.

2. Acquisition of an Asset

When a unit purchases or receives an “in-kind” donation of any single tangible item valued \$1000 or more, the unit must:

- a. enter the item in the YMDBS under “Inventory” and include the purchase value or estimated retail value for “in-kind” donations
- b. record as an expense on the Monthly Activity Report as an expense for financial reporting purposes

3. Disposal or Sale of an Asset

When an asset has reached the end of its useful life:

- a. recycling and/or scrapping is the preferred method of disposal for items deemed unserviceable and is determined to have little or no commercial value beyond its basic material content and is not functional
- b. may be sold or donated to another organization or entity if no longer usable by the unit
- c. YMDBS unit inventory must be updated to reflect the status of the asset
 - 1) If disposed: provide a short explanation of the item’s disposition in the notation box correlating to the item.
 - 2) If sold: enter the item’s value and notes in the notation box.
- d. The unit must reflect the sold price as income on the Monthly Activity Report.

4. Monitoring of Assets

Units can access an inventory database report at any time to review and reconcile as needed. All units are required to review, make any necessary changes and resubmit their inventory annually as part of re-registration.

5. Documentation

Units must maintain all supporting documentation pertaining to an asset which is subject to inspection for the operational life of an asset. For assets that are sold, disposed or recycled,

records relating to the asset must be maintained for an additional two years. Supporting documentation may consist of the following:

- a. Purchase receipts, purchase orders and invoices
- b. Bill of Sale and transfer documents
- c. Donation or recycle receipts
- d. Defense Logistics Agency (DLA, known as DRMO or DRMS) documentation in accordance with established DLA federal excess property policies

CHAPTER 7: Recordkeeping

1. Purpose

Good recordkeeping is essential and ensures that:

- a. You can easily access information by month.
- b. You can quickly and accurately answer questions that parents, or other Adult Volunteers, may have regarding payments they have made, fundraiser totals, expenses that the unit has incurred, etc.
- c. The Financial Manager will easily be able to prepare an accurate Monthly Financial Report.
- d. It reduces the risk of theft and/or embezzlement.
- e. You will have a smooth transition when there are changes in leadership positions.
- f. You will have a smooth internal or external audit/review.
- g. The Monthly Financial Report is considered a matter of public record.

2. Audit Readiness

All units, battalions, regiments, and divisions are subject to the annual financial statement audit at the end of the fiscal year. Commanders will be notified by Headquarters Young Marines if they have been selected for the audit. All monthly reports, supporting documentation with receipts, bank statements, etc. will be required for the audit time period designated by the independent auditor.

Failing to comply with the above auditing procedures will mean automatic suspension for one year or dissolution of Unit, Battalion, Regiment, or Division.

3. Organizing and Storing of Records

To aid the unit in organizing and storing the unit's financial records, it is recommended that the unit use one folder per month to maintain the following records:

- a. Monthly Financial Reports
- b. Bank Statements/Transaction Statements (to correspond with all reports)
- c. All Deposits: Staple together Deposit Detail, Deposit Receipt from bank, any copies of checks, and any copies of receipts from the receipt book.
- d. All Supporting Documentation for Purchases: Store Receipts, bills, invoices (printed off copies of invoices that you pay online).
- e. Any other reports such as bank reconciliations, reports from QuickBooks or other accounting software (if you use it—not required).

- f. Copies of any cancelled checks you receive from your bank.
- g. Keep everything (in order by month) in one box per fiscal year (Young Marines fiscal year is from October through September).
- h. Maintain all financial records, to include receipts, for five years.

4. Tracking Credits for Individual Young Marines

Maintaining money accounts for individual Young Marines is prohibited. Units will need to utilize a “points system” to keep track of their individuals’ contributions for high selling, performing, participating in fundraiser activities, etc. The Internal Revenue Service prohibits the designation of funds into individuals’ accounts to reward or give him/her payment for work done such as participating in fundraiser activities (the IRS would consider this as taxable income). Therefore, if the unit decides to have individual accounts, you will need to assign point values or some other measure, not dollars, to reflect levels of performance. The individual can use these points to help qualify for trips, uniforms, merchandise, etc. However, the Young Marine and their parents must understand that these points have no cash value and are not transferrable if they leave the unit.

5. Forms

All forms described throughout this manual and contained in the appendices are located in the Young Marines online library. Forms are available for download for unit’s use.

6. Training

Financial Management training materials and tutorials are available on the Young Marines online library.

CHAPTER 8: Dissolution of a Unit

A Young Marines unit may be dissolved through either a command or Headquarters Young Marines decision. The below guidance is provided to ensure all unit funds and assets are accounted for and transferred properly.

1. Unit Dissolution

When a command element (unit, battalion, regiment) dissolves of their own accord, the Division Commander and Headquarters must be notified by phone. The commander must then complete the "Official Termination of Unit Form" found in the database under Library/Unit Assistance and submit to Headquarters by mail or fax.

a. Young Marine Unit

Upon dissolution of a Young Marine unit and after liquidation of all outstanding obligations, the unit's financial assets will be sent to the Headquarters where it will be held in escrow for one year from the date of dissolution. Once funds have been transferred to Headquarters, the Unit Commander must continue to submit a Monthly Financial Report until the final bank statement showing the account is closed has been submitted.

All physical property will be distributed to any other established, compliant Young Marines unit the dissolved unit wishes to give it to. Unit colors and unit guidon are to be mailed to Headquarters. The next higher Headquarters will assume custody of equipment when deemed appropriate.

b. Higher Headquarters

Upon dissolution of a Higher Headquarters, all assets shall transfer to the Headquarters Young Marines after the liquidation of all outstanding obligations. The same process for dissolving a unit will apply to battalions and regiments.

c. National Headquarters Dissolution

Headquarters Young Marines will notify the Division Commander to deactivate, shutdown or close a unit and will provide the following to the Division Commander:

- 1) Copies of the last three bank statements of all bank accounts in use by the unit showing balances, transactions, account numbers, and who the Unit Commander and Financial Manager were from the Young Marines' accounting firm. These three statements are needed to determine if significant amounts of funds were removed from any of the accounts prior to the unit deactivating. Some units maintain both a savings and checking account, so all account information will need to be provided.
- 2) A copy of the unit's last inventory of physical property, which is a required item of the re-registration procedures. All units should at least have the initial issue of the unit's colors, national ensign, flag stands and flag harnesses.

The Division Commander shall provide the Regiment Commander instructions to deactivate the unit in accordance with the Adult Volunteer Policy and Procedure Manual and will provide copies of the above information to assist in the shut-down. An inventory report will

be forwarded up the chain of command to Headquarters on the location of the closed unit's assets and planned disposition.

2. Units That Break-off From Another Unit

All assets (property and monies) that were raised or purchased during the time of existing unit belong to the existing unit. Any unit formed that breaks off from an existing unit will need to raise their own funds and purchase their own equipment.

CHAPTER 9: Reporting of Unethical Conduct

All Young Marines' financial records are a matter of public record and presented, upon request, to any member of the organizational chain of command, unit, or parent. To guard against fraud/embezzlement, Unit Commanders must ensure:

1. Accurate financial records are maintained to include all receipts for five years,
2. Unit funds are not used or borrowed for personal use,
3. All expenses are authorized and valid,
4. Requests for reimbursement are valid and accurate,
5. Monthly bank reconciliation is performed monthly and any/all discrepancies are investigated and/or reported,
6. At least two individuals verify all money received for unit fundraisers during and at the conclusion of an event.

As part of the Young Marines' vision, we adhere to the highest standard of ethical conduct in everything we do. Anyone who believes that they have observed unethical conduct should report it immediately to their Deputy Director, the National Executive Director, or the Board of Directors. If in doubt or uncertain regarding a particular situation, call your regional Deputy Director.

APPENDIX A: Tax Exemption Letter

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: February 11, 2003

Person to Contact:
Mrs. Rebecca Bowden
ID# - 31-03098
Toll Free Telephone Number:

8:00 a.m. to 6:30 p.m. EST

877-829-5500

Fax Number:
513-263-3756

Federal Identification Number:
38-2346425

Young Marines
PO Box 70735 Southeast Station
Washington, DC 20024-0735 359

Dear Sir or Madam:

This is in response to your request of February 11, 2003, regarding your organization's tax exempt status.

Our records indicate that a determination letter issued in June 1981 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

-2-

Young Marines
38-2346425

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

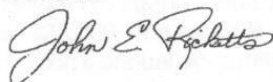
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. If your organization had a copy of its application for recognition of exemption on July 15, 1987, it is also required to make available for public inspection a copy of the exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services

APPENDIX B: Bank Reconciliation Work Sheet

BANK RECONCILIATION WORK SHEET

Date:	
-------	--

Closing balance shown on bank statement:

\$	-
----	---

Add deposit not credited:

	-
	-
	-
Total deposit not credited:	\$ -

Subtotal:

\$	-
----	---

Subtract outstanding checks:

No.	-
No.	-
No.	-
No.	-
Total outstanding checks:	\$ -

Adjusted balance per bank statement:

\$	-
----	---

Balance shown in checkbook:

Add.	-
Add.	-
	\$ -

Subtract bank service charge:

\$	-
----	---

Adjusted checkbook balance:

\$	-
----	---

Preparer Signature/Date

Reviewer/Approver Signature/Date

APPENDIX C: Cash Verification Form



Cash Verification Form

(Use this form when counting and totaling cash received at events, fundraisers, etc.)

Activity: _____

Activity Date: _____

Currency:

_____ x \$1 = _____

_____ x \$5 = _____

_____ x \$10 = _____

_____ x \$20 = _____

_____ x \$50 = _____

_____ x \$100 = _____

Total Coins = _____

Total Cash Received = \$ _____

Counted By:

Signature:	Signature:
Title:	Title:

Note: This form should be attached to the Deposit Detail when cash is deposited.

APPENDIX D: Deposit Detail Form



Deposit Detail Form

Total Deposit = \$

Date:

Amount Verified by: _____ Title: _____

Amount Verified by: _____ Title: _____

Received From	Received For	Type of Payment	Amount

Make copies of all checks and attach to this form.

APPENDIX E: Expense Pre-Authorization Form

EXPENSE PRE-AUTHORIZATION FORM

UNIT NAME:

NAME OF PERSON SUBMITTING EXPENSE REPORT:

DATE OF REPORT: _____ REASON:

EXPENSE TOTAL AMOUNT: \$

ATTACH ORIGINAL RECEIPTS TO THIS COPY

EXPENDITURE	AMOUNT	CONSUMABLE or INVENTORY
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
	\$	<input type="checkbox"/> Consumable <input type="checkbox"/> Inventory
TOTAL	\$	

APPROVED BY:	<input type="checkbox"/> UNIT COMMANDER <input type="checkbox"/> EXECUTIVE OFFICER <input type="checkbox"/> ADJUTANT <input type="checkbox"/> FINANCIAL MANAGER	SIGNATURE:	
		SIGNATURE:	
CREDIT CARD <input type="checkbox"/>	CHECK #:	DATE PAID:	____ / ____ / ____

NOTE: Expenses must be approved by Unit Commander or Executive Officer PRIOR to making a purchase.

APPENDIX F: Reimbursement Authorization Form

		
<h2 style="margin: 0;">Reimbursement Authorization Form</h2>		
Unit Name _____		
Name of Person Requesting Reimbursement _____		
Date of Request _____ Total Amount Requested \$ _____		
Purchased from	Reason for Purchase	Amount
<p>Must Attach Original Receipts to this Copy</p> <p>Remember to Make Copies for Your Records</p>		
<p>Approved By (must have two signatures to be valid):</p>		
Signature: _____	Signature: _____	
Title: _____	Title: _____	

APPENDIX G: Field Activity Expense Report



Field Activity Expense Report

(Division, Regiment, Battalion or Unit Activities)

Name: _____ Telephone #: _____

Mailing Address: _____

City: _____ State: _____ Zip Code: _____

Div/Reg/Bn/Unit: _____

Activity: _____ Location: _____

Dates: Depart: _____ Return: _____

Position Held at Activity: _____

Expenses	Amount
A. Lodging (Not to Exceed \$120.00 per night)	
B. Meals (Not to Exceed \$50.00 per day)	
C. Air Transportation (Economy)	
D. Ground Transportation (Total Miles X \$0.54 = Amount)	
Odometer: Start Finish Total Miles	
E. Other	
Total Expenses	
All Expenses, except Mileage, must be supported with receipts.	
All receipts must be submitted with the Expense Report.	

I, _____, certify that all the expenses above were incurred while on official Young Marines' business, the information provided above is correct and I have not received reimbursement from any other source for these expenses. I further certify that I am not personally profiting in any way from this request.

Claimant's Signature: _____ Date: _____

All Expense Reports must be submitted within 30 days of the ending date of the attended function. Expense Reports received beyond 30 days will be denied.

APPENDIX H: Monthly Activity Report

YOUNG MARINES - Monthly Financial Report - Page 1

Name of Unit and State		Month/Year	
Type of Account (Checking, Savings, Cash, etc.)			
Beginning Account Balance		(should agree with Check Register as of 1st of the Month) \$ -	

INCOME		EXPENSES	
Fundraiser Income		Unit Activities	
Contribution/Donation Income		Fundraiser Activities	
<i>If restricted by donor for a specific purpose, list purpose:</i>			
Dues or Registration Fees Collected from a member (YM or Adult) of your Unit		Asset Purchase ONE ITEM that costs over \$1000	
		Give Description of purchase:	
Interest / Dividend Income			
Amounts RECEIVED from another Unit, Battalion, Regiment, or Division		Amounts PAID to another Unit, Battalion, Regiment, or Division	
<i>Please list each Unit, BN, Reg, Div with the amount received from each for encampment, annual dues, etc:</i>		<i>Please list each Unit, BN, Reg, Div with the amount paid to each for encampment, regular dues, etc:</i>	
Unit Name:		Unit Name:	
Unit Name:		Unit Name:	
Unit Name:		Unit Name:	
Unit Name:		Unit Name:	
Amounts RECEIVED from Headquarters		Amounts PAID to Headquarters	
Money transferred to this bank account from another account held by your unit		Money transferred from this bank account to another account held by your unit	
Other Income (only income that does not fall into a category above)		Other Expenses (only expenses that do not fall into a category above)	
Total Income	\$ -	Total Expenses	\$ -

Ending Checkbook Balance (should agree with Check Register as of last day of the Month) \$ -

As the UC, I certify that I have reviewed the prepared report and the corresponding reconciliation and that they are accurate and complete.

Signature of Unit Commander	Signature of Unit Financial Manager (or Preparer)
Printed Name:	Printed Name:
Phone:	Phone:
Email:	Email:

**** IN-KIND DONATIONS ****

Please list any items worth over \$1000 that were donated to your unit and the value of the donation:

1.	\$ -
2.	\$ -

Return completed reports, along with a copy of the bank statement to:

AMBASSADOR ACCOUNTING INC
7521 PRESIDENTIAL LANE, MANASSAS, VA 20109
Phone (703) 392-0383 Fax (703) 361-1765
Email: YMMonthlyReport@gmail.com

NOTE: Units are required to retain ALL receipts, deposit slips, bank statements and any other supporting documentation for audit purposes.

YOUNG MARINES - Monthly Financial Report - Page 2

Itemized Record, Subject to Review
Do not send to Ambassador Accounting
Keep for your records.

DETAIL FOR CERTAIN INCOME	
Dues or Registration Fees for a member (YM or adult) of your unit:	
Regular Unit Level Dues	\$
Dues collected to be sent to HQ	\$
Fees for the unit's special activities or events	\$
Fees collected for YM events, schools, encampments, programs, etc. put on by another Unit, BN, Reg. Div, or HQ	\$
Total (agrees with page 1)	\$
Other Income (<i>only income that does not fall into a category above</i>)	
Amounts collected for Uniforms, Books, Tshirts, etc.	\$
Refunds received for purchases made (for items you returned, etc.)	\$
Funds reimbursed to the Unit (such as return of unused funds that were advanced or withdrawn for cash needs at an event)	\$
Other: (describe)	\$
Other: (describe)	\$
Other: (describe)	\$
Total (agrees with page 1)	\$
DETAIL FOR CERTAIN EXPENSES	
Unit Activities	
Costs of regular meetings (food, supplies, etc.)	\$
Office Supplies, Rent, Utilities, Phone, etc.	\$
Costs of special activities (<u>do not include</u> amounts paid to other units, BN, Reg. Div, or HQ here)	\$
Total (agrees with page 1)	\$
Equipment purchases that cost over \$1000:	
List equipment:	\$
List equipment:	\$
List equipment:	\$
Total (agrees with page 1)	\$
Other Expenses (<i>only expenses that do not fall into a category above</i>)	
Other: (describe)	\$
Other: (describe)	\$
Other: (describe)	\$
Total (agrees with page 1)	\$