



GETTING STARTED WITH FLOTILLA FINANCES

The following material supplements financial guidance found in the Coast Guard Auxiliary Manual (AUXMAN), Chapter 5 – Regulations and Policies, the Flotilla Procedures Manual (FPM) and the District 17 Policies/Directives:

Bank Accounts: (AUXMAN, Chapter 5, Section N. Finances) - As soon as possible after January 1st, a bank account should be established with a federally insured banking institution in a location convenient to the Finance Officer (FSO-FN) if the current banking institution is not satisfactory. The Flotilla should have only one checking account, although another account may be set up for a specific purpose.

The proper title for the account should be (Flotilla Name), U.S. Coast Guard Auxiliary. The account ID number is **52-1500576**, the Federal Taxpayer ID number. While only one signature is required to sign checks, both the Flotilla Commander (FC) and FSO-FN should be authorized signatures on the account. Recommend checks be imprinted with the account name only and not the address of the FSO-FN so new checks will not be needed if the FSO-FN changes and the account remains the same.

All funds should be promptly deposited to the Flotilla checking account and **all** withdrawals made by check (no cash). Funds can only be disbursed or committed by vote of a majority of the members at a regular meeting. This is accomplished if the members approve a line item budget for general expenditures, approve disbursements in the Standing Rules, or approve a need with a specified dollar amount at a general meeting. Many times a member will make the purchase and receive reimbursement. In all cases the FC will approve the original receipt or voucher in writing before the FSO-FN writes the check. In unusual circumstances, the FC can give approval by e-mail and follow up with the signed receipt/voucher as of the e-mail date. ***Do not sign a blank check.***

Funds may be withdrawn from the Checking account and placed in a Savings Account or in CDs for future needs. In general funds should not be accumulated without a future purpose in mind.

Annual Financial Report of an Auxiliary Unit ANSC 7025: (AUXMAN, Chapter 5, Section N. Finances) - This report is to be finished in January following the completion of the calendar reporting year and is the responsibility of the outgoing FC. Ideally, the incoming FC will appoint an audit committee to audit the financial accounts before signing as relieving FC. The material and equipment inventory may be completed by the outgoing and the incoming Material Officers (FSO-MA) by the end of December but should be reviewed by the incoming FC before signing as the relieving FC. This report should also be completed if the FC or the FSO-FN change during the calendar year.

Detailed directions for preparing the report are in the **Procedures/Timelines for Financial Report of an Auxiliary Unit** and the **Material/Equipment Inventory**.

Budget: (FPM, Appendix C) - At the beginning of the year each Flotilla should prepare a line item Budget for approval by the members. The Budget is the financial plan for a calendar year and properly prepared ensures the Flotilla will be able to purchase items in support of the Auxiliary programs yet not spend more than the available funds. The budget should follow the general line items of the **ANSC 7025** but may have more detailed line items under each of those line items.

Once the Budget has been approved by the members at a regular meeting, the **FC** can approve expenditures against the line items. The **FC** may approve expenditures in excess of the approved budget line item up to the amount allowed in the Budget as the **FC's Contingency** line item and/or the amount allowed in the **Standing Rules** for emergency expenses. The excess or emergency expense is then brought back to the members at the next meeting for approval of the additional expense.

Monthly, or at a minimum quarterly, the **FSO-FN** should report to the members the status of income and expenditures against the Budget line item estimates.

Preparation of the Flotilla Budget and monthly reports are discussed in **FPM, Appendix C** and include a sample of each.

Dues: (Flotilla Standing Rules) - Annual dues are assessed prior to the start of the calendar year. National, District, Division and Flotilla dues for each member are assessed and paid at the Flotilla level. After the start of the new calendar year, the **DSO-FN** bills the Flotilla for National, District and Division dues for each member on the roles in **AUXDATA** as of midnight of December 31st of the old calendar year. New members enrolling during the year are assessed pro-rated dues as of the quarter of enrollment. Flotilla dues can only be changed by a majority vote of the members at a regular or special meeting at which a 7-day prior written notification of the meeting and intent were given. Dues changes should take place prior to July 1st when the collection of dues for the new year begins.

Details for collecting dues and the pro-rated amounts are shown in the **Timelines/Procedures for Collecting Dues** policy and the **District Finance Officer's (DSO-FN) member dues letter**.

Public Education Course Fees: (AUXMAN, Chapter 5, Section L.) – Public Education Course fees are set in accordance with the **AUXMAN**. Fees collected must be tracked separately as they can not be used for social events or to pay dues for members that have not paid their dues. They may be used to support all programs of the Auxiliary (This could include food served at the program function.).

Contracts: (FPM) – All license agreements and contracts for flotilla business such as meeting places, rent of space must be reviewed by the District Legal Officer (**DSO-LP**). Expenditures or commitments of funds must be approved by a vote of the members. Only the **FC** has the authority to sign contracts or lease agreements (**Authority cannot be delegated**). In the absence of the **FC**, the Division Commander (**DCDR**) can sign the lease or contract.

Solicitations, Grants, Gifts and Donations: (AUXMAN, Chapter 5, Section H.) – This section of the **AUXMAN** should be read in its entirety before accepting gifts or donations and soliciting funds. It is important that the Flotilla does not give the appearance of soliciting or accepting payment for rescues, vessel exams, etc. nor accept funds or items from a prohibited source. If after reading the manual there is still a question of the propriety of the donation, gift, etc. the **FC** should contact the **DSO-FN**, the **DSO-LP** and the District Commodore (**DCO**) for further guidance.

Taxes: (AUXMAN, Chapter 5, Section G.) – The IRS has determined that the Auxiliary and all its units are an integral part of the Federal Government and therefore are not required to file State or Federal income tax returns. This section addresses both exemptions from State, Borough or City sales taxes for items purchased for the Auxiliary from Flotilla funds and to Federal income tax deductions for out-of-pocket expenses paid by the members that are not reimbursed. Member dues are also deductible.