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Simple Accounting for a Chamber of Commerce

Chamber of Commerce of the United States. Commercial Organization Department

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Simple Accounting for a Chamber of Commerce



COMMERCIAL ORGANIZATION DEPARTMENT
Chamber of Commerce of the United States
WASHINGTON, D. C.

SIMPLE ACCOUNTING PROCEDURE FOR A CHAMBER OF COMMERCE

It is not the practice of most chambers of commerce to keep their records on the basis of the single entry system. The economies and advantages of the double entry system are generally recognized by secretaries. There may be some chambers in small communities, however, which will want a suggested single entry system for their guidance. As illustrative of such procedure, but not as a recommendation, the following system is outlined:

Essential Records

The following records in a single entry system are essential for the satisfactory control over the chamber's membership statistics and book-keeping:

- (a) roll book or members ledger
- (b) cash book
- (c) petty cash book
- (d) check book
- (e) dues receipt book
- (f) expense book

Each of these records will now be described.

The Roll Book or Ledger

The Roll Book, or Membership Ledger, Figure A, may be a standard loose-leaf blank book, providing a sheet for each member. The pages are ruled to provide columns for recording the information about the amount of dues the member is pledged to pay and the dates of his payments. This one sheet, front and back, contains sufficient space for several years' payments.

The sheets should be arranged in the ledger in alphabetical order. When a member resigns, dies, moves out of the city or is suspended for non-payment of dues, his sheet should be removed and transferred to an "inactive" section at the back of the book; thus the working section will contain only live accounts. As new members are secured a ledger sheet should be made for them and inserted in proper alphabetical order. When a resigned member is reinstated his ledger sheet may be removed from the inactive to the active section of the ledger, and his account continued from where it was closed when he resigned.

Dues are paid either annually, semi-annually, quarterly or monthly. This type of ledger account allows ample room for the recording of payments, and shows at all times the balance due from the member.

The essential information which should be recorded on the member's ledger sheet includes name and address, date of election to membership (if available), how the dues are payable (quarterly, semi-annually), the amount of dues and date they were charged (debited) to the member, and the dates and amounts of his payments (credits), indicating also the period which the payments cover (1st quarter, year 1937, or March, 1937).

Service fund or sustaining fund plans for the raising of revenue over and above that received from dues are in operation in some Chambers of Commerce. Under this plan the amounts subscribed by various members frequently are not uniform and also may vary from year to year.

The accounting procedure described for the handling of dues will be entirely satisfactory for handling the transactions under the service fund plan.

Cash Book

A very simple form of cash book is all that is required. This may be a bound book carried in stock by any stationer. On the left hand page will be kept the record of cash receipts; on the right hand page the record of cash paid out.

Check Book

Every secretary will be familiar with the check book provided by the bank. There is no need for illustrating it. It is of importance however, to suggest that the secretary should keep a record of the funds deposited and the checks drawn, with the resulting balances.

Expense Book

The Expense Sheet, Figure B, is in the nature of a columnar record of the payments made by the secretary on account of the association according to the various purposes for which the payments were made. It will be noticed that there are columns for rent, postage, telephone, etc. This record is written up by the secretary or his assistant, preferably, at the same time the entry is made in the cash book.

Having now very briefly described some of the essential records, a brief outline of the way the various records tie together may be helpful.

Routine Procedure

At the beginning of the chamber year the secretary will send out bills for dues to all his members. These may very well be prepared on the typewriter and the carbon copy of the bill retained and filed alphabetically. He will also wish to send out statements the first of each following month for all dues that are then due and not paid.

When a member sends in his check in payment, three entries will be necessary. First, the secretary will enter the name and amount on the left hand side of his cash book; then he will make the proper entry opposite the member's name in the roll book; the third step is in connection with the deposit of the check in the bank. This remittance, with such others as have been received, will be combined on the deposit slip and the secretary will enter on the stub of his check book the amount of the deposit. Each bank deposit slip should be made in duplicate, and show the name of each member whose payment is a part of the deposit, and the amount of his cash or check. This gives the secretary an indisputable record to show that the specific check or cash payment of a member was deposited in the bank. In addition the secretary should provide a receipt or membership certificate to the member as direct evidence of the payment of dues. A convenient form is

one put up in book form similar to a check book with a stub, each blank bearing a number in consecutive arrangement so that the secretary in making out the receipt for the member will also prepare a stub for his own records. Having then made the entries indicated and prepared the member's receipt the routine entries are completed.

Consider now the matter of payments for indebtedness of the chamber. The secretary usually will wish to follow the business-like procedure of paying his bills monthly, thereby keeping up to date. Some secretaries have found that it saves their time to pay all the regular bills on a fixed day of the month as, say, the 10th of the month. It is by far the best practice to make such payments by check unless the amounts are very small, for the paid check in the files of the chamber often constitutes a valuable record of the payment.

For example, suppose that a check is drawn on the 10th of the month in payment of rent for the chamber offices. First, the proper entry is made on the stub of the check book; the check is then written. As a third step, when the check is ready for mailing, the entry is made on the right hand side of the cash book. Likewise an entry will be made in the rent column of the expense book. This completes all the necessary procedure for disbursements.

The handling of cash, i.e., currency and coin, requires a word of comment. It is becoming the general practice in commercial houses to employ as little cash as it is possible to employ. All cash received, no matter for how small an amount, is deposited in the bank and if cash is needed for the payment of small bills, what is known as the petty cash fund is provided.

The petty cash fund is a small fixed amount as, say, \$25. It is established initially by drawing a check for \$25. The money, itself, is kept either in a safe or in a suitable locked box in the chamber offices. A petty cash book should be provided. As each disbursement is made an appropriate entry should be written in on the right hand or credit side of the petty cash book.

At any convenient time the petty cash fund may be reimbursed. Let us assume that the amount of disbursement has been \$17.64. A check for this amount is drawn by the secretary and entered in his check book, his cash book and in the proper columns of his expense book. The cashier likewise enters the receipt of \$17.64 on the left hand or debit side of his petty cash book. Thus the petty cash fund is restored to the original amount of \$25 and the proper entries have been made.

At the end of the month there are certain checks or reconciliations which the secretary should make to prove that his records are correct. In the first place he should see that the balance as indicated by the stubs of his check book agree with the balance as shown by his cash book with the sum as shown by the bank and the amount of the cash in the cash box. If the petty cash fund idea is employed, this sum will be \$25. By way of specific illustration, let us assume that the balance as shown by the secretary's cash book is \$762.41. The balance in the bank is \$737.41. He has cash on hand, \$25. The sum of the cash in the bank, \$737.41, and the cash in the cash box, \$25, equals \$762.41. His accounts, therefore, are correct.

He may now check his roll book against the copies of the unpaid bills for dues in his file. In making this check he should find a copy of a bill for dues, for every member whose record shows that his dues are not paid. This done, he can then go ahead, and send out a statement to the delinquent member or take other steps to make collection.

In a similar way a check may be made between the expense record and the right hand side of the cash book. The sum of the expenses of the month as classified in the expense book should agree with the total of the right hand side of the cash book, i.e., with the total of payments made during the month.

At the end of each month the secretary should prepare statements for the president, board of directors or other officers. One informative statement may be made up in substance as follows:

June 1.	Cash on hand.		\$2,056.42
	<u>Receipts</u>		
	Dues.	\$1,500.00	
	Interest on bank balances . . .	<u>4.16</u>	<u>1,504.16</u>
	Total		\$3,560.58
	<u>Disbursements</u>		
	Salaries.	\$1,200.00	
	Rent.	100.00	
	Telephone	5.00	
	Office Supplies	<u>15.00</u>	<u>1,320.00</u>
June 30.	<u>Balances</u>		
	Cash in bank.	\$2,215.58	
	Petty cash.	<u>25.00</u>	<u>\$2,240.58</u>