

**HEADQUARTERS  
UTAH NATIONAL GUARD**

**FAMILY READINESS GROUPS  
INFORMAL FUNDS OVERVIEW**

**STANDARD OPERATING PROCEDURES**



**January 2015**

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1. The **Mission** of the Family Readiness Group is to act as an extension of the unit to support, train and prepare families for periods of separation due to Annual Training, schools, mobilization and State Active Duty; **FRGs are not established for the purpose of being a fundraising organization.**

2. **Purpose:** Commanders may authorize Family Readiness Group members to establish an informal fund checking account. The Commander appoints a FRG Treasurer and alternate treasurer to maintain the FRG account, but the ultimate responsibility for the account remains with the Commander.

3. **Criteria:** The following conditions must be met in order to establish a FRG informal fund account. In Accordance with Army Regulation 608-1, Appendix J-7; Chief National Guard Bureau Instruction (CNGBI) 1800.02 6-I and the State Family Program Office.

- a. **Account balance cannot exceed \$10,000 at any time nor can its annual income exceed \$10,000.** FRGs may not accept donations or fundraise until the balance drops below \$10,000. All donations and fundraising proceeds count toward the annual \$10,000 cap. (Should the account exceed \$10,000, the Group could be considered a Private Organization such as the Red Cross and become subject to the same IRS regulatory requirements or tax liabilities.) The annual cap will be a calendar year from January 1<sup>st</sup> – December 31<sup>st</sup>.
- b. **Ensure the account's use is limited to expenses consistent with the purpose and function of the fund** which is to promote readiness among the unit's families. Funds can be spent on items/events not otherwise funded with appropriated (military) dollars. (Ensure that funds are utilized for the purpose they are raised, for example, newsletters, homecomings, Christmas Party, volunteer recognition, etc. Further ensure that the funds are managed upholding military ethics and ideals.)
- c. **Commanders complete a position appointment designating the treasurer and alternate treasurer.** File the memorandum in the unit's Family Readiness Continuity Binder (tab #8, FRG Informal Fund SOP) and a copy with your Family Readiness Support Assistant (FRSA). The treasurer and/or alternate treasurer should be volunteers, if possible, and are responsible for maintaining simple accounting records and receipts which document transactions of the FRG fund. These will be reviewed when an audit is conducted of the account.
- d. **Service members can be signatories on the account if:** a prolonged period of FRG inactivity occurs (family members are no longer involved) then the Commander may secure the account until a new FRG is formed rather than close the account; to ensure two signers are on the account; and to help ensure, that the FRG leader is not a signer on the account. An additional note, Commanders should never be signers on the account.
- e. The treasurer and alternate treasurer must complete the treasurer training process which includes a small amount of paperwork to include **signing a Volunteer Agreement** (DD2793) and returning it to their FRSA. This form states they are a statutory volunteer serving in an official capacity in direct support of the National Guard Family Readiness Program.
- f. **Employer Identification number** (Tax ID number): Prior to opening a FRG account, file IRS Form SS4 to receive an Employer Identification Number (EIN #) which is a tax ID number to avoid use of a personal Social Security Number (SSN) when opening the account. If SSN is used for reporting to the IRS, account may be perceived as personal income by the Internal Revenue Service. Form can be found at irs.gov

- g. **Open a non-interest bearing account** in a federally insured financial institution with the commander's approval once the EIN number is received.
- h. **When signing checks**, a minimum of two volunteer signatures is required on all checks.
- i. **Ensure payment of sales tax** for items purchased by the Family Readiness Group, as the Group is **NOT** a nonprofit organization and therefore is **NOT** in a tax-exempt status. The FRG **must** pay sales tax. The informal funds are private funds generated by FRG members (**Not for Profit**) to benefit the FRG membership as a whole.
- j. Because The Family Readiness Group is **not** a NON profit organizations (which is an IRS tax status); they cannot offer donors IRS tax advantages.
- k. FRG informal funds **cannot augment "unit funds"**.
- l. FRG informal funds **cannot be deposited or mixed with personal or unit funds.**
- m. FRG informal funds **cannot be used to purchase items or services which may be paid for using military (appropriated) funds** or for items not related to family readiness such as service member farewell gifts. Funds cannot be given to a military unit to purchase additional supplies, equipment or to fund additional training.
- n. **FRG Informal Fund Standard Operating Procedure (SOP)**. FRGs with an informal fund **must** **have** written guidance containing the following information: the FRG name, a description of the FRG's purpose and function of the fund, and it **must include the following statement**, "The FRG informal fund is for the benefit of the FRG members only and is established exclusively for charitable purposes and to provide support to Soldiers and Family members as the Soldiers and Families adapt to Army life. It is not a business and is not being run to generate profits. It is not an instrumentality of the United States Government." This SOP is included in the unit's Family Readiness Continuity Binder. It must be signed by the treasurer and alternate treasurer and a copy provided to your FRSA.
- o. FRG may officially fundraise from its own community members or dependents and from all persons benefiting from the Army organization. Commanders may approve request from FRG informal funds to conduct fundraising events in accordance with the requirements of DOD 5500.7-R. These activities are done internally at a military installation such as an armory where fund raising participants are limited to unit military members and their families ("**by us, for us**"). Statutory volunteers may not conduct external fundraising per National Guard Bureau and Department of the Army Guidance. (Note: **Statutory volunteers** are volunteers who have been trained by the unit FRSA, **have signed** a volunteer agreement and serve in an official capacity in direct support of the National Guard Family Readiness Program.)
- p. Always ask the following **questions prior to fundraising**:
  - √ Why do we need to raise the money?
  - √ Will it benefit the entire FRG membership?
  - √ Has the commander approved it?
  - √ Does it duplicate other resources within the community?
  - √ Can we get it somewhere else?
  - √ Is it an authorized fund raiser according to funding guidance?
  - √ Has it been discussed with FRG members at a meeting and voted on?
- q. Many members of the FRG (**gratuitous volunteers**) can choose to belong to private organizations meaning they can engage in fund raising. If they do however, they are considered private organizations separate from the unit and FRG. Unlike FRG statutory volunteers, they are NOT limited on the amount of money raised, or their account balance (which is completely separate from the FRG account).

Fundraising by gratuitous volunteers in their private capacity must be accomplished without implying endorsement by the National Guard or the FRG. For example, they should refer to themselves as “Friends of JFHQ Combat Support”, rather than the JFHQ Family Readiness Group. (Note: Gratuitous volunteers are volunteers who have not signed a volunteer agreement and do not wish to serve in an official capacity within the FRG, but rather help the FRG sometimes to support meetings, events and activities.)

Statutory volunteers are not to solicit or ask for donations.

- r. FRG **expenditures must benefit the entire FRG membership** in some way.
- s. Unit Commanders **may accept UNSOLICITED donations** in conjunction with the State Family Programs Director to the FRG informal fund of \$1000 or less **per donation** from private organizations or individual donors. Donations count as FRG income and count against the FRG \$10,000 annual income cap. All donations must be “unconditional”. The Utah National Guard Family Program Fundraising Training must be completed prior to accepting donations
- t. Provide a copy of the **Treasurer Report** to the commander and you’re to keep them informed of the current status of the FRG account and to provide historical documentation for FRG account activity that can be presented for review. **Original copies of all reports are filed in the Treasurer Binder** (under admin tab), the Unit’s Family Readiness Continuity Binder. Copies are also maintained with your FRSA for 5 years.

**Treasurer report includes** 4 items which are:

1. Treasurer job Description signed by the Treasurer and alternate Treasurer.
2. Copy of all Bank Statements and receipts since the last report.
3. A copy of the Checkbook Register showing all transactions since the last report.
4. **Treasurer appointment Memorandum and Authorization for FRG fund Bank Account Signed by the commander.**

Reports are required from units that have **no checking account** as well. A simple email to your FRSA stating that the FRG has no account is sufficient.

- u. Treasurer **report is due:**
  1. Quarterly (Mar 15th, Jun 15th, Sep 15th, Dec 15th)
- v. When **Closing an Account:**
  1. Turn all documents and checkbook over to the Unit or authorized FRG Representative
  2. Need letter authorizing closure from commander to take to the bank
  3. Complete final Treasurer Report
- w. When **Transitioning an Account:**
  1. Turn all documents and checkbook over to the new Treasurer, Unit or authorized FRG Representative
  2. Need letter authorizing change of signatories from commander for bank
  3. Complete Transitional Treasurer Report
- x. Remember the FRG’s purpose and always evaluate whether there is a need to engage in fundraising activities. Additionally, remember all fundraising must be preapproved by the unit commander.

There are numerous resources available without fundraising. Contact your FRSA at [www.ut.ngb.army.mil/family](http://www.ut.ngb.army.mil/family) to explore your options and answer your questions.

**Family Readiness Group Informal Fund (Checklist)**

- √ Authorized by Commander
- √ Account cannot exceed \$10,000 balance at any time
- √ Annual income also capped at \$10,000 per calendar year
- √ Must have a valid EIN Number (IRS tax ID number)
- √ Non-interest bearing account
- √ 2 signers; a treasurer and alternate treasurer (if possible, always non military) - all checks include 2 signatures
- √ Must have a FRG Informal Fund SOP or written guidance required by military regulation
- √ Leadership (Controlled by statutory Volunteer(s))
- √ Limited to fundraising on the installation/armory (“by us – for us”)
- √ Subject to audit by the Commander and the State Family Program Office or their representative(s)

DATE: