



Academy of Model Aeronautics

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Safeguarding the Assets of AMA Chartered Clubs and Special Interest Groups

One of the advantages afforded a club or chapter associated with the Academy of Model Aeronautics is the presence of insurance protection. The major portion of this protection is directed toward liability concerns primarily arising from incidents associated with flying activities. There are, however, other areas of concern that each of these groups along with Special Interest Group (SIG) should address, whether they are incorporated, have officers, or written bylaws.

While some clubs, chapters, or special interest groups do not maintain large balances in their treasuries, others do. This may be the result of the creation of a flying site development or acquisition fund or due to monies, which are to be dispersed later for community projects or major events. The protection of those funds is very important! Therefore, the group should consider various operational and insurance protection procedures.

1. That the checking and/or savings accounts be established in the name of the group.
2. That more than one officer or director's name be on the account and/or that more than one signature be required on checks written, especially over a specific dollar amount.
3. That the treasurer be required to provide regular financial reports, preferably at least quarterly.
4. That the group maintain an accurate, up-to-date inventory of assets, including equipment.
5. That the individual or individuals responsible for the financial assets be covered by insurance referred to as Fidelity Bonding.
6. The bank account must be reconciled by someone who does NOT have check signing authority.

Items one and two above may prove difficult to achieve with some financial institutions. They may require that the group apply for a tax number identification from IRS. This will result in the need to file a yearly federal return. In most cases the group's account can be established using the Social Security number for one of the officers. This individual then becomes the responsible party for the account.

Item five above can be accomplished through a special type of insurance called Fidelity Bonding. By contacting a local insurance agent you can obtain the rates and conditions associated with your area. In general, bonding one or more individuals provides protection in the event an officer misappropriates funds by repaying the funds in part or in full, according to the terms of the agreement. At the present time, Fidelity Bond rates are fairly reasonable. For instance, \$25,000 of protection may be obtained for \$150-250 a year. An additional item a group may wish to consider is referred to as "D&O" insurance. This is specifically designed to protect the Directors and Officers of the group against claims or suits resulting from officers decisions regarding club policy, discrimination, site use, and environmental issues. These kinds of claims

or suits are not covered by the Westchester member/club liability policy that covers bodily injury or property damage.

Smaller groups with limited financial assets may consider these points unimportant or unnecessary; however, it should be noted that even a small amount of missing funds might create a significant hardship for the group. Additionally, it may be thought that people with authority who engage in fraudulent or dishonest acts or who misuse or abscond with the funds of an organization is a rare occurrence. Unfortunately, such is not the case in today's world.

Each club, chapter, and special interest group is encouraged to carefully study their needs and operational procedures in these areas. The old adage, "An ounce of prevention is worth a pound of cure" is most appropriate in these matters!