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## Chapters in Action: Future Accountants of America Clubs Receive Charters

American Society of Women Accountants. Muskegon Chapter

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# Chapters in Action



FUTURE ACCOUNTANTS OF AMERICA CLUBS RECEIVE CHARTERS

*Muskegon Chapter of ASWA has organized and sponsored student clubs called 'Future Accountants of America' in five Muskegon schools to further the business training and education of accounting students. Charters were presented to the club presidents at the April meeting of Muskegon Chapter ASWA pictured above. Speaker at the meeting, Norman Kruse, president of the Muskegon Chapter, National Association of Cost Accountants, is at lower left. At the raised table are, beginning at lower right and reading clockwise: Barbara Symons, president Heights High School FAA; Pauline Krogman, Muskegon High FAA president; Margie Trap and Ruby Scheneman, sponsors; Mary Lou Dornbush, president Muskegon School of Business FAA and its sponsor, Millie Mason; Myrna Jackson, president West Michigan Christian High School FAA; Ruth Eckman, ASWA president and June Sheldon, president of Catholic Central High School FAA. Standing is Dorothy M. Wisch, Scholarship Chairman of Muskegon Chapter ASWA.*

*We offer here a report on Muskegon activities presented by Dorothy M. Wisch in the belief that this program of student clubs is worthy of much thought and consideration by all ASWA chapters and by other accounting organizations.*

"To encourage and promote those starting in their accounting education." Muskegon Chapter has taken this purpose of the American Society of Women Accountants to heart. For several years we offered a scholarship to a woman student at Muskegon Junior College to further her studies in Accounting. Then a problem arose. We found there were no women students enrolled in Junior College who wished to become accountants.

Three years ago we thought we had the solution. We offered our scholarship to a graduating high-school senior girl who had studied bookkeeping and wished to continue. Application forms were designed and an award rating scale set up. One of our members was assigned to each of the seven high-schools in the area to contact the principal and the teachers

and to explain the scholarship award. We found few applicants. In one school, the teacher, unaware of the opportunities for women in accounting, was encouraging her students to pursue secretarial studies so successfully that there were no applicants eligible in the school. In another school, with an enrollment of 700 students, there was a total of 17 students, boys and girls, in bookkeeping. This alarming situation was discussed at our next ASWA Board Meeting. To stimulate accounting interest our Educational Committee Chairman suggested, "Why not a future accountants club, similar to Future Teachers or Future Nurses Clubs?"

This meeting took place at the end of our club year in 1952, and the suggestion was adopted as a

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all cash, our major problem is Fare Receipts. I think you will realize the magnitude of this problem when I tell you that we have about 2,300 men operating approximately 1,350 vehicles all over the District of Columbia and Montgomery and Prince Georges Counties in Maryland; and that these men are collecting fares in the amount of about \$80,000.00 every week day. The real problem stems from the fact that we do not know how much our fare receipts are for a given day until two days later. At the close of the operating day, locked vaults are removed from the fare boxes and are stored in special rooms at each carhouse and bus garage—there are ten of these locations. On the following day, our armored truck crew unlocks and empties these vaults and transports the fare receipts to the Coin Room at the General Office Building. On the next day, the receipts are run through the sorting and counting machines; and, at this point, we know for the first time how much we have.

All fare box vaults are serially numbered. Each operator must list this number on his manifest. When the vault is removed from the fare box on the vehicle, the man who removes it must list on his report the serial number of the vault removed and the serial number of the vault inserted to replace it. When the armored truck makes the collections, the crew is accompanied by an auditor and an observer from the Auditing Department. The auditor lists the serial numbers of all vaults as they are emptied, while the observer keeps the handling of the receipts under constant surveillance to see that none is lost for any cause. These various reports are compared in the Auditing Department to determine that all vaults which were in service have been removed from the vehicles and that receipts have been removed and transferred to the Company Treasury.

We began the conversion to this lock-type fare box about twenty years ago when it appeared to us that everybody was making money but the Company. Some of the conductors owned more property than most of the officials. We completed our conversion to lock boxes in 1943—this was one of the first major accomplishments of the new Internal Audit Section.

Up to 1943 we were also using a registering fare box, which had a counting mechanism in its base, through which the conductor, or operator, cranked the coins. Settlement was made by the conductor according to the readings of the box register. It didn't take the men long to find out that if

the crank was turned very rapidly, only a part of the coins would register. Some of the men would grind a depression into a penny, large enough for a dime to fit into, and keep dropping this coin into the box all day. Almost every time it came through the registering mechanism it brought a dime with it, and registered as a penny—a clear profit of nine cents per operation for the conductor. This kind of activity was ended by management's acceptance of our recommendation for the installation of the lock-type, serially numbered fare boxes, with provisions for a tight control by the Auditing Department.

After the installation of lock-type fare boxes on all vehicles, the opportunities for theft were reduced to a minimum. Of course, the operator could hand-collect fares, or thefts could occur in the Coin Room of the Treasurer's Office before the receipts were counted. Suspicion on the part of the rider almost eliminates the possibility of the operator getting by with hand collection. Just to make sure, we still maintain our force of Confidential Inspectors who ride our vehicles and report rules violations, including those relating to fare collection. It is not likely that thefts in the Coin Room would go undetected for long. We have constructed a corridor dividing the Auditing Department and the Coin Room, to which the only access is through my office. On the Coin Room side of this corridor we have one-way glass panels, through which we can observe all that goes on in the Coin Room. Persons on the opposite side can not see through—the glass looks like an ordinary mirror to them.

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major project of the Education Committee for the new year. At the first subsequent meeting, a model set of By-Laws was drawn up and a list of suggested club activities. The City bookkeeping teachers were invited to be our guests at one of our regular chapter meetings and we met with them and presented our ideas and plans. Their reaction was favorable and they promised full cooperation, pointing out, however, that they thought the activities and benefits should include both girls and boys. We agreed and changed the tentative name of the embryo clubs from Future Women Accountants to Future Accountants of America.

Membership in FAA is open to all area high-school, business school, and junior college students of bookkeeping and accounting. Each of the chapters, now numbering five, has been started by one of our members of ASWA, who will act as a "sponsor", contacting and meeting with one of the teachers and the past, present and future students of bookkeeping at the school. She explains our aims, projects, and the following purpose of FAA:

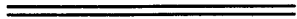
"The purpose shall be in accordance with the policy and program of the ASWA, to learn about the opportunities in accounting, to cultivate the qualities essential to a good accountant, to have actual experience in observing accountants in practice, and to foster the development of student leadership."

At this organizational meeting, students elect their officers and decide on meeting times, dues, etc. They meet once monthly in the school commercial classrooms, some during, others outside of school hours.

Volunteer speakers from Muskegon Chapter ASWA are called on by the ASWA "sponsor" to develop accounting topics and lead discussions at these monthly meetings. These speakers bring out problems of credit and the male accountant's viewpoint by reading papers prepared by the co-operating local chapters of the National Association of Credit Men and the National Association of Cost Accountants.

To achieve the purpose of having actual experience in observing accountants in practice we have been most fortunate in obtaining the cooperation of the National Association of Cost Accountants. This group currently is supporting, as a project of its educational program, a series of plant visitations by our FAA chapters.

Because of the embryonic stage of FAA, so much room is left to develop that we cannot see the end in sight. FAA has met with such success in our community, that we would like to see other ASWA chapters inaugurate the same project in their cities. The satisfaction and happiness resulting from the association of such receptive minds cannot be measured.



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visible to charge off their cost rapidly.

### **Leaseholds**

Let's look first at the definition of lease. "A contract by which the owner of real estate, without giving up his ownership rights to it, hands it over to another person for a period of time for a designated rent." A leasehold is such a contract or estate for years. If the contract calls for regular periodic payments it is treated just as though no contract were entered into and the monthly or annual expense is recorded as due and disbursed. Many such leasehold contracts, however, call for an advance payment of the entire rental. When advance payments are made covering a number of years the advance payment is computed as the Present Value of the periodical rentals taking into consideration the current interest rate. Theoretically, then, interest must also be considered in writing off the Leasehold Account. The original entry for the year would be:

Rent (for the first year's expense)

Leasehold or Prepaid Rent (for the balance of the contract)

Cash (for the total amount paid)

Thereafter we would make the following annual entry:

Rent (for the year in question)

Interest Income

Leasehold or Prepaid Rent

The amount of Interest Income would gradually decrease and the credit to the Leasehold Account would increase each year. However, recording of implicit interest income is not the customary accounting practice and the usual procedure is to make the rental charge only in the amount of the leasehold credit. Because of the involved calculations, many choose to use the straight line method in accounting for advance rental payments.

Improvements to leased property should be amortized over the life of the lease. Buildings constructed on leased land are handled in the same manner. If the contract calls for a payment by the owner of the land at the expiration of the lease, this amount should be taken into consideration when determining the total to be charged off during the life of the lease.

### **Trademarks**

Usually, trademarks have a relatively small original cost and the method of amortization used is not too important. A service for registration of trademarks is provided by the United States and such registration is accepted as evidence of prior use. A claimant who has not registered his trademark accepts the burden of proof in a legal suit to establish prior use. The certificate of registration is good for twenty years and is renewable.

### **Organization Cost**

This account is charged with all the original items of expense of incorporation such as the promoter's fees and the original franchise. There are two generally accepted procedures for treatment of Organization Cost or Expense. Since these items are of benefit to the entire life of the company rather than just the first year, we cannot charge them off to expense the first year, and therefore must capitalize them or set them up as Deferred Charges. One procedure is to allow this account to remain on the books as a Deferred Charge or a fixed asset for the life of the Corporation, writing it off only upon the dissolution of the Corporation. On the Balance Sheet it can also be shown as a reduction to the Net Worth rather than as an Asset. The Treasury Department has followed this theory

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