

**DISABLED AMERICAN VETERANS
DEPARTMENT OF MICHIGAN
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009**

with

REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Disabled American Veterans
Department of Michigan

We have audited the accompanying statement of financial position resulting from the cash transactions of the Disabled American Veterans, Department of Michigan as of June 30, 2009. This financial statement is the responsibility of the Department's administrative board. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining on a test basis, evidence supporting amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, this financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position resulting from the cash transactions of the Disabled American Veterans, Department of Michigan at June 30, 2009, on the basis of accounting described in Note 1.

William I. Minoletti & Co., P.C.

October 23, 2009

**DISABLED AMERICAN VETERANS
DEPARTMENT OF MICHIGAN
STATEMENT OF FINANCIAL POSITION
June 30, 2009**

	2009					
	<u>General Fund</u>	<u>Rehabilitation Fund</u>	<u>Transportation Program</u>	<u>Revolving Fund</u>	<u>Building Fund</u>	<u>Thrift Store</u>
ASSETS						
Cash and cash Equivalents	\$ 74,172	\$ 46,636	\$ 27,223	\$ 97,977	\$ -	\$ 24,300
Receivable from other funds	40,998	41,392	-	-	394	-
Investments (Note 1)	167,460	-	-	-	-	-
Office condominium (Note 4)	-	-	-	-	245,925	-
Equipment & leasehold improvements (Note 1)	-	-	-	-	-	344,510
	<u>\$282,630</u>	<u>\$ 88,028</u>	<u>\$ 27,223</u>	<u>\$ 97,977</u>	<u>\$ 246,319</u>	<u>\$368,810</u>
LIABILITIES AND FUND BALANCE						
Sales taxes payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,940
Advances from management company (Note 3)	-	-	-	-	-	50,000
Notes Payable (Note 4)	-	-	-	-	120,545	108,090
Funds held for chapters and/or due other funds	-	-	-	97,696	-	-
Fund balances	348,858	88,028	27,223	281	125,774	206,780
Unrealized appreciation (depreciation) of investments (Note 1)	<u>(66,228)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$282,630</u>	<u>\$ 88,028</u>	<u>\$ 27,223</u>	<u>\$ 97,977</u>	<u>\$ 246,319</u>	<u>\$368,810</u>

See accompanying notes.

**DISABLED AMERICAN VETERANS
DEPARTMENT OF MICHIGAN
NOTES TO STATEMENT OF FINANCIAL POSITION
June 30, 2009**

Note 1 - NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The Disabled American Veterans, Department of Michigan is the parent organization of all the DAV chapters and zones in the State of Michigan. The Department is organized to promote disabled veterans membership and to service that membership, their families and communities through various programs.

The accompanying financial statement has been prepared on the cash basis of accounting. Under this basis, revenue is recognized as collected and expenses are recognized as paid. This basis differs from generally accepted accounting principles because the Department has not recognized balances of accounts receivable and payable and their related effects on the financial statements.

Investments are included in the attached statement of assets, liabilities and fund balances at quoted market value. The unrealized appreciation or (depreciation) of these investments is reflected as a separate reserve until realized.

Investments at June 30, 2009 are summarized as follows:

	Quoted Market Value	Cost	Unrealized Appreciation (Depreciation)
General Fund: Mutual funds	<u>\$167,460</u>	<u>\$233,688</u>	<u>\$(66,228)</u>

The Department's policy regarding equipment is to charge the appropriate fund in the year the expense is incurred and not carry the equipment as an asset of the fund, except for the Thrift Store Fund.

The Disabled American Veterans, Department of Michigan is exempt from Federal income taxes under Section 501(c) (4) of the Internal Revenue Code.

Note 2 - REVOLVING FUND

The Revolving Fund is used principally as a clearing fund for cash receipts pending final distribution thereof.

**DISABLED AMERICAN VETERANS
DEPARTMENT OF MICHIGAN
NOTES TO STATEMENT OF FINANCIAL POSITION
June 30, 2009**

Note 3 – ADVANCES FROM MANAGEMENT COMPANY

At June 30, 2009, advances of \$50,000 are due to the Management Company operating the Thrift Store. As of the date of this report, no repayment terms have been finalized.

Note 4 – NOTES PAYABLE

	<u>Amount</u>
	<u>6/30/09</u>
Building Fund:	
Mortgage note payable - bank; collateralized by office condominium in Fraser, Michigan; due in monthly installments of \$1,363 including interest at 6.0% per annum.	<u>\$120,545</u>
Thrift Store Fund:	
Notes payable – finance company, collateralized by equipment; due in monthly installments of \$1,974 including interest at 6.35% per annum.	\$ 77,285
Capitalized equipment leases payable – due in monthly installments of \$996 with interest ranging from 13.57 to 16.678% per annum.	30,810
	<u>\$108,095</u>