

**ANNUAL FINANCIAL REPORT INSTRUCTIONS
FOR ONLINE SUBMISSION
REVISED (3/10)**

GENERAL INFORMATION:

Accounting Year: July 1 – June 30 for all Departments and Chapters as provided in the National Bylaws.

Due Date: No later than **September 30**. Any Department or Chapter that has not filed an annual financial report by September 30 will be considered in a **delinquent status** which may subject the Department or Chapter to suspension or revocation of its charter.

Filing Requirements:

DEPARTMENTS - **All** Departments are required to file an annual financial report with National Headquarters regardless of the amount of gross income.

CHAPTERS - **Gross income of \$10,000 or more**, excluding per capita dues received from National Headquarters, file with **both** National Headquarters and your state department.

CHAPTERS - **Gross income below \$10,000**, excluding per capita dues received from National Headquarters, file with your state department only. As the online Annual Financial Report is submitted to National Headquarters only, Chapters having gross income **below \$10,000**, excluding per capita dues, are **NOT** permitted to submit a financial report online.


DEPARTMENTS AND CHAPTERS - If the gross income **exceeds \$300,000**, excluding per capita dues received from National Headquarters, the financial statements must be **reviewed** by a Certified Public Accountant (CPA). The complete CPA review report to include the basic supporting backup documentation **must** be received by National Headquarters before the online financial report will be reviewed and/or approved.

Additional Filing Requirements & Information:

The financial report is to be completed using the **cash basis** method of accounting, **not** an **accrual basis**. The cash basis method of accounting recognizes income and expenses when cash is actually received or paid out. Only income **actually earned/received** and money **actually spent/dispensed** during the accounting period should be reported.

Do not include depreciation, Cost of Goods Sold, net values, negative figures or transfers of funds (including cashing in and/or buying a CD) on the financial report.

Fixed assets, such as real estate, furniture/equipment, vehicles and inventory/miscellaneous must be reported separately on the **Other Assets Schedule**.

Online Report Completion/Submission: The online Annual Financial Report is submitted to National Headquarters **only**. All Chapters **must** mail a copy of their financial report along with all schedules and additional required information to their state department. To print the completed online report and schedules find Request for Information at the left of the Welcome page or across the top of any other page, move your cursor onto Request for Information until the option menu appears. Click on Reports and you will be taken to the Generate Report page, click the dropdown  and chose Annual Financial Report. The Chapter Unit Number is automatically entered for

Chapters. Departments should leave the Chapter Unit Number blank to open the Department's Annual Financial Report or may enter a Chapter Unit Number to open a Chapter's Annual Financial Report. Enter the End Date (06/30/YYYY) for the report you wish to print then click on the Generate button. The report may be printed once it has opened. Departments and Chapters should be sure to retain a complete copy of the report and all schedules for their records.

User manuals for the Membership System are available at www.dav.org. On the home page find Membership across the top of the page, move your cursor onto Membership until the option menu appears. From that option menu, place your cursor onto Resources until another option menu appears and click on Membership System. The User Manual links can be found in the bottom right hand corner of the page. Click on the For Department and Chapter Officers link to view the complete User Manual.

ANNUAL FINANCIAL REPORT:

This is to be used to report **only cash/liquid assets** of a Department/Chapter. For DAV's financial reporting purposes, cash/liquid assets are assets that are in **cash form** or are **readily convertible to cash**. This includes checking and savings accounts, cash on hand, certificates of deposit, market value of investments at end of the accounting period, and any other assets readily convertible to cash (i.e. stocks, bonds, mutual funds and any other securities). The following information and guidelines correspond to the lines of the Annual Financial Report. Some lines may not be applicable and, therefore, should be left blank. Please make entries on the correct lines only.

TOOL TIPS: Every field box and link on the financial report has an associated tool tip. Tool tips appear when the cursor is left to hover over the field box or link. The tool tip appears with a brief explanation and/or description of what should be recorded in that field box or link. Move the cursor away from the field box or link and the tool tip disappears.

ONLINE SCHEDULES: If a line requires a schedule, it is identified by a dollar amount link ([0.00](#)) that once clicked will open the corresponding schedule. These schedules should be simple and clearly identify the source of income and/or the reason for the disbursement with the total amount of each. Combine all like income or all like disbursements with the total amount stated; for example: member donations and the total amount received from member donations; utilities and the total amount paid for utilities. See the general Schedule Example on page 8. When finished entering the required information, click on the Save button located at the bottom right of the page. The total for the schedule is automatically calculated and brought forward into the financial report on the corresponding line.

Beginning Balance For This Year's Report: Must be the total liquid assets (line 27) from last year's report. This includes checking and savings accounts, cash on hand, certificates of deposit, market value of investments at end of last accounting period, and any other assets readily convertible to cash. **PLEASE NOTE:** The Beginning Balance shown on the online financial report has been brought forward from the last approved report on the Membership System. If a Chapter had income below \$10,000 previously and was not required to file a report with National Headquarters, the Beginning Balance may need to be adjusted. Do not change the Beginning Balance figure otherwise! If there was a reporting error on last year's report which changes the amount of the total liquid assets reported on line 27 of that report, the adjustment must be reported in the income or expenses section of this year's financial report accordingly. An explanation for the adjustment must be provided as well.

THIS YEAR'S INCOME OR RECEIPTS:

Line 1 (Dues) – Report all per capita dues received from National Headquarters during the accounting period. Departments and Chapters normally receive two per capita dues distributions which are directly deposited each year. The first deposit of the accounting period is received in the month of July and the second is received the following January.

Line 2 (Forget-Me-Not Drive) – Report total **gross** receipts from Forget-Me-Not drive during the accounting period. Net values are not acceptable.

Line 3 (Bingo Gross Receipts) – Report total **gross** receipts from bingo operation during the accounting period. Net values are not acceptable. Total gross receipts from voluntary bingo sessions held for disabled veterans at a VAMC and/or nursing home for veterans should be reported on line 9.

Line 4 (Thrift Store Gross Receipts) – Report total **gross** receipts from thrift store operation during the accounting period. Net values are not acceptable.

Line 5 (Bar/Lounge Gross Receipts) – Report total **gross** receipts from bar/lounge operation to include all gross receipts received from all gaming activities (e.g. video gaming machines, pull tabs, lottery tickets) conducted in the bar/lounge during the accounting period. Net values are not acceptable.

Line 6 (Interest & Dividend Income) – Report interest and dividends received from checking accounts, savings accounts, and Certificates of Deposit during the accounting period. Interest and dividend income received from investments listed on line 26 should be reported on line 9 as investment income.

Line 7 (National Fundraising Program) – **For Department use ONLY.** Report all distributions the Department received under this fundraising program conducted by the National Organization. These direct deposits are normally received in the months of November, December and June. This income should **not** be reported on line 1 or line 9 of the financial report.

Line 8 (Increase in Market Value of Investments reported on Line 26) – Report any **increase** in the market value of investments reported on line 26 **as of the end of the accounting period.**

Line 9 (Other Income) – Report all income and monies received that do not fall into any of the above categories. The online schedule must indicate all sources of any such income as well as the specific amount received from each source. **NOTE:** Transfers of funds (including cashing in and/or buying a CD) must not be listed on the financial report. A transfer of funds is just moving money the Department/Chapter already had from one bank account to another bank account. The actual transfer is not income earned as the Department/Chapter already had the money as an asset, nor is it an expense as the money was not spent/dispensed. Only income actually **earned/received** and money actually **spent/dispensed** during the accounting period should be reported.

Line 10 (Total Income) – This amount is automatically calculated for you. This is the total of all income reported on lines 1 thru 9.

THIS YEAR'S EXPENSES OR DISBURSEMENTS:

Line 11 (Total of all salaries, payroll taxes and employee benefits for administrative personnel only) – Report total amount of all salaries, payroll taxes and employee benefits for administrative personnel only. The online schedule must list the full names of all administrative

personnel, their job title/duties and the amount of each individual's compensation. Do **not** include any salaries, taxes or benefits for service personnel (i.e. Department/Chapter Service Officers, Hospital Service Coordinators), bingo employees, or bar/lounge employees as these should be listed on the online schedules for lines 14, 16 and 18 respectively.

Line 12 (Conventions/Conferences/Seminars) – Report total amount of expenses for Department and National conventions, conferences, schools of instruction, seminars and District meetings. The online schedule must list the specific event and the amount expensed/disbursed for each event. Also, list any other event expenses such as Convention ads, hospitality room, etc.

Line 13 (Postage and Office Supplies) – Report total amount of expenses for administrative and non-service related postage, plus the cost of all office supplies (pens, paper, ink cartridges). The purchase of furniture or equipment (e.g. computers, printers, desks) should not be listed on line 13. All service related postage should be reported on line 14.

Line 14 (Service/Charitable) – Report total amount of expenses for service programs and activities that provide a **direct** and **substantial** benefit to disabled veterans and their families. The **Service/Charitable Expenses Schedule** for line 14 **must be completed** whenever **any** expenses are claimed on this line. Each line listed on this schedule provides a description of what is to be reported on that specific line. Please review this schedule carefully to ensure the proper category is used to report any such service expenditures and all additional requested information is provided. You should be prepared to substantiate the reported expenses with receipts, canceled checks, or other supporting documentation.

Line 15 (Forget-Me-Not Expenses) – Report total amount of Forget-Me-Not drive expenses (flowers, cans, materials purchased from National Headquarters). Costs associated with volunteer related expenses (i.e. meals) are **not** considered Forget-Me-Not expenses and should not be reported on line 15.

Line 16 (Bingo Expenses) – Report total amount of expenses for any non-service related bingo operation. The online schedule must be completed to include the **payout to players**, all bingo salaries (list the full name, job title/duties and amount of salary or other compensation for each bingo employee), payroll taxes, related supplies and any other expenses that are directly related to the operation of bingo. Please bear in mind that there are some states which prohibit the payment of any compensation to bingo workers by a charity/nonprofit. Expenses for voluntary bingo sessions held for disabled veterans at any VAMC and/or nursing home for veterans should be reported on line 14. **NOTE:** The Cost of Goods Sold is not an actual cash disbursement and should not be included on the financial report. This is the beginning inventory plus purchases made minus the ending inventory. Only the actual inventory purchases made during the accounting period should be reported.

Line 17 (Thrift Store Expenses) – Report total amount of expenses for any thrift store operation. The online schedule must be completed to include rent, utilities, all thrift store salaries (list the full name, job title/duties and amount of salary or other compensation for each thrift store employee), payroll taxes, management fees and any other expenses that are directly related to the operation of the thrift store. **NOTE:** The Cost of Goods Sold is not an actual cash disbursement and should not be included on the financial report. This is the beginning inventory plus purchases made minus the ending inventory. Only the actual inventory purchases made during the accounting period should be reported.

Line 18 (Bar/Lounge Expenses) – Report total amount of expenses for any bar/lounge operation. The online schedule must be completed to include all bar/lounge employee's salaries (list the full name, job title/duties and amount of salary or other compensation for each bar/lounge employee),

payroll taxes, beverage purchases, food purchases, related supplies, equipment and any other expenses that are directly related to the operation of the bar/lounge. **NOTE:** The Cost of Goods Sold is not an actual cash disbursement and should not be included on the financial report. This is the beginning inventory plus purchases made minus the ending inventory. Only the actual inventory purchases made during the accounting period should be reported.

Line 19 (Chapter Home/Department Headquarters Expenses) – Report total amount of expenses for the Chapter meeting place and Chapter meetings or Department Headquarters facility. The online schedule must be completed to include rent, mortgage payments, utilities, insurance, repairs and maintenance, office furniture, computers, meeting supplies and any other expenses directly related to the Chapter meetings and meeting place or Department Headquarters facility.

Line 20 (Decrease in Market Value of Investments reported on Line 26) – Report any **decrease** in the market value of investments reported on line 26 **as of the end of the accounting period**.

Line 21 (Other) – Report total amount of all other expenses which do not fit into any of the above categories. Examples include: awards, gifts and pins to officers, members and guests; dinners and picnics for the members; installation, supplies (non-Forget-Me-Not) purchased from National Headquarters, and any other miscellaneous expenses. The online schedule must clearly identify the reason for the disbursement with the total amount stated for each. **NOTE: Depreciation** of fixed assets (real estate, equipment, etc.) must **not** be listed as an expense or disbursement on the financial report. **Transfers of funds** (including cashing in and/or buying a CD) must **not** be listed on the financial report. A transfer of funds is just moving money the Department/Chapter already had from one bank account to another bank account. The actual transfer is not income earned as the Department/Chapter already had the money as an asset, nor is it an expense as the money was not spent/disbursed. Only income actually **earned/received** and money actually **spent/disbursed** during the accounting period should be reported.

Line 22 (Expenses) – This amount is automatically calculated for you. This is the total of all expenses reported on lines 11 thru 21.

Ending Balance – This amount is automatically calculated for you. This figure is the **Beginning Balance** plus the **Total Income (line 10)** and minus the **Total Expenses (line 22)** which **must** agree with the Total Liquid Assets figure shown on line 27.

STATEMENT OF LIQUID ASSETS:

Lines 23 thru 27 are to be used to report only liquid/cash assets which, for DAV's financial reporting purposes, are assets that are in cash form or are readily convertible to cash. Please remember that this does **not include fixed assets** such as real estate, furniture/equipment, vehicles and inventory/miscellaneous which **must** be reported on the "**Other Assets Schedule**".

Line 23 (Checking Accounts/Cash on Hand) – Enter **total** of amounts in **all** checking accounts on last day of accounting period (June 30th). Also report all cash on hand at that time. A copy of the bank statement closest to the ending date of the accounting period for each checking account **must** be received by National Headquarters before the online financial report will be reviewed and/or approved. **NOTE:** If the total amount reported on this line differs from the closing balance shown on the bank statement(s), provide a copy of the reconciliation page for each checking account.

Line 24 (Savings Accounts) – Enter **total** of amounts in **all** savings accounts on last day of accounting period (June 30th). A copy of the bank statement closest to the ending date of the accounting period for each savings account **must** be received by National Headquarters before the online financial report will be reviewed and/or approved. **NOTE:** If the total amount reported on

this line differs from the closing balance shown on the bank statement(s), provide a copy of the reconciliation page for each savings account.

Line 25 (C.D.'s) – Enter **total value** of **all** Certificates of Deposit on last day of accounting period (June 30th). A copy of the bank statement closest to the ending date of the accounting period for each Certificate of Deposit **must** be received by National Headquarters before the online financial report will be reviewed and/or approved. **NOTE:** Be sure to properly report all CD interest earned during the accounting period and the actual value of the Chapter's Certificates of Deposit on the last day of the accounting period (June 30).

Line 26 (Market Value of Investments As of End of Accounting Period) – The online schedule must provide a description of **all** stocks, bonds, mutual funds and any other securities owned by Department/Chapter on the last day of accounting period (June 30th). This itemized schedule should also indicate the **market value** for each investment listed, as of the last day of the accounting period. A copy of the investment statement closest to the ending date of the accounting period for all investments owned by Department/Chapter **must** be received by National Headquarters before the online financial report will be reviewed and/or approved.

Line 27 (Total Liquid Assets) – This amount is automatically calculated for you. This is the total amount of Liquid Assets reported on lines 23 thru 26. **In all cases**, this figure must **equal** the amount shown on the **Ending Balance line**. The Difference from the Ending Balance figure located under line 27 should be \$0.00. Otherwise, the report is not balanced and the Difference from the Ending Balance figure then shows the amount in which the report is out of balance. Reports that do not balance will be denied by National Headquarters. The Department/Chapter will then be notified via regular mail of any corrections and/or additional information required.

OTHER ASSETS SCHEDULE: Report all **fixed assets**.

Real Estate: Enter the complete address, date of acquisition/purchase and the current market value (not purchase price) of each property titled in the Department/Chapter name. **Rented or leased property should not be listed.** **NOTE:** Because the online Other Asset Schedule will accommodate information for only one property, any Department/Chapter owning more than one property must mail a list containing the required information for each property to National Headquarters.

Loan Information: Enter the loan balance as of the end of the accounting period for any loan in the Department/Chapter name and the full name and address of the lending institution.

Furniture/Equipment: Enter a brief description of all furniture/equipment and their total current estimated market value, not their purchase price.

Vehicles: Enter year, make and model of all vehicles owned by the Department/Chapter and their current estimated market value, not their purchase price.

Inventory/Miscellaneous: Provide a brief description of all inventory/miscellaneous and their current estimated market value, not their purchase price.

NAME OF BANK(S) AND LOCATION(S): Enter the full name and address of **all** financial institutions (banks, savings & loans, etc.) holding **any** funds of Department/Chapter.

NAMES OF AUTHORIZED SIGNERS ON BANK ACCOUNTS: Enter the full name and title of each authorized signer on all bank accounts. These should be only those individuals specifically authorized as signatories on these accounts by your Constitution/Bylaws.

SIGNED BY AUDIT COMMITTEE: The annual financial report **must** be signed by **three** members of the Department/Chapter Audit Committee. This is indicated by entering each Audit Committee member's membership number in the lower left corner of the report. If the membership number is not known, you may click on the Membership # link to execute a search. As provided in the National Bylaws, **excluded** from the Audit Committee are the Commander, Senior Vice-Commander, Treasurer, Adjutant and Finance Committee Chairman. Also, enter the date the Audit Committee signed the financial report.

SUBMITTED BY: The annual financial report must also be signed and submitted by an authorized officer. Only the Department/Chapter Commander, Adjutant and Treasurer are authorized to submit the financial report online. Therefore, the authorized officer keying the report will automatically be shown in the lower right corner as the officer submitting the report once the Submit button has been clicked.

Clicking on the Submit button located at the bottom right of the page enters the completed report into the Membership System for review by National Headquarters. It is important that the report is accurate and contains all the required information before this button is clicked. You will not be able to make any changes to the report once it has been submitted.

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IMPORTANT REMINDERS:

Be sure the financial report balances before it is submitted to National Headquarters. The beginning balance plus the total income and minus the total disbursed will be the ending balance which *must* agree with the *total liquid assets* listed on line 27. The Difference from Ending Balance located under Line 27 should be \$0.00.

DEPARTMENTS:

- **If your gross income exceeds \$300,000.00, excluding per capita dues received from National Headquarters, please be sure to mail the complete CPA review report to include the basic supporting backup documentation to National Headquarters.**
- **Be sure to mail copies of all required bank statements to National Headquarters.**

CHAPTERS:

- **If your gross income exceeds \$300,000.00, excluding per capita dues received from National Headquarters, please be sure to mail the complete CPA review report to include the basic supporting backup documentation to National Headquarters and your state department.**
- **Be sure to mail copies of all required bank statements to National Headquarters and your state department.**
- **Be sure to mail a copy of your completed financial report and all required schedules to your state department.**

SCHEDULE EXAMPLE

Departments and Chapters are required to provide simple schedules in the proper format which clearly identify the source of income and/or the reason for the disbursement. Combine all like income or all like disbursements and state the total amount for each; for example: member donations and the total amount received from member donations; utilities and the total amount paid for utilities. Monthly breakdowns/general ledger reports and proper names are not acceptable.

Schedule for line 9:

Donations	\$10,310.00
Raffles	\$ 1,000.00
Bell-jar	\$ 600.00
Refunds	<u>\$ 525.00</u>
	\$12,435.00

Schedule for line 11:

Tom Jones-Secretary	\$ 1,000.00
Employee Benefits	<u>\$ 500.00</u>
	\$ 1,500.00

Schedule for line 12:

Fall Conference:	\$ 600.00
National Convention:	\$ 200.00
State Convention:	<u>\$ 600.00</u>
	\$1,400.00

Line 14 Schedule Attachments:**VA Medical Center Donations:**

-Name of VAMC	<u>\$ 100.00</u>
	\$ 100.00

Service Program:

-Name of Service Program	<u>\$ 200.00</u>
	\$ 200.00

Other Service/Charitable Expenses line:

-Flags for Graves	\$ 100.00
-Flowers for Funerals	\$ 125.00
-Bibles for Widows	<u>\$ 100.00</u>
	\$ 325.00

Schedule for line 16:

Payouts/Prizes	\$8,700.00
Bingo Supplies	\$ 400.00
Total Payroll	\$ 500.00
-Bob Jones, Manager	\$400.00
-John Doe, Cashier	\$100.00
Payroll Taxes	\$ 100.00
Bingo License	<u>\$ 50.00</u>
	\$9,750.00

Schedule for line 17:

Utilities	\$ 265.00
Trash Removal	\$ 200.00
Vehicle Expense	\$ 135.00
Rent	\$ 500.00
Total Payroll	\$ 800.00
-Jim Smith, Cashier	\$400.00
-Tom Miller, Cashier	\$400.00
Payroll Taxes	\$ 200.00
Management Fees	<u>\$ 500.00</u>
	\$2,600.00

Schedule for line 18:

Purchase of Beer	\$1,000.00
Purchase of Liquor	\$1,000.00
Purchase of Soda	\$ 500.00
Mortgage Payments/Rent	\$ 500.00
Utilities	\$ 100.00
Linens	\$ 200.00
Paper Supplies	\$ 200.00
Total Payroll	\$3,500.00
-John Doe, Manager	\$1,500.00
-Jane Smith, Bartender	\$1,000.00
-Jim Green, Custodian	\$1,000.00
Payroll Taxes	\$ 800.00
Sales Tax	<u>\$1,000.00</u>
	\$8,800.00

Schedule for line 19:

Utilities	\$ 500.00
Trash Removal	\$ 40.00
Repairs & Maintenance	\$ 660.00
Insurance	\$ 400.00
Bank Charges	\$ 25.00
Meeting Supplies	\$ 450.00
Mortgage Payments/Rent	\$ 200.00
Purchase of Computer	\$ 250.00
Purchase of Desk	<u>\$ 250.00</u>
	\$2,775.00

Schedule for line 21:

Raffles Expenses	\$ 500.00
Orders from National	\$ 110.00
Installation Dinner	\$ 275.00
Chapter Picnic	\$ 250.00
Chapter Christmas Party	<u>\$ 250.00</u>
	\$1,385.00