



Annual Financial Report Instructions



GENERAL INFORMATION:

Annual Financial Report Form: All State Departments and Units are required to use the Annual Financial Report form provided by National Headquarters. Each line listed on this form provides a description of what is to be reported on that specific line. Alterations (scratch outs) of these lines are not acceptable. This means that the category listed for a specific line (e.g. Line 3. Public Bingo Income) cannot be scratched out and replaced with a different category (e.g. Raffle Income).

Accounting Year: July 1 to June 30.

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

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/disbursed 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 and inventory/miscellaneous must be reported separately as a part of line 25, other assets.

Report Completion/Mailing:

The Annual Financial Report is a four (4) part carbonless form. Although typing of the report and schedules is preferred, please be sure all copies are legible if they are handwritten. Mail the completed financial report along with all supporting schedules and any other required documentation to National Headquarters and to the State Department accordingly. Refer to the bottom of each form for mailing instructions. Be sure to retain the appropriate copy of all financial report forms, along with a copy of all schedules and other supporting documentation, for your records!

Online Submission:

Online financial reports are submitted to National Headquarters only and all State Departments and Units are permitted to file an annual financial report online. The State Department/Unit Commander, Adjutant, or Treasurer may access the online financial report by logging onto the DAV Membership System at www.davmembers.org. From the "Maintain Information" menu, select State Department/Chapter Financial Report and then click on the Financial Report Instructions button for complete online submission instructions.

BEGINNING BALANCE FOR THIS YEAR'S REPORT:

Beginning Balance: Must be the **total assets** reported on last year's financial report. Keep in mind that this figure cannot be adjusted for any reason. If there was a reporting error on last year's report which changes the amount of the total assets reported on 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. State Departments and Units can receive up to four (4) per capita dues distributions that are directly deposited each year. This income should NOT be reported on line 7 or line 8 of the financial report. Any dues received that are not from National Headquarters should be reported on line 8.

Line 2. Forget-Me-Not Drive Receipts: Report *total gross receipts* from Forget-Me-Not drive during the accounting period.

Line 3. Bingo Gross Receipts: Report total gross receipts from public bingo operation during the accounting period. 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 13.

Line 4. Thrift Store Gross Receipts: Report total gross receipts from thrift store operation during the accounting period.

Line 5. Kitchen Operation Gross Receipts: Report total gross receipts from kitchen operating expenses during the accounting period.

Line 6. Interest & Dividend Income: Report interest and dividends received from checking accounts, savings accounts, and certificates of deposit during the accounting period.

Line 7. National Fundraising Program: For State Department use ONLY. Report all distributions the State Department received under this fundraising program conducted by the National Organization. This income should NOT be reported on line 1 or line 8 of the financial report.

Line 8. Other Income: Report all income and monies received that do not fall into any of the above categories. **Attach required schedule** indicating all sources of any such income and 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 State Department/Unit already had from one bank account to another bank account. The actual transfer is not income earned as the State Department/Unit 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 9. Total Income: The sum of lines 1 thru 8. Do **NOT** include the Beginning Balance amount.

THIS YEAR'S EXPENSES OR DISBURSEMENTS:

Line 10. Salaries for Administrative Personnel Only: Report total amount of all salaries for administrative personnel only. **Attach required schedule** providing the full names of all administrative personnel, their job title and the amount of each individual's compensation.

Line 11. Conventions/Conferences/Seminars: Report total amount of expenses for National and State Conventions, conferences, schools of instruction, seminars and District meetings. Attach required schedule listing the specific event and the total amount expensed/disbursed for **each attendee**. All travel and lodging expenses, convention ads, hospitality rooms, and all other expenses directly related to the event should be included in the total amount reported.

Line 12. 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 be listed on line 19.

Line 13. 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. **Attach required schedule.** Each expense should be listed separately.

Line 14. Forget-Me-Not Drive Expenses: Report total amount of Forget-Me-Not drive expenses (flowers, cans, materials purchased from the DAV Store).

Line 15. Bingo Expenses: Report total amount of expenses for any public related bingo operation. **Attach required schedule** to include the payout to players, all bingo salaries (list the full name, job title 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 there are some states which prohibit the payment of any compensation to bingo workers by a charity/nonprofit. Only the actual inventory purchases made during the accounting period should be reported.

Line 16. Thrift Store Expenses: Report total amount of expenses for any thrift store operation. **Attach required schedule** to include rent, utilities, all thrift store salaries (list the full name, job title 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. Only the actual inventory purchases made during the accounting period should be reported.

Line 17. Kitchen Operation Expenses: Report total amount of expenses for any kitchen operation. **Attach required schedule** to include all kitchen salaries (list the full name, job title and amount of salary or other compensation for each kitchen employee), payroll taxes, beverage purchases, food purchases, related supplies, equipment and any other expenses that are directly related to the operation of the kitchen. Only the actual inventory purchases made during the accounting period should be reported.

Line 18. State Mandate: Report total amount paid for yearly state mandate as warranted by state.

Line 19. Other Expenses: 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. **Attach required schedule** which clearly identifies the reason for the disbursement with the total amount stated for each category. Only income actually **earned/received** and money actually **spent/dispursed** during the accounting period should be reported.

Line 20. Total Expenses: The sum of lines 10 thru 19.

ENDING BALANCE FOR THIS YEAR'S REPORT:

Ending Balance: This figure will be the **Beginning Balance** plus the **Total Income** (line 9) and minus the **Total Expenses** (line 20), which must agree with the **Total Assets** listed on line 26.

STATEMENT OF ASSETS:

Lines 21 thru 25 on this form are to be used to report only cash assets which, for DAV Auxiliary's financial reporting purposes, are assets that are in cash form or CD's. Please remember that this does not include fixed assets such as real estate, furniture/equipment, and inventory/miscellaneous.

Line 21. Checking Accounts: Report **total** of amounts in **all** checking accounts on last day of accounting period. **Attach a copy of the closing month bank statement** closest to the ending date of the accounting period for each checking account. **NOTE: If the total amount reported on this line differs from the closing balance shown on the bank statement(s) plus all cash on hand, provide a copy of the reconciliation page for each checking account.**

Line 22. Savings Accounts: Report **total** of amounts in **all** savings accounts on last day of accounting period. **Attach a copy of the closing month bank statement** closest to the ending date of the accounting period for each savings account. **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 23. Certificate(s) of Deposit: Report **total value** (not original purchase value) of all certificates of deposit (CD) on last day of accounting period. **Attach statement** closest to the ending date of the accounting period or a letter from the financial institution(s) holding any CDs verifying the value as of the end of the accounting period for each CD. **NOTE:** Be sure to properly report all CD interest earned during the accounting period on line 6.

Line 24. Market Value of Investments as of End of Accounting Period: Report **total market value** of investments on the last day of accounting period. **Attach a copy of the investment statement** closest to the ending date of the accounting period for all investments.

Line 25. Other: Report any other assets not reported on lines 21-24. **Attach a copy of the bank statement** or a statement from the financial organization closest to the ending date of the accounting period.

Line 26. Total Assets: The sum of lines 21 thru 25. **In all cases, this figure must equal the amount reported on the Ending Balance line. Reports that are not in balance will not be accepted!**

NAME OF BANK(S) AND BRANCH LOCATION(S):

Provide the full name and address of all financial institutions (banks, savings & loans, etc.) holding **any** funds of the State Department/Unit. **Information required.**

NAMES OF AUTHORIZED SIGNERS ON BANK ACCOUNT(S):

Provide the full name and title of the three (3) authorized signers on the checking account. In accordance with the National Constitution and Bylaws, the signers must be the State Department/Unit Commander, State Department/Unit Senior Vice Commander, and State Department/Unit Treasurer. **Information Required.**

REQUIRED SIGNATURES:

Signed by Audit Committee: The financial report must be signed/printed and dated by three (3) members of the State Department/Unit Audit Committee as indicated in the lower left hand corner of the report. As provided in the National Constitution and Bylaws, excluded from the Audit Committee are the State Department/Unit Commander, State Department/Unit Senior Vice Commander, State Department/Unit Treasurer, State Department/Unit Adjutant, Finance Committee, or non-DAV Auxiliary members. **Information required.**

Signed and Submitted by Authorized State Department/Unit Officer: The financial report must be **signed**, dated, and submitted.

ENSURE REPORT IS MATHEMATICALLY CORRECT AND IN BALANCE:

Be sure to complete all computations on the financial report and provide required schedules.

Ensure that the amounts listed on the financial report agree with the corresponding schedule amounts.

Ensure that the report is in balance. Start with the beginning balance listed at the top of the current financial report, add the total income listed on line 9 and subtract the total expenses listed on line 20 to arrive at the ending balance. The ending balance **must** agree with the total assets listed on line 26 of the current financial report.

Reports that are not in balance will not be accepted!

ATTACHED SCHEDULES:

State Departments and Units are required to provide simple schedules in the proper format which clearly identify the source of income and/or the reasons for the disbursements. Combine all like income or all like disbursements and state the total amount for each category; for example: member donations and the **total** amount received from all member donations; meeting refreshments and the **total** amount paid for all meeting refreshments. Monthly breakdowns/general ledger reports; listings of each deposit made, each check written and each withdrawal; and proper names are not acceptable.

ANNUAL FINANCIAL REPORT CHECKLIST:

(provided for your convenience)

- Is the Annual Financial Report form current? Outdated forms will not be accepted.
- Are you using the accounting period beginning July 1 ending June 30?
- If your gross annual income, excluding per capita dues, exceeds \$300,000, has a review by a certified public accountant (CPA) been performed? Be sure to enclose the complete CPA review report.
- Are all the computations on the Annual Financial Report completed?
- Does the Beginning Balance plus Total Income (line 9) minus Total Expenses (line 20) agree with Assets listed on line 26?
- Are all the names and branch locations of the State Department/Unit financial institutions included?
- Are the names of the three (3) authorized signers on all State Department/Unit bank accounts included?
- Did three members of the Audit Committee sign and date the Annual Financial Report? (Excluded from the Audit Committee are the Commander, Treasurer, Adjutant, Finance Committee, and non-DAVA members.)
- Is the Annual Financial Report signed and dated?

Are the following applicable schedules and attachments equal to the amount listed on the corresponding lines of the Annual Financial Report and enclosed:

- Line 8. Other Income
- Line 10. Salaries for Administrative Personnel Only
- Line 11. Conventions/Conferences/Seminars
- Line 13. Service/Charitable Donations—Is the schedule properly completed showing the total amount expended for such programs and activities that provide a direct and substantial benefit to ill and injured veterans and their families, as well as VA Medical Center donations, service programs, and other/service charitable expenses?
- Line 15. Public Bingo Expense
- Line 16. Thrift Store Expense
- Line 17. Kitchen Operations Expense
- Line 19. Other Expenses
- Line 21. Checking Account
- Line 22. Savings Account
- Line 23. Certificate(s) of Deposit
- Line 24. Market Value of Investments as of End of Accounting Period
- Line 25. Other Assets
- Mail the report along with copies of all supporting schedules and attachments as indicated at the bottom of each copy of the Annual Financial Report form.
- Be sure to retain the appropriate copy of all financial forms, along with a copy of all schedules and other supporting documentation, for your records.