1. Determine income and expenses covering July 1 – June 30.
2. Reconcile June 30 bank statement(s) to the department/chapter bank register(s).
3. Make sure everything balances.
4. Determine what line category income and expenses are to be reported on. How was the income generated? Did the disbursement provide a direct service to a veteran? What was the reason for the expense? Was the fundraising event held to benefit a veteran/veteran family or fund a department/chapter operation?
5. Prepare schedules.
6. Fill out AFR and other Forms.

* Required Forms:
  + Use the current Annual Financial Report Kit (Kit) provided by National Headquarters only. Current revision dates are located in bottom right corners immediately following the item number for each. Current components of the Kit are:
    - Annual Financial Report Instructions 901334 (06/17)
    - Annual Financial Report Form 901338 Form (05/17)
    - Service/Charitable Expenses Schedule Form 901331 (05/17)
    - Other Assets Schedule Form 901332 (05/17)
* Income Filing Requirement:
  + The filing requirement is based on the total amount of income received during the accounting period, not how much monies were in the bank(s) at the end of the accounting period.
    - For Departments:
      * Must file a complete AFR with National.
    - For Chapters:
      * Total Income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) equals $10,000.00 or more, file with both National & DAV Department.
      * Total Income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) equals less than $10,000.00, file with DAV Department only.

EXCEPTION: If immediate prior year’s total income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) equaled $10,000.00 or more, then send to National the completed 1st page of current year’s AFR or a letter indicating that total income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) for current year is below the $10,000.00 filing requirement for National’s review. The letter should include the amount of total income, excluding per capita dues, and the accounting year (e.g. 2015-2016).

* CPA Review Required:
  + For Departments:
    - Total Income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) and minus \*All Funding from the National Organization (Line 7) exceeds $300,000.00.

NOTE: \*Line 7 should include all direct deposits or checks from National for the Department Fundraising Program (aka State Service Payout), Columbia Trust Grants, Revenue Sharing Program and any other funds received directly from National.

* For Chapters:
  + Total income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) exceeds $300,000.00.
* Information provided must cover the entire accounting period of July 1 through June 30. All income actually received and expended between July 1 and June 30 must be reported.
* All Forms must be properly completed and all required information accurately **affixed** to each.
* For the Annual Financial Report (AFR) page:
  + Beginning Balance will be the figure reported on Line 27 (Total Liquid Assets) of the immediate prior year’s AFR. For example, if Line 27 on the AFR for the 2015-2016 period is $15,000.00, then the Beginning Balance for the 2016-2017 period would be $15,000.00.
  + Amount entered on each line must agree with the total of the figures listed on the corresponding schedules. For example, if the itemized figures on the schedule for line 9 total to $5,000.00, then the amount entered on line 9 of the AFR page would be $5,000.00. Likewise for expense schedules and expense section of AFR page.
  + Amount listed on Line 10 (Total Income) must be the sum of the figures listed on lines 1 through 9. For example, if the figures listed on lines 1 through 9 total to $9,000.00, then the amount listed on line 10 would be $9,000.00. DO NOT INCLUDE THE BEGINNING BALANCE ON LINE 10.
  + Amount listed on Line 22 (Total Expenses) must be the sum of the figures listed on lines 11 through 21. For example, if the figures listed on lines 11 through 21 total to $6,000.00, then the amount listed on line 22 would be $6,000.00.
  + Complete computation for the Ending Balance and annotate amount in designated area on AFR page.

Ending Balance Computation: Beginning Balance + Line 10 (Total Income) – Line 22 (Total Expenses) = Ending Balance

* Amounts listed on lines 23 through 26 must agree with the banking information provided. Cash on hand as of June 30 must be reported in designated area provided on line 23.

NOTE: The financial report should be balanced using the bank register(s), which accounts for all deposits, withdrawals and checks written as of June 30, for each account.

* + Report must be in balance, which means that the Ending Balance figure must agree with the figure listed on Line 27 (Total Liquid Assets) of current AFR.

In Balance Computation: Beginning Balance + Line 10 (Total Income) – Line 22 (Total Expenses) = Ending Balance = Line 27 (Total Liquid Assets)

* + Amount listed on Line 27 (Total Liquid Assets) must be the sum of the figures listed on lines 23 through 26. For example, if the figures listed on lines 23 through 26 total to $13,000.00, then the amount listed on line 27 would be $13,000.00.
  + Name of each bank and branch location (city and state) where the actual banking is conducted must be affixed in the designated area on the AFR page.
  + First and last name of authorized signers on bank account(s) must be affixed in designated area on the AFR page.

NOTE: There should always be at least two authorized signers on bank accounts and all checks should require two signatures.

* + Signature and membership number of all THREE Audit Committee Members, as well as the date signed, must be affixed to the Annual Financial Report Form in the designated areas in the lower left corner.

NOTE: A person holding the office of Commander, Sr. Vice Commander, Treasurer, Adjutant or Finance Chairperson during any part of the accounting period for which the report is being submitted OR at the time the report is signed is not permitted to be a member of the Audit Committee. Additionally, all Audit Committee Members must be an active member of the corresponding Department/Chapter at the time of signing.

* + The signature, membership number and title of the submitting officer, as well as the date signed, must be affixed to the Annual Financial Report Form in designated areas in the lower right corner.

NOTE: All communications regarding discrepancies within the AFR will be directed to the submitting officer with at least one other officer being copied. Departments are always copied on correspondence to associated chapters.

* For Service/Charitable Expenses Schedule Form:
  + VA Medical Center Donations:
    - Report all donations made to VA Medical Centers (VAMC), including the cost of items purchased for a VAMC.
    - Required attachments:
      * Schedule listing name of VAMC and total amount donated to each.
      * Copy of recognition/acknowledgement letter from each VAMC.
  + VAVS Programs:
    - VAVS acronym for VA Voluntary Services.
    - Report expenses incurred by the department/chapter for volunteering for VAVS Programs and the purchase of items supporting these Programs. (Examples of Programs?)
    - Required attachment:
      * Schedule attachment listing name of each VAVS Program and total expenses incurred for each.
* National Transportation Van Grant Program:
  + - Report donations made directly to the Columbia Trust for this Program.
    - No attachment is required.
* Service Programs:
  + - Report donations made to other organizations to help support their service programs, expenses incurred from a department/chapter operated service program.
    - Required attachment:
      * Schedule attachment listing the name of each service program and the total expense incurred.
* Service Officer Expenses:
  + - Report expenses related to the operation of a Department/Chapter Service Office and duties of the service officers. Subsidizing a National Service Office should be reported on the Other Service/Charitable Expenses line of the Service Schedule Form and identified on the corresponding schedule.
    - Required attachment:
      * No attachment required.
* Service Officer Salaries and Benefits:
  + - Report salaries and benefits of all Department/Chapter Service Officers. Subsidizing salaries and benefits for National Service Officers should be reported on the Other Service/Charitable Expenses line of the Service Schedule Form and identified on the corresponding schedule.
    - Required attachment:
      * Schedule listing the first and last names of each Service Officer and total compensation paid to each.
* Cost to Attend Service Schools:
  + - Report all expenses directly related to department/chapter service officers attending service schools.
    - Required attachment:
      * No attachment required.

* Hospital Service Coordinators:
  + - Report salaries and benefits of all Department/Chapter Hospital Service Coordinators (HSC).
    - Required attachment:
      * Schedule listing the first and last names of each Department/Chapter HSC and the total compensation paid to each.
* Donations to the Columbia Trust:
  + - Report all donations made directly to the Columbia, excluding donations to the National Transportation Van Grant Program.
    - Required attachment:
      * No attachment is required.
* National Service Foundation Donations:
  + - Report all donations made directly to the National Service Foundation. Donations made to a DAV Department Service Foundation should be reported on the Other Service/Charitable Expenses line of the Service Schedule Form and identified on the corresponding schedule.
    - Required attachment:
      * No attachment is required.
* LVAP Programs:
  + LVAP acronym for Local Veterans Assistance Program. (Examples of LVAP Programs?)
    - Report all expenses directly related providing assistance to local veterans.
    - Required attachment:
      * Schedule listing the name of each program and total expense for each.
* Donations to State Veterans Homes:
  + - Report all donations made to State Veterans Homes (Homes), including the cost of items purchased for the Homes.
    - Required attachments:
      * Schedule listing the name of each Home and the total amount donated to each.
      * Copy of recognition/acknowledgement letter from each Home.
* Housing Programs:
  + - Report all donations made to help support Housing Programs for veterans provided by facilities.
    - Required attachments:
      * Schedule listing the name of each facility and the total amount donated to each.
      * Copy of recognition/acknowledgement letter from each Housing Program facility.
* Meals Programs:
  + - Report donations made to help support Meals Programs provided by facilities for veterans, including the cost of items purchased and donated to the facilities.
    - Required attachments:
      * Schedule listing the name of each facility and the total amount donated to each.
      * Copy of recognition/acknowledgement letter from each facility.
* Publication of Newsletter/Periodicals:
  + - Report all expenses directly related to the production, printing and distribution of all newsletters or other informational publications provided on a regular basis by the department/chapter.
    - Required attachment:
      * Schedule listing the name of each facility and the total amount donated to each.
      * Copy of most recent newsletter/periodical.
* Grants to Homeless or Needy Veterans:
  + - Report donations/expenses directly related to providing service to homeless or needy veterans. This would include, but is not limited to, providing assistance to a veteran who is homeless or in need by way of paying for a hotel stay, buying clothing, paying a utility bill or buying groceries.
    - Required attachments:
      * Schedule listing the name of each veteran, the reason for granting the funds, and total amount granted to each.
      * Documentation such as an acknowledgement letter from the business advising of receipt of payment or a signed receipt from veteran verifying the amount granted and assistance received.
* Other Service/Charitable Expenses:
  + - Report all expenditures that were used to provide direct service to veterans and/or their families that do no fall into one of the above categories. A few examples would be department/chapter held
    - Required attachments:
      * Schedule listing the reason for the disbursements with the total amount stated for each category. For example, flags purchased for placement on veterans graves would be listed as *Purchase of Flags for Veterans Graves* with the total purchase amount stated. Proper names are permitted only if followed by a reason for the disbursement. For example, *St. John’s Church-Packages for Troops.*
      * Copy of recognition/acknowledgement letter from recipient of any donations.
* For Other Assets Schedule (OAS) Form:
  + Affix information related to each property owned (titled in Department/Chapter/ affiliated entity(ies) name) in designated area of OAS Form. Property that is owned but rented to another party must be included, as well.
    - Full street address, city, state and zip code
    - Date property was acquired or purchased
    - Current market value as of end of accounting period (June 30) for each property titled in Department/Chapter/affiliated entity(ies) name
  + Affix loan information for each loan carried by Department/Chapter/affiliated entity(ies) as of end of accounting period (June 30) in the designated area of OAS Form.
    - Balance of each loan
    - Name and Address of each lender. Include reason for obtaining the loan.

NOTE: If source of loan is other than a financial institution, provide reason for loan.

* + Affix brief description of furniture and equipment (desks, computers, chairs, etc.) owned by department/chapter/affiliated entity(ies) and total estimated market value. Do not provide separate attachment(s) itemizing furniture and equipment.
  + Affix year, make and model of each vehicle titled in department/chapter/affiliated entity(ies) name and the total estimated market value of all to OAS Form. If additional space is needed, provide a separate attachment listing the year, make and model of additional vehicles.
  + Affix brief description of inventory and miscellaneous items (e.g. flags, office supplies, cleaning supplies, etc.) and the total estimated market value of all to OAS Form. Do not provide separate attachments itemizing inventory and miscellaneous items.

* Required Schedules to be Prepared by Department/Chapter:
  + An itemized schedule must be provided for any line of the AFR page on which an amount is entered and is indicated next to the title of the line that an attached schedule is required. Do not provide schedules for lines that no amounts have been entered on or for lines that do not require schedules.
  + Each schedule must:
    - Be properly formatted. This means that the schedules must provide an itemization listing each income category or expense category as it relates to each line. Listings of each deposit/withdrawal made and each check written or monthly breakdowns are *not* permitted.
    - Contain information directly related to the line for which it has been prepared. For example, the schedule prepared for line 11 should include entries for payroll and benefit expenses related to administrative personnel only. There should not be entries related to service personnel or custodial services, as neither fall under administrative personnel.
    - Clearly identify the source of income with the total amount stated for each category. This means to combine all like income, provide the source and informative description and state the total amount for each category. For example, income generated from three department/chapter quilt fundraising events held during the accounting period to raise funds for the purchase of a department/chapter vehicle would be added together and identified on the schedule for Line 9 (Other Income) as *Department/Chapter Quilt Fundraising Events for Purchase of Department/Chapter Vehicle* with the total combined amount stated.
    - Clearly identify the reason for the expenses/disbursements with the total amount stated for each category. This means to combine all like expenses, provide an informative description and reason and state the total amount for each category. For example, all expenses directly related to attending the National Convention would be added together and identified on the schedule for Line 12 (Conventions/Conferences/Seminars) as *National Convention* with the total combined amount stated.
  + Schedules may be presented on individual pages or on a single page providing that the print is of adequate reading size and each schedule is represented individually on the page.
  + Allocations for Bar/Lounge, Bingo and Chapter Home/Department HQ Expenses:
    - Allocations for building expenses are necessary when one building is used to operate a bar/lounge and/or a separate bingo operation and conduct department/chapter business and meetings. Allocations should be made in accordance to how often the building is used for that specific operation. For example, a bar/lounge operation that is open 7 days a week would have higher operational costs (utilities, janitorial, insurance, etc.) than a bingo operation held 1 day a week. The individual allocations and amounts for each building expense must be identified on the corresponding schedule.
* Required Attachments for Banking:
  + A copy of the actual bank statement closest to the end of the accounting period (June 30) is required for each department/chapter/affiliated entity(ies).
  + Reconciled bank statements or reconciliation information for each account, if the June 30 bank statement balance does not agree with the amount reported on the corresponding line of the AFR page.

NOTE: The financial report should be balanced to June 30 using the bank register(s), which accounts for all deposits and withdrawals made and checks written as of June 30, for each account. All deposits and withdrawals made and checks written on or before June 30 must be reported on the AFR, even if they do not show as clearing the bank on the June 30 bank statement, as the monies were received and expended during the accounting period covering July 1 – June 30. The amounts reported on lines 23 through 26, including cash on hand, the reconciled bank statements plus any cash on hand should agree with the amount listed on line 27 (Total Liquid Assets) of the financial report.