

AFR SUPPLEMENTAL INSTRUCTIONS
(revised 10/17/22)

1. Review AFR Instructions and Forms.
2. Determine gross income and expenses covering July 1 – June 30.
3. Reconcile June 30 bank statement(s) to the department/chapter bank register(s).
4. Make sure everything balances.
5. 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?
6. Prepare schedules.
7. 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 (06/20)
 - Annual Financial Report Form 901338 Form (06/20)
 - Service Expenses Schedule Form 901331 (06/20)
 - Other Assets Schedule Form 901332 (06/20)

• **Income Filing Requirement:**

- The filing requirement is based on the total amount of gross 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 \$25,000.00 or more, file complete AFR with both National & your DAV Department.
- Total Income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) and In-kind Donations (Line 7) equals less than \$25,000.00, file complete AFR with your DAV Department only.

EXCEPTION: If immediate prior year's Total Income (Line 10) minus Dues Per Capita from National Headquarters (Line 1) and In-kind Donations (Line 7) equaled more than \$25,000.00, then send to National the completed 1st page of current year's AFR or a letter indicating that Line 10 minus Lines 1 & 7 of the current year's AFR is below the \$25,000.00 filing requirement for National's review. The letter should also include the amount of total gross income, excluding per capita dues & in-kind donations, and the accounting year (e.g. 2015-2016).

- **CPA Review Required:**
 - For both Departments and Chapters:
 - Total Income (Line 10) minus *All Funding from the National Organization (Line 1) and In-kind Donations (Line 7) exceeds \$300,000.00.

NOTE: *All funding to be reported on Line 1 includes, but is not limited to, per capita dues received from National Headquarters, grants from the Columbia Trust and, for Department's only, distributions from National for the Department Fundraising (aka State Service Payout) and the Department Revenue Sharing Programs and any other funds received directly from National.
- Information provided must cover the entire accounting period of July 1 through June 30. All monies actually received and expended between July 1 and June 30 must be reported.
- All Forms must be properly completed and all applicable information included directly on each.
- **For the Annual Financial Report (AFR) Form:**
 - Beginning Balance will be the figure listed on Line 27 (Total Liquid Assets) of the immediate prior year's AFR Form. For example, if Line 27 on the AFR Form 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 Form would be \$5,000.00. Likewise, for expense schedules and the expense section of the AFR Form.
 - 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 Form.

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. **DO NOT INCLUDE THE MARKET VALUE OF ANY FIXED ASSETS, INCLUDING REAL ESTATE, ON THESE LINES.**

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 Form.

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) of the current AFR Form 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 banking is conducted must be included in the designated area on the AFR Form.
- First and last names of the authorized signers on the bank account(s) must be included in designated area on the AFR Form.

NOTE: There should always be at least two authorized signers on bank accounts and all checks should require two signatures.
- Signatures and membership numbers of all THREE Audit Committee Members, as well as the date signed, must be included on the AFR 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 current members 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 included on the AFR 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.

- **Required Schedules for AFR Form to be Prepared by Department/Chapter:**

- An itemized schedule must be provided for any line of the AFR Form 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 on which no amounts have been entered 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 income 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 reasons 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/Meetings) 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:
 - If the same building is used to operate a bar/lounge and/or a separate bingo operation and to conduct department/chapter business and meetings, allocations for building expenses to each operation are necessary. 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 each corresponding schedule.
- **Required Banking Attachments:**
 - 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). For certificates of deposit (CD) **only**, a letter from the financial institution(s) holding each CD may be provided in the absence of a bank statement.
 - 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 Form.

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 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 reconciled banking information provided for each type of bank account, plus any cash on hand, should confirm the amounts listed on lines 23 thru 26 of the AFR Form, accordingly, and Line 27 (Total Liquid Assets) should reflect the combined total of those lines.
- **For Service Expenses Schedule Form:**
 - Donations to VA Medical Centers:
 - Report all donations made to VA Medical Centers (VAMC), including the cost of items purchased for a VAMC.
 - Required attachments:
 - Schedule attachment listing name of VAMC, reason for expense/donation and total amount donated to each.

- Copy of recognition/acknowledgement letter from each VAMC.
- Donations to State Veterans Homes and Patients:
 - Report all donations made to State Veterans Homes (Homes), including the cost of items purchased for the Homes and patients/residents.
 - Required attachments:
 - Schedule attachment listing the name of each Home, reason for expense/donation and the total amount donated to each.
 - Copy of recognition/acknowledgement letter from each Home.
- Donations to the Columbia Trust:
 - Report all donations made directly to the Trust, excluding payments made for the National Transportation Network Vehicle Grant Program.
 - Required attachment:
 - A copy of recognition/acknowledgement letter from Trust, which may be requested at NSF@dav.org, or copy of canceled check.
- Donations to the National Service Foundation:
 - Report all donations made directly to the National Service Foundation. Donations made to a DAV Department Service Foundation should be reported on the Service Programs line of the Service Expenses Schedule Form and identified on the corresponding schedule.
 - Required attachment:
 - A copy of recognition/acknowledgement letter from Trust, which may be requested at NSF@dav.org, or copy of canceled check.
- DAV Transportation Network Vehicle Grant Program:
 - Report payments made directly to the Columbia Trust for this Program.
 - Required attachment:
 - No attachment required.
- 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.
 - Required attachments:
 - Schedule attachment listing name of each facility, VAVS Program name and total expense amount for each.
 - A copy of recognition/acknowledgement letter from facility, if service was in form of donation.
- Service Programs:
 - Report donations made to other organizations to help support their service programs and expenses incurred from a department/chapter operated service program.
 - Required attachments:

- Schedule attachment listing the name of each organization, name of service program and the total expense amount for each.
 - For a department/chapter operated program, list program name and total program expense.
 - A copy of recognition/acknowledgement letter from each organization.
 - For a department/chapter operated program, copies of receipts confirming amount reported for program.
 - Service Office/Officer Expenses:
 - Report expenses/disbursements related to the operation or support of a Department/Chapter Service Office and National Service Offices.
 - Required attachment:
 - Schedule attachment listing reasons for expenses and total expense amount for each.
 - 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 Service Office/Officer Expenses line of the Service Schedule Form and identified on the corresponding schedule.
 - Required attachment:
 - Schedule attachment listing the first and last names of each Service Officer and total compensation paid to each.
 - Hospital Service Coordinators Salaries, Benefits & Expenses:
 - Report salaries and benefits of all Department/Chapter Hospital Service Coordinators (HSC).
 - Required attachment:
 - Schedule attachment listing the first and last names of each Department/Chapter HSC and the total compensation paid to each, as well as all other HSC related expenses and reasons for expenses.
 - Direct Assistance to Needy Veterans & Families:
 - Report donations/expenses related to providing service directly to a homeless or needy veteran. 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 attachment:
 - Schedule attachment listing the first and last names of each veteran, the reason for the assistance/grant and total amount granted to each.
 - Copy of Financial Assistance Form, if using said Form.
 - 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:
 - No attachment required.

- In-kind Donations:
 - Report all in-kind donations redistributed to veterans/families of veterans during the accounting period.
 - Required attachment:
 - Schedule attachment listing recipient's first and last name, item donated and estimated value of each.
- Other Service Expenses:
 - Report all expenditures that were used to provide direct service to disabled veterans and their families that do not fall into one of the above categories.
 - Required attachments:
 - Schedule attachment listing the reasons 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 organizations and individuals, excluding needy veterans and families of veterans, having received a donation from the department/chapter.
- **For Other Assets Schedule (OAS) Form:**
 - Include directly on OAS Form in the designated areas the following information related to each property titled in Department/Chapter/affiliated entity(ies) name, which includes property that is owned by the Department/Chapter/affiliated entity(ies) but is rented to another party:
 - Complete street address, city, state and zip code.
 - Date property was acquired or purchased.
 - Current market value of each property as of end of accounting period (June 30).

NOTE: If owning more than two properties, a separate attachment listing the required information for each additional property is required.
 - Include directly on OAS Form in the designated areas the following loan information for each loan carried by the Department/Chapter/affiliated entity(ies) as of end of accounting period (June 30):
 - Balance of each loan.
 - Full name and street address, city, state and zip code of each lender.
 - Reason for obtaining the loan.
 - Include directly on OAS Form in the designated areas brief descriptions (desks, computers, chairs, filing cabinets, stove, etc.) of furniture and equipment owned by department/chapter/affiliated entity(ies) and total estimated market value. Do not provide separate attachment(s) itemizing furniture and equipment.
 - Include directly on OAS Form in the designated areas year, make and model of each vehicle titled in department/chapter/affiliated entity(ies) name and the total estimated market value. If additional space is needed, a separate attachment listing the year, make and model of each additional vehicle would be necessary.

- Include directly on OAS Form in the designated areas brief descriptions (e.g. flags, office supplies, cleaning supplies, etc.) of inventory and miscellaneous items and the total estimated market value. Do not provide separate attachments itemizing inventory and miscellaneous items.