



SUPPORTING VICTORIES FOR VETERANS



KEEPING OUR PROMISE TO
AMERICA'S VETERANS

DAV Department Admin Training and Orientation Annual Financial Reports (AFRs) October 19, 2023[★]

Doug Wells
National Membership Director
dwells@dav.org
(859) 442-2060



Agenda

- AFR Report Submission Requirements
- AFR Required Forms
- AFR Supporting Documentation
- Most Common Errors
- Reporting In-Kind Donations
- Schedules
- Some Dos and Don'ts
- You're not alone!

AFR Submission Requirements

- Departments
 - Must submit AFR to National Headquarters
- Chapters
 - Above \$25,000 in total income (excluding all funding from NHQ and in-kind donations) require AFR to both National HQ and Department HQ
 - \$25,000 or less in total income require AFR only to Department HQ
- CPA review is total income for Departments and Chapters if income exceeds \$300,000 (excluding all funding from NHQ and in-kind donations)

AFR Required Forms

- Be sure to use current AFR Kit provided by DAV National Headquarters
 - Annual Financial Report Instructions* 901334 (06/23)
 - Annual Financial Report Form 901308 Form (06/23)
 - Service/Charitable Expenses Schedule Form 901331 (06/23)
 - Other Assets Schedule Form 901332 (06/23)
 - AFR Supplemental Instructions
- Now .pdf fillable



*Be sure to review checklist on last page of instructions.

**Be sure to open in Adobe Reader.

AFR Supporting Documentation

- Attach supporting documentation to respective schedules
 - Receipts
 - Acknowledgement letters
 - Expense Vouchers
 - Bank Statements

Five Most Common Errors



Five Most Common Errors

1: Annual Financial Form

- Using outdated forms or forms not provided by National Headquarters. Only use forms provided in AFR Kit available at www.dav.org by navigating to: Member Resources → Quick Links → Elected Officer Resources → Annual Financial Report Kit.
- Incorrect beginning balance. (Beginning balance must be the same as the ending balance for the prior reporting period.)
- Incomplete/incorrect accounting period. Example – AFR covering only October - June.
- Reporting incorrect funding from National Headquarters on Line 1. All Funding from National Headquarters.
- Not providing name and locations of local branch bank.
- Not providing names or complete names (first & last) of the authorized signers on bank accounts.
- Missing audit committee and/or submitting officer signatures.

Five Most Common Errors

2: Service Expense Schedule Form:

- Not providing or not completing the form.
- Reporting service expenses on incorrect lines.

3: Other Assets Schedule Form:

- Not providing or completing the form.
- Not reporting property.
- Not providing date of acquisition/purchase of property.
- Not providing current market value of property.
- Not providing the year, make and model of vehicles.

Five Most Common Errors

4: Schedules:

- Improperly formatted schedules. Examples – Listing every bank transaction, listing as a monthly breakdown of income and expenses, etc.
- Schedules that do not total to the amounts listed on the corresponding lines of the AFR.

Five Most Common Errors

5: Missing Information/Miscellaneous

- Missing CPA Reviews (\$300K of income)
- Missing legal gifting documents for bequests/trusts.
- Missing recognition letters for donations made to individuals/organizations, excluding grants/assistance to needy veterans and their families.
- Incorrectly reporting in-kind donations.

Five Most Common Errors

- Incorrectly reporting gift card purchases to keep on hand.

Gift cards purchased to have on hand to give to veterans as needed are not considered a service expense until the card is given to a veteran/family of veteran. Additionally, the purchase of gift cards to replenish the gift card “stock” would be treated as a transfer of funds rather than an expense, as the money used to purchase the gift cards has not actually been expended. It was just moved from a bank account and converted to gift cards, which the gift cards would then become cash on hand. There is not an expense until a gift card is actually given to a veteran/family of veteran. At that point, the total gift card cash on hand balance would decrease by the value of the gift card and, as the gift card has left department/chapter hands the value of the gift card then becomes an expense to Direct Assist to Needy Veterans & Families.
- Providing the names of individuals being reimbursed instead of the reason for the reimbursement.
- Not allocating building expenses between bingo, bar/lounge and home/headquarters.
- Providing a full year’s worth of bank statements. Need only statements closest to June 30.
- Reporting depreciation as an expense.

Reporting In-Kind Donations



When an in-kind donation is initially received, it should be reported as a fixed assets on the records and given a value at that time. When in-kind items are actually donated, the total value of the donated items would then be report on Line 7, the same value would be reported on the In-Kind Donations line of the Service Expenses Schedule for Line 14, and those items would then be removed from fixed assets.

Reporting In-Kind Donations

Received and Not Donated Within Same Accounting

Period: If a chapter receives an in-kind donation during an accounting period and does not donate it within the same year, then the in-kind donated item is only reported on the Other Assets Schedule.

Received and Donated Within Same Accounting

Period: If a chapter receives an in-kind donation during an accounting period and donates it to a needy veteran or a service to veterans/their families within that same accounting period, then the value of the in-kind donation would be reported on Line 7, the same value would be reported on the In-Kind Donations line of the Service Expenses Schedule for Line 14, and the item would be removed from fixed assets.

Reporting In-Kind Donations

Donating in a Different Accounting Period: If a chapter receives an in-kind donation during one accounting period but doesn't donate it until a later accounting period, the in-kind donation is reported as a fixed asset in the accounting period it is received, and then the total value of the item(s) donated in the later accounting period would be reported on Line 7, the same value would be reported on the In-Kind Donations line of the Service Expenses Schedule for Line 14 for that accounting period and then removed from the fixed assets.

Lines that Require Schedules and what to Report?



Lines that Require Schedules and what to Report?

Schedule Format - Simple schedules in the proper format are required for entries placed on lines indicating that an attached schedule is needed. The schedules must clearly identify the source of income or the reason for the disbursement with the **total** amount stated for **each category**, accordingly; as an example:

Donations - Members and the total amount received from all member donations would be listed on the schedule for line 9;

Department Convention - expense and the total amount disbursed for that convention would be listed on the schedule for line 12;

Plumbing expense - and the total amount disbursed for the cost of all plumbing repairs on the home/meeting place would be listed on the schedule for line 19;

Chapter Christmas Party - and the total amount disbursed for said party would be listed on the schedule for line 21.

The figures listed within each schedule must total to the amounts reported on the corresponding lines of the financial report page. Listings of each deposit/withdrawal made and each check written or monthly breakdowns are not needed.

Lines that Require Schedules and what to Report?

Income Schedules

Line 7. In-Kind Donations During Accounting Period – Report in-kind donations that were redistributed during accounting period.

- Line 7 Schedule, include donor's name (first and last if individual), the item donated and the estimated value of each donated item.

Schedule Example:

Medical Store – Wheelchairs (3)	\$ 400.00
Joe Mack – Hospital Bed	\$1,500.00
Line 7 Total	\$1,900.00

Lines that Require Schedules and what to Report?

Line 9. Other Income – Report all income and monies received that do not fall on Lines 1 thru 8.

- Line 9 Schedule, include sources of income and total amount for each income source category. Things to note:
 - a) Donations made in memory of individuals are not bequests and should not be identified as such.
 - b) For donations of \$1,000.00 or more not associated with an event or bequest/trust, list the first and last name of donor or complete name of business/organization.
 - c) For donations less than \$1,000.00, combine like sources and report as one category. For example, combine donations from businesses and identify as Donations-Businesses; combine donations from members and identify as Donations-Members.
 - d) For bequests/trusts, identify by donor name and type.
 - e) Identify fundraising events by the name/type of event name and list the total expense amount for each event.

Lines that Require Schedules and what to Report?

- f) Dues from DAV members to be used to pay on their DAV memberships should be identified as DAV Membership Dues.

Schedule Example:

Donations- Jane Doe	\$ 1,000.00
Donations- Suds Laundry	\$ 1,200.00
Donations-Businesses	\$ 5,000.00
Donations-Members	\$ 310.00
Donations-Memorials	\$ 100.00
Donations-50/50	\$ 1,000.00
Bequest-Joe Green Estate	\$ 4,000.00
Fundraiser-Quilt Raffle	\$ 1,000.00
Fundraiser-Car Show	\$ 690.00
<u>DAV Membership Dues</u>	<u>\$ 400.00</u>
Line 9 Total	\$14,700.00

Lines that Require Schedules and what to Report?

Expense Schedules

Line 11. Administrative Personnel Salaries, Benefits, Payroll Taxes and Payroll Processing Fees – Report salaries, employee benefits and payroll taxes for only administrative personnel and any related payroll processing fees.

- Line 11 Schedule, include first and last names of all administrative personnel, their job title and total amount of each individual's compensation, expenses related to payroll processing, and total amount for each category.

Lines that Require Schedules and what to Report?

Expense Schedules

Things to note:

- a) Do not include salaries, employee benefits, payroll taxes or related payroll processing fees 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 separate schedules for lines 14, 16, and 18 respectively.

Schedule Example:

Tom Jones-Adjutant	\$ 2,500.00
Jerry James-Office Manager	\$ 2,500.00
Employee Benefits	\$ 500.00
Payroll Taxes	\$ 750.00
<u>Employee Processing Fees</u>	<u>\$ 1,200.00</u>
Line 11 Total	\$ 7,450.00

Lines that Require Schedules and what to Report?

Line 12. Conventions/Conference/Seminars/Meetings – Report expenses for conventions, conferences, schools of instruction, seminars and meetings (including monthly membership meetings).

- Line 12 Schedule, include the name/type of event and the total amount expended/disbursed for each event. Things to note:
 - a) All travel and lodging expenses, advertisements, hospitality rooms and all other expenses directly related to an event should be included in the total amount reported for that event and not listed individually.

Schedule Example:

Membership Meetings	\$ 200.00
Department Fall Conference	\$ 500.00
National Convention	\$ 200.00
Department Convention	\$ 600.00
Line 12 Total	\$ 1,500.00

Lines that Require Schedules and what to Report?

Line 14. Service Expenses – Report expenses for service programs and activities that provide a direct and substantial benefit to disabled veterans and their families.

- Line 14 Service Expenses Schedule Form: This form provides specific service related categories. Each line of this form provides a description of what is to be reported on that specific line, as well as what additional information may be required. This form must be completed by listing the total expense amount on each applicable line. Additionally, schedule attachments are required for lines indicating an attached schedule is needed.

Lines that Require Schedules and what to Report?

Line 14 Schedule Attachments:

- Donations to VA Medical Centers Schedule, include name of VAMC, reason for expense/donation and total expense/donation amount for each.

Schedule Example:

Name of VAMC–General Donation	\$ 50.00
Name of VAMC–Hygiene Items	\$ 100.00
<u>Name of VAMC–TV for Rec Room</u>	<u>\$ 150.00</u>
Total for Donations to VAMCs	\$ 300.00

- Donations to State Veterans Homes and Patients Schedule, include name of facility, reason for expense/donation and total expense/donation amount for each.

Schedule Example:

Name of Facility–General Donation	\$ 100.00
Name of Facility–Hygiene Items	\$ 400.00
<u>Name of Facility–Christmas Cards</u>	<u>\$ 100.00</u>
Total for Donations to State Homes, etc.	\$ 600.00

Lines that Require Schedules and what to Report?

- VAVS Programs Schedule, include facility name, name of program and total expense for each program.

Schedule Example:

Name of Facility & VAVS Program	\$ 75.00
<u>Name of Facility & VAVS Program</u>	<u>\$ 100.00</u>
Total for VAVS Programs	\$ 175.00

- Service Programs Schedule, include name of organization, name of program and total expense for each program.

Schedule Example:

Name of Facility & Service Program	\$ 100.00
<u>Name of Facility & Service Program</u>	<u>\$ 200.00</u>
Total for Service Programs	\$ 300.00

Lines that Require Schedules and what to Report?

- Service Office/Officer Expenses Schedule, include reasons for expenses and total amount for each category.

Schedule Example:

Office Rent	\$ 100.00
Postage & Office Supplies	\$ 100.00
<u>Service Officer Travel</u>	<u>\$ 100.00</u>
Total for Service Officer Expenses	\$ 300.00

- Service Officer Salaries and Benefits Schedule, include first and last names, total salary and total benefits for each, and total amount for each category.

Schedule Example

John Smith, DSO -Salary/Taxes	\$ 10,000.00
John Smith, DSO -Holiday Bonus	\$ 2,000.00
Mary Jones, CSO-Salary/Taxes	\$ 9,000.00
<u>Mary Jones, CSO-Holiday Bonus</u>	<u>\$ 1,200.00</u>
Total for D/CSO Salaries and Benefits	\$ 22,200.00

Lines that Require Schedules and what to Report?

- Direct Assistance to Needy Veterans & Families Schedule, include veteran first and last name, reason for grant/assistance, and total amount for each. Things to note:
 - Only expenses related to the department/chapter providing assistance directly to an individual veteran/family of veteran belong on this line. Donations/ assistance provided to organizations do not.
 - The first and last names of each veteran/family of veteran, the reason for the assistance/grant and the total assistance/grant amount for each is required on the schedule attachment.

Lines that Require Schedules and what to Report?

- Gift cards purchased to have on hand to give to veterans as needed are not considered a service expense until the card is given to a veteran/family of veteran. Additionally, the purchase of gift cards to replenish the gift card “stock” would be treated as a transfer of funds than an expense, as the money used to purchase the gift cards has not actually been expended. It was just moved from a bank account and converted to gift cards, which the gift cards would then become cash on hand. There is not an expense until a gift card is actually given to a veteran/family of veteran. At that point, the total gift card cash on hand balance would decrease by the value of the gift card and, as the gift card has left department/chapter hands, the value of the gift card becomes an expense to Direct Assist to Needy Veterans & Families.

Schedule Example:

Tom Smith–Rent Payment	\$	150.00
Jack Jones–Groceries	\$	45.00
Mary Rogers–Funeral Donation	\$	200.00
Total for Direct Assistance to Needy Veterans & Families	\$	395.00

Lines that Require Schedules and what to Report?

- In-kind Donations Schedule, include first and last name of recipient, item donated and estimated value of each item donated.

Schedule Example:

Jim Burks, Power Wheelchair	\$	700.00
<u>Mary Smith, Hospital Bed</u>	<u>\$</u>	<u>900.00</u>
Total for In-kind Donations	\$	1,600.00

- Other Service Expenses Schedule, include reasons for expenses/disbursements and the total amount for each category.

Schedule Example

Flags for Graves	\$	100.00
Flowers for Funerals	\$	125.00
<u>Bibles for Widows</u>	<u>\$</u>	<u>100.00</u>
Total for Other Service Expenses	\$	325.00

Lines that Require Schedules and what to Report?

Line 16. Bingo Expenses – Report expenses for non-service related department/chapter bingo operation.

- Line 16 Schedule, include the payout to players, rent, utilities , banking expenses, all bingo salaries (list the full name, job title and amount of salary or other compensation for each bingo employee), payroll taxes, related payroll processing fees, related supplies and any other expenses directly related to the operation of bingo, and the total amount for each category. Things to note:
 - a) Expenses for voluntary bingo sessions held for disabled veterans at any VAMC and/or nursing home for veterans must be reported on Line 14. Service Expenses.

Lines that Require Schedules and what to Report?

- a) Allocate building expenses for department/chapter operations, accordingly. Allocations should be made in accordance with how often the building is used for that specific operation (i.e. bar/lounge, bingo and chapter home/department headquarters. 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 session held 1 day a week.

Schedule Example:

Bingo Payouts/Prizes	\$	10,603.49
Bingo Cards	\$	250.00
Daubers	\$	50.00
Pull Tabs	\$	200.00
Bingo License	\$	100.00
Manager Salary	\$	1,500.00
Cashier Salary	\$	500.00
Payroll Taxes	\$	600.00
Payroll Processing Fees	\$	400.00
Bank Fees	\$	100.00
Mortgage Payments/Rent	\$	2,400.00
Insurance	\$	615.96
Roof Repairs	\$	1,785.00
Plumbing Repairs	\$	280.53
Utilities	\$	1,346.40
Janitorial Supplies	\$	600.00
Total for Line 16	\$	21,331.38

Lines that Require Schedules and what to Report?

Line 17. Thrift Store Expenses – Report expenses for department/chapter thrift store operation.

- Line 17 Schedule, include rent, utilities, banking expenses, 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.

Lines that Require Schedules and what to Report?

Schedule Example:

Bank Fees	\$	50.00
Utilities	\$	1,265.00
Trash Removal	\$	800.00
Vehicle Expense	\$	2,135.00
Mortgage Payments/Rent	\$	500.00
Jim Smith, Cashier Salary	\$	1,400.00
Tom Miller, Cashier Salary	\$	1,400.00
Payroll Taxes	\$	100.00
Payroll Processing Fees	\$	250.00
<u>Management Fees</u>	\$	<u>3,500.00</u>
Total for Line 17	\$	11,400.00

Lines that Require Schedules and what to Report?

Line 18. Bar/Lounge Expenses – Report expenses for department/chapter bar/lounge operation.

- Line 18 Schedule, include rent, utilities, bar/lounge salaries (list the full name, job title 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.

Things to note:

- a) Allocate building expenses for department/chapter operations, accordingly. Allocations should be made in accordance with how often the building is used for that specific operation (i.e. bar/lounge, bingo and chapter home/department headquarters. 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 session held 1 day a week.

Lines that Require Schedules and what to Report?

Schedule Example:

Beverages	\$	5,000.00
Food and Supplies	\$	3,000.00
John Doe, Manager Salary	\$	5,000.00
Jane Smith, Bartender Salary	\$	2,000.00
James Green, Custodian Salary	\$	1,000.00
Cooler Repairs	\$	200.00
Purchase of Bar Stools	\$	1,200.00
Bank Fees	\$	100.00
Mortgage Payments/Rent	\$	4,800.00
Insurance	\$	1,231.92
Roof Repairs	\$	3,570.00
Plumbing Repairs	\$	561.06
Utilities	\$	2,692.80
Janitorial Supplies	\$	1,200.00
Total for Line 18	\$	31,555.78

Lines that Require Schedules and what to Report?

Line 19. Chapter Home/Department HQ Operational Expenses – Report expenses associated with the chapter meeting place/department headquarters facility operation.

- Line 19 Schedule, include meeting space fees, rent, mortgage payments, utilities, insurance, repairs and maintenance, banking expenses, purchases of office furniture, computers and any other expenses directly related to the chapter meeting place/department headquarters daily operations, and the total amount for each category. Things to note:
 - a) Allocate building expenses for department/chapter operations, accordingly. Allocations should be made in accordance with how often the building is used for that specific operation (i.e. bar/lounge, bingo and chapter home/department headquarters. For example, a bar/lounge operation that is open 7 days a week would have higher operational costs (utilities, janitorial, insurance, etc.) than bingo operation sessions held 2 days a week or chapter home/department headquarters facility open 1 day a week.

Lines that Require Schedules and what to Report?

- i. Vehicle expenses do not belong on Line 19. If vehicles are used for service to veterans and their families, report vehicle expenses on Line 14. If vehicles are used for other purposes, excluding thrift store operation, report expenses on Line 21.

Schedule Example:

Purchase of Computer	\$	400.00
Banking Fees	\$	50.00
Mortgage Payments/Rent	\$	800.00
Insurance	\$	205.32
Roof Repairs	\$	595.00
Plumbing Repairs	\$	93.51
Utilities	\$	448.80
Janitorial Supplies	\$	200.00
<u>Total for Line 19</u>	\$	<u>2,792.63</u>

Lines that Require Schedules and what to Report?

Line 21. Other Expenses – Report other expenses that do not fall on Lines 11 thru 20.

- Line 21 Schedule, 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, other miscellaneous expenses, and the total amount for each category.

Schedule Example:

Fundraising	\$	500.00
Fundraising-Quilt Raffle	\$	400.00
Fundraising-Car Show	\$	100.00
DAV Membership Dues	\$	250.00
Vehicle Maintenance	\$	600.00
Christmas Dinner for Members	\$	125.00
Orders from National HQ	\$	25.00
<u>Total for Line 21</u>	\$	<u>1,500.00</u>

How to Submit AFRs?

Organize all documents:

- AFR Form
 - Income schedules and supporting income documentation (e.g. legal gifting document for a bequest) in order of corresponding lines.
 - Expense schedules and supporting expense documentation (e.g. recognition letters) in order of corresponding lines.
 - Bank statements and reconciliation information.
 - Other Assets Schedule Form

Submit complete AFR and required supporting documentation to National Headquarters as a PDF attachment(s) to AFRInfo@dav.org . Combine all documents into one PDF file, if possible. Note that the email file size is limited to 25MB.

How to communicate with National regarding AFR information:

Questions and communications related to the AFR should be sent to AFRInfo@dav.org.

Some Dos and Don'ts

- Audit Committee – must not include commander, sr. vice commander, treasurer, adjutant or finance chairperson
- Ensure that Banks and authorized signatures are listed on AFR
- Don't use debit cards
- Don't buy gift cards

You're not Alone!

- Membership Report Liaisons
 - April Pierce x1021
 - Denise Bromagen x3327
- 1-888-236-8313
- afrinfo@dav.org



Questions?



davy.org