

Chapter 1-11 – Chapter Finances

Part 1

- 1-11-1 General
- 1-11-2 Policy
- 1-11-3 Requirements
- 1-11-4 Internal Accounting Controls

Part 2

- 2-11-1 Chart of Accounts and Usage
- 2-11-2 Checklist for the transition of the Chapter President
- 2-11-3 Checklist for the transition of the Chapter Treasurer
- 2-11-4 Annual Financial Statement
- 2-11-5 Chapter Audit Requirements
- 2-11-6 Lobbying Expenditures
- 2-11-7 Sample Acknowledgement of Contribution
- 2-11-8 IRS Determination of Tax-Exempt Status
- 2-11-9 Insurance Request Form
- 2-11-10 IRS Guidelines for Independent Contractors

1-11-1. General

a. Purpose. This chapter provides Chapter and Region Treasurers the basic information they need to perform their assigned duties. It is also designed to provide uniformity within chapters and regions in maintaining accounting records to facilitate and ensure the accuracy of the consolidated financial information provided to the IRS. Included in this manual are broad policies; requirements for statements, books of accounts, supporting documents, audits, etc.; a chart (description) of accounts and information on how they should be used; instructions on the use of a journal; samples of the various statements and schedules; and detailed instructions on the preparation of annual financial statements.

b. Chapter Finances.

(1) AUSA National supports chapter finances through an initial grant, a chartering grant and a share of member dues. Chapters normally supplement their chapter finances by soliciting contributions and conducting separate fund-raising programs.

(2) Each chapter uses its funds to enhance its program and its visibility in their respective area. All the funds used in a year must support the accomplishment of the AUSA mission and contribute to the accomplishment of the goals and objectives of AUSA and its chapters.

(3) National Grants

(a) Initial Grant. An initial grant of \$150 may be authorized by the Director of Regional Activities to a bona fide group formed to organize a chapter. Requests must be accompanied by a statement indicating that it is reasonable to assume those requirements for chartering will be

completed within 90 days of the request. Initial grants are for start-up costs such as postage, announcements and advertising.

(b) Chartering Grant. Automatically, upon approval of a chapter by the National Council of Trustees, a chartering grant of \$500 will be paid to the chapter.

(c) Special Provisions. The organizing group, when convinced that a chapter will be organized, may apply to National for a Chapter code number [See Chapters 1-14 and 2-14 on Organizing a Chapter.]. This will have the effect of crediting the prospective chapter with the share of dues for members joining and renewing during the organizational phase. To obtain this number, a definite geographical area must be established for the new chapter and approved by the Director of Regional Activities. This does not preclude later changes to the geographical area.

(4) Membership Income

(a) Individual Members. Chapters will receive a 10% share of new and renewing individual member dues for all memberships received and credited to the chapter whether sent directly or forwarded through the chapter. Payment will be made by the tenth of the following month (See paragraph 2-11-11, Electronic Funds Transfer). A roster showing the members credited is available in Chapter Leader Portal > Membership Information on the first of the following month.

(b) Community Partner members. Chapters will receive 40% of the dues for each new and renewing Community Partner member. The shared dues payment for Community Partner members will accompany any individual shared dues payment.

(c) National Partner Members and Life Members. The chapter will receive an allowance for National Partner individual members and paid life members as of 31 December and 30 June. The allowance is paid with the January and July share dues. The semiannual payments are \$1.50 for each life member and \$2.00 for each National Partner individual member.

(d) Chapter Leader Portal. Chapter Treasurer's and other leaders will find in the Chapter Leader Portal the current list of chapter members, projected expirations, and the individuals and amount of shared dues the chapter received from the previous month's transactions. CLP is also the source for downloading financial forms, instructions, and has the link to the online financial statements. For more information on the Chapter Leader Portal see the CLP Guidebook.

(e) Dues to National. **WHEN FORWARDING DUES TO NATIONAL, THE CHAPTER MUST FORWARD THE FULL AMOUNT AND MAY NOT DEDUCT ITS SHARE.**

(5) Other Income.

Because very active chapters require more money than their share of dues to run their programs, other sources of funds are utilized. These may include, but not limited to:

(a) Gains on fundraising activities such as golf tournaments, symposia, special banquets and feasts, special work projects or on sales of items, etc.

(b) Special raffles/gaming. Tax regulations impose special reporting requirements on the funds raised and can result in a tax liability as an unrelated business income. See paragraph 1-1-11 for limitations on chapter gaming/gambling events.

(c) Donations from businesses and individuals in the community either in cash, services or goods, to support specific activities ([see paragraph 2-11-7. Sample Acknowledgement of Contributions](#)).

c. Standard Accounting System. The system described in this handbook uses only one book of accounts—a combination Cash Receipts, Cash Disbursement and General Journal. Chapters are free to use Quick Books, Quicken, Peachtree, Excel or other computer programs to maintain their journal, but National cannot provide technical assistance for these programs. The journal and all financial records must be based on a fiscal year basis—1 July to 30 June.

d. References to Chapters. Throughout this handbook references to chapters should be construed as including regions unless otherwise stated or obviously inappropriate.

e Assistance. The National financial management staff is available to help chapter treasurers in any way possible. The current contact information may be found on the AUSA website under “About Us” and “Staff.”

f. Suggested Improvements. Users are invited to send comments and suggested improvements to Controller, AUSA National Headquarters, Finance & Accounting.

1-11-2. Policy

a. Authority of chapter board and president. Chapters are established to extend the reach of the Association and to bring information, educational and related programs to the local community. Financial activities enable the operation of chapter programs. Subject to variations in the individual Chapter Bylaws, the final authority on financial matters within a chapter is its Board of Directors or its Executive Committee. The Executive Committee is the equivalent body for a region. Generally, the Chapter Board approves a budget for the chapter, but leaves the detailed execution of it to the control of the President. As the chief executive officer of the chapter, the President is normally given wide latitude in the detailed execution of financial plans. The Chapter President is responsible for ensuring that the annual financial statement (section 6) is submitted. **THE CHAPTER ANNUAL FINANCIAL STATEMENT IS A REQUIRED SUBMISSION. A CHAPTER IN GOOD STANDING MUST HAVE A CURRENT, ACCEPTABLE ANNUAL FINANCIAL STATEMENT ON FILE WITH AUSA NATIONAL.**

b. Responsibility of the treasurer. The Treasurer is responsible for the proper receipt and disbursement of funds belonging to the chapter; the safeguarding of funds and other assets; the maintenance of necessary accounting records; the preparation and submission of all financial reports; and the maintenance of relations with banks and other financial institutions. Normally, the Treasurer is also responsible for advising the President and the Board on all financial activities; for supervision of the preparation of budgets; and is usually charged with the responsibility for the maintenance of proper insurance coverage on chapter assets and activities. The Treasurer is

responsible for preparing and submitting the annual financial statement (section 6) to AUSA National by **25 August** of each year.

c. Internal controls. The Treasurer's responsibilities include that of maintaining the necessary internal accounting controls to ensure the proper safeguarding of chapter assets. Internal accounting controls are defined as "... the plan of organization and the procedures and records that are concerned with the safeguarding of assets and the reliability of financial records and consequently are designed to provide reasonable assurance that:

(1) Transactions are executed in accordance with management's general or specific authorization.

(2) Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles and other criteria applicable to such statements and (2) to maintain accountability for assets.

(3) Access to assets is permitted only in accordance with management's authority.

(4) The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Each chapter will adopt written standards for internal accounting control to be viewed as guidelines subject to frequent review. Paragraph 1-11-4 contains an outline and notes on several points to be covered in the standards.

d. Authorized expenditures. The Chapter Board and/or President may authorize the expenditure of chapter funds for any purpose that will directly assist in the accomplishment of the aims and objectives of the National Association and the chapter. Good business judgment will dictate the size and type of expenditure appropriate for a chapter. **THE CHAPTER MUST NOT INCUR ANY DEBTS BEYOND ITS FINANCIAL CAPACITY TO MAKE PAYMENT WHEN DUE. CHAPTERS ARE PROHIBITED FROM EMPLOYING ANYONE OTHER THAN LEGITIMATE INDEPENDENT CONTRACTORS** (who qualify as such under the IRS regulations). See the IRS 20-factor test at paragraph 2-11-10 as a resource. **Chapters are free to use temporary help from employment agencies or to arrange for persons to be included in the payroll of another company with the chapter making appropriate reimbursements.** Also, state or local employment laws need to be considered when making employment related decisions as they may differ from federal employment law. The Chapter President is responsible for ensuring that employment decisions are made in compliance with federal, state and local law. Contact AUSA's Human Resource Director for any questions about an employee classification. The Human Resources department phone number is 703-907-2406 or consult the staff directory on the AUSA website for the HR Director's email address.

e. Tax exemption.

(1) Income Tax. The National Association is exempt from Federal income taxes as an educational organization under Section 501(c) (3) of the Internal Revenue Code. Chapter financial

information is included in the AUSA National tax return to the IRS so that the exemption passes through to chapters. This is the primary basis for requiring chapter financial statements to be submitted in a uniform format to National Headquarters in time to be included in the consolidated tax return. In a few special situations, National has obtained exemptions from state income tax.

(2) Sales Tax. Chapters may be eligible for exemption of sales tax within their state for the purchase of goods used to conduct AUSA related business. States vary on whether nonprofit organizations are eligible for exemption and under what conditions. Chapters seeking sales tax exemption should first conduct an on-line review of their state's tax laws and then contact National (Regional Activities) for assistance. **CHAPTERS WILL NOT APPLY FOR SALES TAX EXEMPTION DIRECTLY TO THE STATE.** In states with multiple chapters, it is advisable to work through the state president.

(3) Chapters should not make any direct contact with any state or local tax authority without first consulting with the National Treasurer & Controller.

f. Tax identification number. The National Association holds Federal employer identification number 53-0193361. Chapters must use this number in dealing with banks and others who are required to have such a number to report payments to IRS. Chapters must not apply for their own EIN nor should they use the business or personal numbers of a chapter officer. A copy of the IRS determination letter is at Appendix C. Chapters requiring an IRS Form W-9 (Request for Taxpayer Identification Number and Certification) should send an email request to kwallisch@ausa.org

g. Unrelated business activities. Certain activities of non-profit organizations have been held by IRS and the courts to be "unrelated" to the purposes for which the organization was granted its exemption. Net income from these unrelated business activities is subject to tax. Generally, the only chapter activity that falls within this definition is the sale of advertising space and revenue from gaming (see above and para 1-1-11). Chapters that sell advertising space or accept "contributions" in lieu of charges for advertising space must report such income as "advertising income" and must provide separate cost information.

h. Accrual basis. The National Association operates on the accrual basis. The accrual basis requires that income and expense be recorded in the year in which earned or incurred respectively. Chapter may maintain their books on the cash basis of accounting but the financial statement must be reported using the instructions for the accrual basis. Unless the Chapter Board desires otherwise, recording accrued income or expense is required only at the end of the fiscal year—30 June. See 2-11-1 for an explanation of the accounts and examples of reporting.

i. Accumulation of net assets (fund balance). As local operating units, chapters earn a share of member dues and raise funds through other activities to enable them to conduct program activities in support of the Association's mission. It is both desirable and reasonable that chapters have enough financial reserves to carry out their continuing programs despite membership fluctuations or other local problems that may reduce their income for a short time. Therefore, chapters may accumulate a reserve equal to six months' expenses based on either the last full year of operation or the current planning year. Reserves of up to one year's expenditures may be retained in reserve if there are specific reasons for doing so such as major membership fluctuations or anticipated

special programs. The maintenance of financial reserves greater than one year's operating expenses is strongly discouraged. It is an indication that the chapter may not be fulfilling its stated purpose. Chapter boards of directors should plan an organized way to reduce excess accumulations for the benefit of the Army, the Association and the members. One good way to do this is to contribute regularly to the Institute of Land Warfare.

j. Responsibility for dues collection. Chapters are ultimately responsible for the actions of individual recruiters who submit dues from members through the chapter. The chapter is strongly urged to minimize the handling of cash, checks, or credit card information outside of designated chapter recruiters/officers. The transfer of applications and payments to the chapter be accompanied by a receipt beginning at the lowest possible level. Each chapter must judge for itself the degree to which this procedure can reasonably be implemented, but it is one of the most troublesome areas in financial integrity and deserves extra effort.

k. Special postal rates. Nonprofit is a favored postage rate within Standard Mail (formerly third class). Typical delivery times are 3-6 working days. Discounts can be 70% less than the cost of first class mail. Chapters must apply locally (at the post office from which the items will be mailed) for a similar authorization. There are special fees and extra work in sorting and preparing material for mailing involved, but it is worthwhile if a chapter has mailings of meeting notices, newsletters and similar material of more than a few hundred a year. The AUSA National Treasurer and Controller will provide copies of the National tax exemption, bylaws and other documents needed to complete the chapter's application upon request. Chapters can apply to the USPS for these special rates by completing USPS application form 3624.

l. Late submission of annual financial statements.

The late submission and/or failure to correct annual financial statements pose significant problems at all levels. One of the major criteria for National being able to pass on its tax exemption to chapters is that AUSA National demonstrates a degree of control over chapter financial operations. The following policies are necessary to further this objective:

(1) If statements are **not received by 25 August**, the region president and the chapter president and treasurer will be contacted to determine why the chapter financial statement is late. The chapter may be **financially suspended**.

(2) If statements are **filed by 25 August**, but are **not acceptable**, the chapter treasurer will be notified and given approximately **2 weeks** (3 weeks for overseas chapters) to file corrected statements. If corrected financial statements have not been filed by the revision deadline, the chapter may also be **financially suspended**.

(3) If statements are **not received by 1 September**, the chapter will be financially suspended and will **forfeit** all the credits for **individual and Community Partner member dues earned while suspended**. Payment of earned member and community partner dues will not resume until acceptable statements are received. **If the chapter does not have an approved financial statement by the Annual Meeting, they are not eligible for any reimbursement (if any portion of the chapter president's or representative's travel and lodging is reimbursable), until such time as their financial**

statement is received and approved. (i.e. the chapter is suspended and not to receive funds from National Headquarters).

(4) On **31 October**, AUSA National will prepare an *estimate* of the chapter financial operations for the year to ensure the chapter financial activities are reflected in AUSA's tax return. When an acceptable financial statement is received, the chapter will be released from financial suspension and the payment of earned share dues will resume.

(5) If an acceptable financial statement for the current year is **not received by 25 August of the following year**, AUSA National will **remove the chapter's authority to conduct financial activities in a tax-exempt status**. The chapter will no longer have the authority to conduct chapter operations in AUSA. The chapter will be asked to return to AUSA National any cash in checking and/or savings accounts.

m. Name on bank accounts. The name format for checking and savings accounts is as follows (DBA = Doing Business As):

Association of the U.S. Army
DBA Name and address of Chapter
EIN: 53-0193361

Accounts must not be established in the chapter name only (it must include "Association of the United States Army") due to the reporting of interest income to the IRS. A computer match of AUSA's identification number (53-0193361) with a chapter name can result in the rejection of an IRS form 1099 and thereby create considerable administrative difficulties for everyone.

n. Signature(s) on bank accounts. Chapter bank accounts must be established with a minimum of two (2) persons authorized to sign checks and more persons should be authorized if two (2) signatures are required on many checks. **National recommends that Chapters require two (2) signatures on checks over \$1,000.**

o. Electronic funds transfer. National transfers funds (e.g. shared dues) to chapters through electronic means. Chapters must submit an EFT form (Paragraph 2-11-11) along with a blank check to Accounting. The chapter will receive an email notification of each deposit. The email is sent to the chapter's email in Chapter Leader portal and to the Chapter Treasurer's email in their record. If the chapter changes banks, accounts or treasurer it must notify National to ensure correct deposit and notification.

p. Solicitation of contributions. Most states require that any organization soliciting contributions (money or goods) be registered in the state. National Headquarters will secure and renew the appropriate state certificate and advise the chapter of the certificate number and effective dates for use in fund raising campaigns.

o. Online reservation and payment systems. There are several on-line services to which chapters may subscribe to accept reservations and payments for events; donations to the chapter;

etc. for a fee. For example, PayPal, Event Brite, Square, Google Checkout, etc. Chapters should weigh the plan benefits and costs and select a service best suited to their needs. Factors such as number of events per year, number of guests, ticket/registration fee, registrant information being collected, familiarity with a certain program, etc. When establishing an account with a provider, chapters should ensure the account reads Association of the United States Army DBA [Doing Business As] (Chapter Name) and provide its bank account information. This will ensure that the chapter gets the money and it doesn't come to National where it may be hard to find out who it goes to. For help in finding another chapter with experience with a given service and best practices, contact Regional Activities.

1-11-3. Requirements

a. Statements. Each chapter and region is required to submit an annual financial statement consisting of a Statement of Financial Position, a Statement of Financial Progress, a Schedule of Account Analyses and such other supporting schedules and documentation as may be required by this handbook or by the annual letter of instructions. These statements and schedules must cover the period 1 July through 30 June of each year, and are due at National on or before 25 August. Regional Activities will notify chapters when the online forms are available. The online fillable forms will be available through the Chapter Leader Portal. Blank statements will be available in the download section of the Chapter Leader Portal. AUSA National reviews all statements and the chapter will be notified in writing when they have been accepted. If corrections or explanations are necessary, the chapter will also be advised. Failure of a chapter to file timely statements and schedules or undue delay in making corrections or furnishing explanations can result in suspension and forfeiture of share dues. The accurate preparation and timely submission of the required financial statements is vital to the protection of the Association's tax exempt status.

b. Budgets. A budget is a plan; it may be revised during the year if necessary. A budget will give the Chapter Treasurer information on cash requirements and constitutes broad authorization by the Chapter Board for the expenditure of funds necessary to conduct approved programs and activities. The budget need not be in detail to be useful as a financial plan to the Board, the President and the Treasurer.

c. Audits. National Headquarters reviews all chapter financial statements each year and may also call for the complete books of any chapter for a detailed review. All chapters are encouraged to have an audit of their financial records each year. **CHAPTERS WITH TOTAL INCOME OR TOTAL EXPENSES ABOVE \$250,000 ARE REQUIRED TO HAVE AN AUDIT PERFORMED BY AN "INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT"**. A copy of the audit must be forwarded to AUSA National no later than 1 January of each year. **CHAPTERS WITH TOTAL INCOME OR TOTAL EXPENSES ABOVE \$25,000.00 ARE REQUIRED TO HAVE A LOCAL AUDIT.** This audit may be conducted by a CPA, an independent public accountant, or by an audit committee appointed by the Chapter President. It is also recommended that an audit be made at the time funds and books are transferred to a new Treasurer. A copy of the report should be given to both the old and new Treasurer for their personal files. The purpose of the various types and levels of reviews and audits are to detect and correct errors, to protect the tax-exempt status of the Association, to assist chapter officers in fulfilling their management responsibilities, and to provide information for future planning. No chapter

Treasurer should feel that an audit in any way questions his or her honesty. For additional information on audits, see Chapter 2-11.

d. Records retention. The chapter journal, year-end financial statements and similar particularly important financial records should be kept for seven (7) years. Bank statements, voucher files, interim financial statements, budgets, correspondence, etc., are less permanent records and may be destroyed three (3) years after the tax return for that year was filed.

e. Insurance. Chapters are covered by two blanket insurance policies purchased by National Headquarters. Unless otherwise prescribed by chapter bylaws or board policy, chapter Treasurers are responsible for ensuring proper insurance coverage for chapter activities and assets. The AUSA National Treasurer & Controller has overall responsibility for insurance coverage throughout the Association and can be contacted on coverage questions (kwallisch@ausa.org)

(1) Chapters, along with the National Association, are covered by a broad public liability policy that covers a range of normal chapter events. Chapters are however free to provide appropriate insurance coverage locally. **National Headquarters cannot and does not accept any responsibility for any chapter activity conducted outside the scope of the coverage noted in the Annual Coverage Memorandum.**

(2) Chapters are also included on a blanket association professional (Directors and Officers) liability policy. The purpose of the professional liability coverage is to protect chapter officers, directors, committee chairpersons, etc. for personal responsibility because of their official actions as chapter officials.

(3) Those events considered hazardous and **NOT** covered by either of the above policies would include, but is not limited to, sponsorship of –

- (a) Turkey shoots
- (b) Fireworks sales and shows
- (c) Carnivals or amusement rides
- (d) Hayrides
- (e) Haunted houses or haunted forests
- (f) Camps and campgrounds
- (g) Powered auto, truck, tractor, boat, motorcycle events or demonstrations
- (h) Ski races and competitions and other motorized sporting events or demonstrations
- (i) Swim meets
- (j) Parades
- (k) Music concerts (except for Army marching bands or other Army musical groups)
- (l) Bungee jumping, parachuting, balloon rides
- (m) Events where liquor is provided by the insured and a where a liquor license is required.
- (n) Events lasting more than 5 days

(4) Coverage for any of the above special events may be available as an endorsement from AUSA's insurance company or a local insurance company. To obtain a quote from AUSA's insurance company, an Insurance Certificate Request form along with instructions are available in

the Chapter Leader Portal under Downloads section. Based on the nature of the event, additional information may be requested. See section 2-11-9.

(5) For chapters operating on Army installations, [Army Regulation 210-22](#) (Private Organizations on Department of the Army Installations) requires adequate insurance, the proof of which is usually submitted with biannual request to operate on the installation. Chapters operating on joint bases need to check the requirements of the lead service's regulations/instructions (e.g. Air Force Instruction 34-223, Private Organizations (PO) Program; US Navy CNIC Instruction 11000.1, Non-Federal Entities On Board Navy Installations). At the time AUSA renews the insurance policy, a copy of the Certificate of Liability Insurance is sent to each chapter.

(6) Chapters that need to provide proof of coverage (e.g. to rent a hall for a special meeting) can use the Certificate of Liability Insurance described in paragraph e above or request a certificate with the name of the venue listed as the certificate holder see 2-11-9.

f. Investments. Chapters are encouraged to utilize interest-bearing checking accounts to earn interest on the balance. An assessment must be made, based on the rules of the financial institution involved, as to whether the maintenance of the required balance is profitable to the chapter than it would be to deposit a portion of the funds in a bank money market account or a certificate of deposit. An exception to the general rule that all chapter cash must be deposited in federally insured banks and savings institutions may be granted, with the specific authorization of the chapter board of directors, for deposits (shares) in large, well known money market funds.

g. Acknowledgement of contributions. Chapters that receive single contributions of \$250 or more are required to provide written acknowledgement to the donor. This requirement was established by the Revenue Reconciliation Act of 1993. No special form is required, but a sample is provided in paragraph 2-11-7. The acknowledgement must be dated; must be specific as to the name of the donor and the amount received; must clearly identify the recipient organization (include our federal EIN 53-0193361); must state that the contribution was received in calendar year 20xx; and must describe any significant benefits received by the donor as a direct result of the contribution. An example of this last requirement would be a ticket to a fund-raising event where the total cost is \$100.00 but the value of the dinner and entertainment is \$40.00. Only the remaining \$60.00 is a deductible contribution. While the law only requires acknowledgement of single contributions of \$250.00 or more upon the request of the donor, chapters should automatically provide an acknowledgement to all contributors of \$250 or more as soon after the donation is received as possible, but no later than the end of January in the year after the chapter received the donation. Ensure the contributor/grantor, if they use the AUSA National EIN and address, include a note to identify the intended receiver so that funds are forwarded to the correct chapter.

1-11-4. Internal accounting controls

a. General. This section is generally self-explanatory and is intended to provide chapters with internal control procedures to set the tone for their financial and related operations. These procedures may be incorporated into the chapter's bylaws or referenced in the bylaws as a separate document.

b. Cash management.

(1) Procedure for the Selection and Review of Depositories

(a) All chapter funds must be deposited in banks or other financial institutions where the accounts are insured by an agency of the Federal Government. The Treasurer should select a financial institution that provides the services the chapter needs at as low a cost as possible consistent with the service requirements. The selection should also be based on the good reputation of the financial institution within the community and should provide reasonable convenience to the Treasurer and other officials who may need to make deposits. The selection of one or more financial institutions must be approved by the Chapter Board of Directors in a resolution specifically authorizing the Treasurer to deposit the funds of the chapter in that institution and to withdraw such funds in accordance with Board approved procedures. For control purposes, all checks, or checks above a certain amount (not more than \$1,000 is suggested), should bear the counter-signature of another chapter officer. Unless there are special circumstances involved, at least two persons should be authorized to sign checks (Treasurer and Assistant Treasurer) and at least two persons should be authorized to countersign (President and Vice President).

(b) Chapters should not maintain large foreign money balances—the minimum amount essential for a day-to-day foreign money operation is desirable. They must report balances converted to U.S. dollars at the prevailing exchange rate on the last business day of the fiscal year in their financial statements to National. It is recommended that a similar procedure be used in interim financial reporting to the chapter board.

(2) Procedures for the Receipt of Money and Deposit

(a) Money received by the chapter whether in currency or checks must be deposited promptly. This is one of the most effective safeguards against loss or misuse. All cash received should be deposited and no bills should be paid from the receipts. Procedures should be established to have two people handle receipts at dinner and similar functions with a control by roster or by numbered ticket, with the Treasurer balancing the receipts against the roster or tickets-used list after the function. A requirement should also be established that the transfer of membership applications and payments be accompanied by a receipt beginning at the lowest possible level. Each chapter must judge for itself the degree to which this step can reasonably be implemented, but it is one of the most troublesome areas in AUSA internal controls and deserves considerable extra effort.

(b) If a member presents a valid applicant's receipt signed by an authorized chapter recruiter, the chapter must accept responsibility even though it may not actually have received the funds. In that case, when the check is issued to National Headquarters to pay the cost of the membership, the value of any missing dues must be charged to membership promotion. If the dues are eventually recovered, the same account should be credited; thereby leaving the records in the same position they would have been had there been no delay in the submission of the dues.

(3) Procedure for the Issuing of Checks. The Treasurer should only issue checks to pay invoices that have been approved by another chapter officer, director or committee chairman. The Treasurer may also issue checks based on a check request signed by any of the authorized persons

if advance payment is required. The Treasurer may be forced by circumstances to be the purchasing and approving authority as well as the person issuing checks, but this situation should be avoided to the maximum extent possible.

(4) Petty Cash Fund Operations. Chapters will frequently find it desirable to establish a petty cash fund of \$25 to \$100 to reduce the necessity for issuing checks in very small amounts. If established, the petty cash fund must be operated on the "Impress Fund" basis. Under this system, the fund is established as a fixed amount and should always contain that amount in currency or vouchers, or a combination of the two. As vouchers are presented and paid, they should be retained as part of the fund until they are reimbursed. When the fund is reimbursed, it should only be for the amount contained on the vouchers being turned in and they should be charged to the appropriate expenses as though a separate check had been written for each one. A petty cash voucher is included at 2-11-12.

(5) Bonding Requirements. The Treasurer, Assistant Treasurers and any other chapter officials who regularly handle money should be bonded. For those chapters who seek approval to operate on an Army installation, Fidelity Bonding is required as per AR-210-22. Chapters operating on joint bases should consult the appropriate regulations/instructions for that service's requirement (e.g. Air Force Instruction 34-223, Private Organizations (PO) Programs). The Regulation further requires fidelity bonding for any organization handling monthly cash flow exceeding \$500. Fidelity bonding is part of the basic policy provided to the chapters. Contact AUSA National (kwallish@ausa.org) for documentation of proof of bonding.

(6) Types of Investments and Authority. Chapters should not maintain overly large checking account balances (see paragraph 2-9). Funds temporarily more than chapter needs will probably earn more interest if deposited in a savings account, certificate of deposit or money market account. Care must be exercised to ensure that maturity dates of certificates of deposit are staggered or otherwise arranged so that the chapter will never be forced to make an early withdrawal and suffer the resultant loss of interest. As an exception to the general rule that all chapter funds must be deposited in accounts insured by the Federal Government, with the specific approval and authorization of the Chapter Board, chapters may deposit a reasonable portion of their excess cash assets in large, nationally known money market funds with outstanding reputations such as Dreyfus, Fidelity or Vanguard.

(7) Reconciliation of Bank Statements. Bank statements should be reconciled monthly. Not only should the bank statement be reconciled to the checkbook, but the checkbook should also be reconciled to the Journal. If the chapter is using a NOW Account, there will be interest and likely bank charges to be recorded. They should be posted to the Journal before reconciliation is attempted. It would be most desirable if the bank statement were reconciled by someone other than the person who normally makes deposits or issues checks. Realistically this may be difficult to do in a chapter, but some rotation of this function between two or more persons serves the same purpose.

c. Purchase authority.

(1) Description of Persons Authorized to Make Contracts or Otherwise Authorize Purchases of Material or Services. Chapters should clearly limit the persons authorized to make formal contracts on behalf of the chapter in view of the possible legal and financial implications involved. The authority to issue oral or written purchase orders within established dollar guidelines can be extended to a broader group of individuals, but still should be limited to those who have a need to have the authority and should include dollar limits if practical.

(2) Requirements for Budget and/or Specific Board or Presidential Authorization for Purchases. All persons making purchases should understand that their purchases must conform to the budget and/or specific Board or Presidential approval. For any expenditure made outside of the approved budget, the Board or chapter president should approve the authorization to purchase.

(3) Bidding Requirements. Few chapters make purchases of sufficient size to justify a formal bidding procedure, but they should avail themselves of the opportunity to get price quotations from two or more suppliers when practical. This procedure ensures that the chapter is aware of the price it is paying for the perceived improvement in quality, service, etc.

(4) Procedure for Approval of Invoices. Normally, the person authorizing the purchase should approve invoices. Approval of an invoice acknowledges receipt of the material or performance of the service involved. If prepayment for material or services is required, the same official who has the authority and responsibility to issue a purchase order should request a check from the Treasurer. The invoice approval should contain the date, at least the initials of the approving official and the account to be charged. The approval should be written in such a way that it cannot be wiped out and the invoice improperly reused. One way to accomplish this is with an invoice approval stamp or stickers.

d. Financial record keeping.

(1) Requirements for the Establishment and Maintenance of Voucher Files. Voucher files should contain some form of documentation for every financial transaction. For receipts, the principle documentation is the deposit slip. It should be identified with a listing of the sources of the items that make up the deposit. These can include the remittance advice portions of checks, ticket control sheets or rosters from meetings and similar functions or a simple Memorandum For the Record (MFR) listing contributors or other income sources. Membership receipt forms should also be a part of the voucher file. Approved and paid invoices, check requests on which a notation of the date the check was issued and its number, and petty cash slips grouped together by the date and number of the check by which they were reimbursed constitute a good voucher for disbursements. One good way to file vouchers is by using a separate folder for each month with the receipt/deposit vouchers on one side and the disbursement vouchers on the other attached with an Acco or similar fastener. A formal voucher like the non-appropriated fund voucher is very much a "nice to have", but it does require additional work and should only be required in those situations where no other form of documentation exists.

(2) Requirement for Prompt Posting of Transactions to the Journal. Financial transactions should be posted to the Journal as promptly as possible. It is unreasonable to expect a volunteer

Treasurer to drop everything he or she is doing and post daily, but posting more frequently than once a month is certainly desirable if the chapter has any volume of transactions.

(3) Requirement for Monthly Balancing of Journals. Journals should be totaled and balanced every month to facilitate reconciliation with the check book and bank statement.

(4) Procedures and Requirements for Year-End Adjustments. All chapter officials must be charged with the responsibility of reporting outstanding activity to the Treasurer at the end of the year so that proper accruals of amounts owed to or by the chapter can be made. The same officials are responsible for ensuring that the Treasurer is aware of any advance payments that relate to the future fiscal year. The Treasurer should conduct, with the assistance of another official, an inventory of chapter assets and record any necessary adjustments for these items as well as the accruals described above promptly after the end of the year.

(5) Requirements for Subsidiary and Special Records in Files. The Treasurer should always maintain a detailed backup listing of the individual amounts which total has been reported in accounts receivable, inventory of supplies and insignia, prepaid expenses, fixed assets, accounts payable, advance receipts and other assets or other liabilities. In the case of fixed assets, the detailed record should include the original date of acquisition and the depreciation rate so that the provision for depreciation account can also be verified

(6) Sub-Chapter/Unit Membership Credits. Some chapters credit a portion of the chapter's share of individual membership dues to subchapters or military units based on membership or other criteria. The best procedure is for the chapter Treasurer to maintain an informal accounting of the credits for each subordinate organization and make the disbursements directly to vendors in accordance with the request of the subordinate organization and within the guidelines established by the chapter board of directors. For example, Unit A is given a \$200 credit based on a percentage of their strength being members of AUSA at a time and elects to spend \$50 for refreshments at an organization day celebration; another \$50 to be contributed to the unit fund for rehabilitation of furniture and a third \$50 to purchase plaques to be awarded members of the unit for achievements during the recent training test. The organization day expense would be chargeable to "Meeting & Program Expense (6970)"; the unit fund contribution would be shown as a "Contribution (7050)"; and the plaques would be chargeable to "Awards (7250)". There would still be a \$50 credit in the informal account. In this way, the financial records of the chapter, the only accountable authority, properly reflect the functional purpose for which the ultimate expenditures were made. This is much more satisfactory than merely recording \$200 as a contribution to the unit or as a program expense for "unit activities". There will, of course, be some circumstances under which the latter kind of recording is all that's practical since the ultimate purpose is not known. It will rarely be practical for chapter Treasurers to insist on accounting on an after the fact basis.

(7) Joint Activity Accounting. Many chapters conduct joint activities with other military and patriotic organizations. It is perfectly acceptable to establish a special fund under the auspices of the combined "ad hoc" group sponsoring a joint activity, to receive all the income into this special fund, and to pay the expenses, leaving only the net income to be divided with the sponsoring organizations on some predetermined basis such as proportionate attendance, relative size, etc. If this practice is followed, the chapter need report only its net income or net cost as either "Meeting

& Program Income (4550)" or "Meeting & Program Expense (6970)". It is also perfectly acceptable for the AUSA chapter to act as the financial overseer and if it is one of two or more organizations having a relatively equal voice in the conduct of the operation, the chapter can record the items on its financial records in the "Liabilities, accounts payable (2350)". In such instances, it may be preferable to establish a separate checking and/or savings account depending on the amount of money involved. When any portion of the funds are determined to belong to AUSA, net income is reported as "Meeting & Program Income (4550)" or net loss as "Meeting & Program Expense (6970)". There are occasions when other organizations without a tax-exempt status may want to partner with the chapter. Contact AUSA National to discuss the safeguards necessary to ensure compliance with the Internal Revenue Code.

e. Financial reporting.

(1) Requirements for the frequency and level of detail of reporting to operating committees and or officers and the chapter Board of Directors. Most chapter boards require a financial report at each meeting. The meeting schedule for chapter boards varies, but the Treasurer should be prepared to render at least quarterly financial reports. Some chapter boards will be satisfied with a general summary of income/expense and the cash balance; others will want more complete income and expense statements and some large chapters will probably require a balance sheet as well. Few chapters will require statements to be on the accrual basis so Treasurers can operate from month to month on a cash reporting system.

(2) Procedures for the Preparation and Submission of the Annual Report to National Headquarters. One of the Treasurer's most important tasks is the preparation and timely submission of the annual financial statement to National Headquarters. A letter of instructions is issued during the middle of June and includes information, which will help the Treasurer verify the accuracy of the share dues accounts and the carry over balances from the prior year. The internal control procedure should require the Treasurer to have the final statements in the hands of the President for review and submission to National by the end of August. The Treasurer should pay attention to the use of the description column in the Journal to provide information that will be required in special schedules as part of the annual report.

f. Accountability for other assets.

(1) Custody. If the Treasurer has custody of other chapter assets such as insignia inventory, a calculator, etc., the custody should be defined in the internal control procedures. If other chapter officials, the Secretary for example, have custody of assets such as flags, that should also be noted in the procedures.

(2) Inventory. These assets should be inventoried as a part of the year-end audit and the balances reconciled to the previous June. It is the responsibility of the Treasurer, with whatever assistance may be needed, to conduct an audit of items whose character may change, such as an insignia inventory, as close to 30 June as possible so that subsequent transactions need not be traced in detail and that the information included in the chapter's financial statements is accurate.

(3) Use Only for AUSA Purposes. This section of the internal control procedure should also state that the chapter assets are to be used only for the benefit of the chapter and its membership.

Chapter 2-11 – Chapter Finances (Treasurer’s Handbook)

Part 1

- 1-11-1 General
- 1-11-2 Policy
- 1-11-3 Requirements
- 1-11-4 Internal Accounting Controls

Part 2

- 2-11-1 Chart of Accounts and Usage
- 2-11-2 Checklist for the transition of the Chapter President
- 2-11-3 Checklist for the transition of the Chapter Treasurer
- 2-11-4 Annual Financial Statement
- 2-11-5 Chapter Audit Requirements
- 2-11-6 Lobbying Expenditures
- 2-11-7 Sample Acknowledgement of Contribution
- 2-11-8 IRS Determination of Tax Exempt Status
- 2-11-9 Insurance Request Form
- 2-11-10 IRS Guidelines for Independent Contractors
- 2-11-11 Electronic Funds Transfer Enrollment Form

2-11-1. Chart of Accounts and Usage

The accounts to be used by Chapters and Regions are outlined on the Chart of Accounts that follows. Chapter Treasurers should thoroughly familiarize themselves with this Chart of Accounts so that each revenue and expense item is allocated to the proper account. Uniformity of recording of revenue and expense within a chapter and collectively by all chapters is absolutely necessary for accurate consolidation.

a. Assets

ACCOUNT NUMBERS

TITLE -- DESCRIPTION

1050	CASH: Cash in banks (checking accounts) and deposits in transit.
1060	PETTY CASH: A small (\$25 - \$100) fund of cash used so checks do not have to be written for minor expenses.
1070	SAVINGS ACCOUNTS: Cash on deposit in a bank, savings and loan association, credit union or money market fund, which is held as a temporary investment. Interest earnings must be debited to this account and credited to Interest Income (4350) at least annually.

1250 **ACCOUNTS RECEIVABLE - DUES:** Amounts due the chapter from National for individual or Community Partner share dues only. Example: Shared dues earned in June are not received until after the close of the Fiscal Year (30 June). Therefore, all June shared dues are reported as Accounts Receivable – Dues (Account Number 1250). Once carried under Accounts Receivable they are not subsequently reported as revenue in the FY actually received.

1260 **ACCOUNTS RECEIVABLE - OTHER:** Amounts due the chapter for any item other than dues. Example: Contributions to the chapter are only reported as Accounts Receivable (1260) if a note from the contributor is received prior to the end of the FY but will not be received until after 30 June. Most contributions are reported when received.

1350 **INVENTORY OF SUPPLIES AND INSIGNIA:** Office supplies, promotion material, insignia and award materials and similar items on hand at the end of the year which can be used the following year. It is recommended that this account not be used if the total amount is less than \$100.00. The technically correct procedure is to charge the inventory for the items as they are acquired and credit the inventory and charge the appropriate expense account as items are withdrawn for sale. Items in inventory for example, are sometimes used as gifts to speakers or others at meetings and as awards. An issuance from inventory requires only a simple entry, a charge (debit) to "Meeting & Program Expense (6970)", "Awards (7250)", etc., as appropriate with a credit to "Inventory (1350)".

1450 **PREPAID EXPENSES:** Expenses paid in the current fiscal year but which are applicable to a future fiscal period such as postage deposits and rent for meeting space to be used the following year. It is recommended that this account not be used for any item valued at less than \$100.00.

b. Liabilities and Fund Balance

2350 **ACCOUNTS PAYABLE:** Amounts owed by the chapter to anyone for materials furnished or services rendered.

2360 **ADVANCE RECEIPTS:** Any monies collected for meetings or other activities to be held in the following year. This account should not be used if the total amount is less than \$100.00.

3350 **NET ASSETS (FUND BALANCE)** The accumulated excess of revenue over expenses.

c. Revenue

- 4250 **CONTRIBUTIONS BELOW \$5,000 EACH:** Receipts of gifts of money or property. Initial and chartering grants are includable as contributions. Charitable donations below \$5K received at a fundraiser should be recorded in account 4280.
- 4260 **CONTRIBUTIONS OVER \$5,000 EACH:** Receipts of gifts of money or property for the benefit of the chapter. Charitable donations over \$5K received at a fundraiser should be recorded in account 4290.
- 4310 **NON-CASH CONTRIBUTIONS:** Donations of goods or services instead of cash. The FMV of each non-cash item will be recorded to revenue (4310) and the equivalent amount will be recorded to the non-cash contribution expense account (8310).
- 4350 **INTEREST INCOME:** Interest, share savings account dividends and other income from investments. Interest earned on checking accounts must be included in this account.
- 4550 **MEETINGS & PROGRAM INCOME:** Receipts for registration fees, meals and beverages etc., from persons attending chapter functions such as luncheons, dinners, symposiums and annual meetings. Income from booth rentals, gross receipts, etc., which contribute to the accomplishment of AUSA aims and objectives. Corresponding expenses are to be reported in account 6970.
- 4850 **OPERATING ALLOWANCE:** Receipts from National for the Region's operating expenses.
- 4650 **SHARED INDIVIDUAL MEMBERSHIP DUES:** Chapter's share of individual membership dues. Include the chapter's share of life and National Partner member dues.
- 4660 **SHARED COMMUNITY PARTNER MEMBERSHIP DUES:** Chapter's share of Community Partner member dues.
- 4270 **FUNDRAISING INCOME:** Gross receipts from chapter activities operated exclusively (or nearly exclusively) for fundraising purposes. Sales of special medals, T-shirts, hats, coins, etc.; tickets to sporting events and food. Corresponding expenses are to be reported in account 8650. This account should include all revenue earned at a fundraising event, except for charitable contributions, which should be broken out in accounts 4280 and 4290 (listed below).
- 4280 **FUNDRAISING CONTRIBUTIONS BELOW \$5K EACH:** Receipts of gifts of money or property received at a fundraising event. These are charitable donations that would be considered tax deductible to the donor.

4290 **FUNDRAISING CONTRIBUTIONS OVER \$5K EACH:** Receipts of gifts of money or property received at a fundraising event. These are charitable donations that would be considered tax deductible to the donor.

4760 **OTHER INCOME:** Financial rewards received from AUSA National and income from any source not listed above. Gains on currency or money conversions. Routine resale of AUSA insignia items.

4150 **ADVERTISING:** Receipts of cash for sale of advertising in newsletters or other publications whether taxable or not.

d. Expenses

8150 **ADMINISTRATIVE EXPENSES:** Fees to temporary employment agencies or individuals acting in an independent contractor status for clerical assistance, audit, legal, and similar services required for chapter or region administration. Postage, mailings, permit fees, UPS, air freight, express charges, post office box rental and other administrative expenses to include telephone and other communication expenses. Cost of magazine and reference books for administrative use. Cost of checks and deposit slips ordered from the bank or financial institution.

7250 **AWARDS:** Cost of medals, certificates, gift memberships (full amount), cash, or other prizes given in recognition of achievement, contests, etc.

7260 **SCHOLARSHIPS:** Costs for awarding scholarships.

6960 **COMMITTEE AND DELEGATES EXPENSE:** Travel, hotel, meals, registration, and other fees for chapter or regional delegates to attend AUSA meetings; local, regional or National. Meeting expenses incurred by duly authorized representatives of a chapter or region in the performance of their duties. Cost of operating a chapter hospitality suite at the Annual Meeting.

7050 **CONTRIBUTIONS:** Gifts by the chapter to other organizations such as the Red Cross, AER, Fisher House, Chaplains Fund, etc.

7060 **CONTRIBUTIONS - ILW:** Gifts to the Institute of Land Warfare.

8050 **MATERIALS AND SERVICES:** Radio and television time, information bulletins, press releases, photographs and similar expenses for informing the chapter, other organizations and individuals of the Association's aims and objectives or promoting membership. Related costs of clerical assistance, printing, paper and mailing. Artwork, photographs, printing, paper, and postage for chapter or region newsletters, office supplies and equipment costing less than \$100.

7350 **MISCELLANEOUS:** Bank service charges, liability insurance and similar expenses not properly chargeable to other accounts. Cost of insignia which was sold and for which the income is included in Other Income (4760). Membership dues in other organizations such as the Chamber of Commerce. Losses on currency or money conversions.

8310 **NON-CASH CONTRIBUTIONS (EXPENSE):** Donations of goods or services instead of cash. The FMV of each non-cash item will be recorded to revenue (4310) and the equivalent amount will be recorded to the non-cash contribution expense account (8310).

6970 **MEETING & PROGRAM EXPENSES:** Meals and beverages, rental of meeting halls, signs, invitations and/or notices to members, badges, programs, decorations, publicity, postage for invitations and/or notices to members and others, and similar expenses for chapter general membership meetings or other meetings which contribute to the accomplishment of AUSA aims and objectives. Travel, hotel, food and other expenses of guests and members of the press attending meetings. Gifts to speakers must be included in this account – not to “Awards.” Not all meetings must have income to qualify as reportable under this account. The chapter may legitimately decide to hold a business meeting or a meeting with a speaker, demonstration or similar event without charging the attendees

8650 **FUNDRAISING EXPENSE:** Expenses directly related to earning the income reported in account 4270. Food and beverages, prizes, giveaway items such as T-shirts, sporting events or accreditation fees, etc. Awards, trophies and prizes made in conjunction with a fundraising event should be charged to this account and not to "Awards.”

6350 **DEPRECIATION:** Expense for this year's reduction in value of fixed assets. Charges to this account are offset by additions to the Provision for Depreciation (1770).

8660 **LOBBYING:** Expenditures made in any attempt to influence legislation at federal, state or local level. No expenditure may be made to endorse any candidate. See Appendix A for further details.

e. Clearing Accounts (This account is used only in the chapter's journal)

0911 **DUES CLEARING ACCOUNT:** This account is used to record dues received from individuals or Community Partner members which have been deposited in the chapter's bank account. These dues must then be paid to National by a chapter check. When this transaction is complete, the receipts (credits) must equal the payment (debits). The chapter may either forward individual member

checks directly to National and not process them in this account or deposit them to forward a consolidated check.

If the debits in the Dues Clearing account exceed the credits, the balance must be added to Accounts Receivable-Other for statement purposes. This indicates that the chapter has forwarded more money to National than it has collected. This must be reconciled by collecting and/or depositing the appropriate receipts as soon as possible. If the credits in the Dues Clearing account exceed the debits, the balance must be added to Accounts Payable for statement purposes. This indicates that the Chapter has collected more money from members than it has forwarded to National. This amount should be verified and the funds sent to National immediately.

0912 **CASH ADVANCES:** tracks cash advances for change for Community Partner events where money is being collected (breakfasts, luncheons, golf tourney, etc). In is neither income nor expense so does not inflate either for chapter totals and, as with 911, should always be zero balance at EOY. (Draw cash before event, deposit same amount after event). This eliminates having a “slush” fund, which may be troublesome for accounting.

2-11-2. Checklist for The Transition of the Chapter President

a. Require a change of responsibility internal audit by a disinterested party after the chapter president change and report the results to the Board of Directors.

b. Meet with chapter treasurer for orientation of past years’ budget and provide guidance for the current year. Submit revised budget to the Board of Directors.

c. Require an internal audit if the treasurer changes responsibility more than six (6) months after the chapter president changes.

d. Ensure that the chapter bylaws adequately describe the duties of the chapter treasurer and address the chapter’s internal accounting controls.

e. Include a Treasurer’s Report in each EXCOM meeting include in the agenda.

f. Include a Treasurer’s Report in the General Membership Meetings agenda.

g. Assuming president has check signing authority – change bank signature cards removing former president and adding new president.

h. Assuming president has chapter credit/debit card – turn in former president’s card and apply for a card for new president.

- i.* Add new president to online banking access should he/she desire
- j.* Provide new president PO Box key should he/she desire
- k.* Prepare appointment memorandum for the new chapter treasurer or reappointment of current treasurer.
- l.* Coordinate amendment of signature cards at the bank in which funds are deposited (requires a copy of minutes from meeting that indicate the election of new president and treasurer with effective date.)
- m.* New chapter president should review planned budget in chapter annual plan with the chapter treasurer and members of EXCOM.

2-11-3. Checklist for the Transition of the Chapter Treasurer

- a.* Conduct an internal audit when a new Treasurer assumes responsibility and report the results to the Board of Directors.
- b.* Obtain copy of the Association's Chapter and Region Treasurer's Handbook and become knowledgeable on its contents.
- c.* Study past chapter budgets to become knowledgeable on traditional expenditures and revenue trends.
- d.* Besides the internal audit
- e.* Change the bank signature cards for all accounts
- f.* Change online banking access – delete former treasurer, add new treasurer
- g.* If the official chapter address is a PO Box, change the registration and access to the new treasurer.
- h.* If the official chapter address is the treasurer's home address, change the address with financial institutions, AUSA National, installation protocol office, recurring vendors (e.g. constant contact, printers, etc.). Same should be done for email address.
- i.* If Paypal is being used for event payments, change the POC on the Paypal account. (It may be easier to create a new Paypal account).
- j.* Order checks/deposit slips with new treasurer address if no PO Box is being used.
- k.* Delete the former treasurer's debit/credit card and apply for a new card.

l. Transfer archived financial records (minimum 7 years) to incoming treasurer.

m. Ensure that he is properly appointed by appointment memorandum signed by the chapter president.

n. Coordinate amendment of signature cards at the bank in which funds are deposited (requires a copy of the minutes from meetings that indicate the election of new president and treasurer with effective date).

o. Review planned budget in chapter Annual Plan with the chapter president and members of EXCOM.

2-11-4. Annual Financial Statement

a. An electronic version of the annual financial statement is made available on the AUSA website in Chapter Leader Portal in **July** along with instructions for completing the financial statement. The annual instruction letter will contain the point of contact in AUSA National's Finance and Accounting Office for assistance in completing the statement. **The chapter is strongly encouraged to go online to complete and submit the annual financial statement; many of the calculations are automatically made on the online version.**

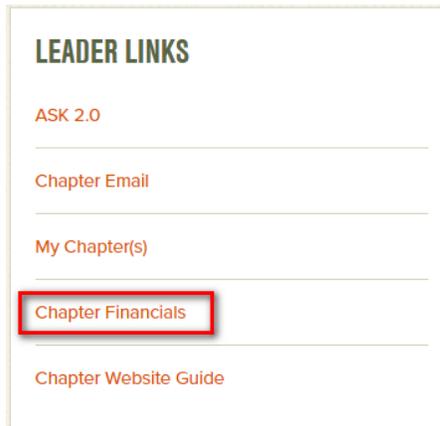
b. **If completed manually**, typed statements are very desirable, but if it is not practical to provide such statements, treasurers should print clearly.

c. Re-check all statements for typographical errors and be sure that they are mathematically correct. Using the online statements will help. If it is not practical to use these statements, treasurers should print clearly.

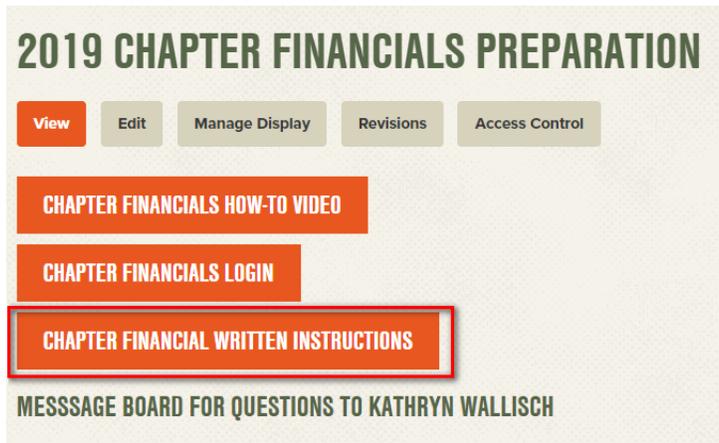
d. Be sure that all statements are marked with the correct chapter/region name; number, and year (20XX).

e. Accessing the financial statement forms.

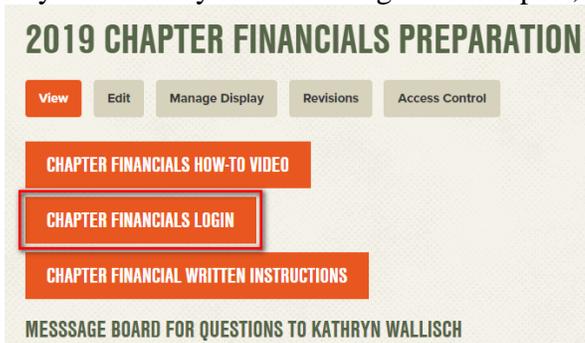
(1) Before beginning to fill out the forms review these instructions. A copy of these instructions is located on the CLP Home Page. Scroll down to "Leader Links"



(2) On the next page click on “Chapter Financial Written Instructions”



(3) When you are ready to start filling out the report, click “Chapter Financials Login.”



(4) This will bring you to the sign-in page. Enter your chapter number for the User Name preceded by a “c” for chapters (e.g. c1101) or “r” for regions (e.g. r1000). If you need it call 703-907-2631 or send an email to RegionalActivities@ausa.org ; Subject: Request for Chapter Financial Statement Password.



<mailto:regionalactivities@ausa.org?subject=Request%20for%20Chapter%20Financial%20Statement%20Password>).

(5) Click on “Published” to begin:

Status	Chapter#	Chapter Name	Published	Last Updated
Published	1101	CONNECTICUT CHAPTER	1/3/2014	

(6) Click on all the forms your chapter/region is required to complete (see instructions). The shared dues and ending balance from the previous year (beginning balance current year) are already entered. A copy of the previous year's submission will significantly help.

f. Statement of financial progress (Form 8204).

CONNECTICUT CHAPTER
Click the above link to go to Chapter Home Page

Form 8204
Statement of Financial Progress

Revenue:		Account No.	Expenses:		Account No.
1. Contributions Less than \$5K Each	4250	0.00	16. Administration Expense	8150	0.00
2. Contributions More than \$5K Each	4260	0.00	17. Awards	7250	0.00
3. Total Contributions (Sum of lines 1 and 2)		0.00	18. Scholarships	7260	0.00
4. Fundraising Contributions less than \$5k	4280	0.00	19. Committee and Delegate Expenses	6960	0.00
5. Fundraising Contributions more than \$5k	4290	0.00	20. Non-Cash Contributions	8310	0.00
6. Non-Cash Contributions	4310	0.00	21. Contributions	7050	0.00
7. Interest Income	4350	0.00	22. Contributions-Institute of Land Warfare	7060	0.00
8. Meetings and Program Income	4550	0.00	23. Total Contributions (sum of lines 21&22)		0.00
9. Operating Allowance	4850	0.00	23. Material and Services	8050	0.00
10. Share Individual Membership Dues	4650	1,179.50	24. Miscellaneous	7350	0.00
11. Share Corporate Membership Dues	4660	708.00	25. Meeting & Program	6970	0.00
12. Fundraising Income (not including contributions)	4270	0.00	26. Fundraising	8650	0.00
13. Other Income	4760	0.00	27. Depreciation	6350	0.00
14. Advertising	4150	0.00	28. Lobbying	8660	0.00
15. Total Revenue (sum 3 thru 14)		1,887.50	29. Total Expenses		0.00
			30. Increase in Net Assets		1,887.50
			31. Decrease in Net Assets		0.00

After Filling the Form Click Save.

Line	Instruction
1	Enter the total of contributions below \$5,000 each (account 4250) – not including donations below \$5,000 received at a fundraiser.

	List in Section E of Form 8207 the name and amount of each contribution more than \$250
2	Enter the total of contributions over \$5,000 each (account 4260) – not including donations over \$5,000 received at a fundraiser. List in Section E of Form 8207 the name, address, and amount of each single contribution more than \$5,000
3	Add lines 1 and 2
4	Enter total of contributions below \$5,000 each received at a fundraiser (account 4280) List in Section F of Form 8207 the name and amount of each contribution more than \$250
5	Enter total of contributions over \$5,000 each received at a fundraiser (account 4290) List in Section G of Form 8207 the name, address, and amount of each contribution more than \$5,000
6	Enter total of Non-Cash contributions (account 4310) – this will match the amount added to Non-Cash contributions expense (account 8310) List in Section I the description and fair market value of the non-cash contribution
7	Enter the interest income (account 4350). Upload a copy of the IRS form 1099s which support this income unless it is shown on the year-end bank statement.
8	Enter Meetings and Program income (account 4550).
9	REGIONS ONLY. Operating allowance received from National. (Note 2)
10	CHAPTERS ONLY. Total individual (including Life and National Partner) shared dues (account 4650). (Note 3)
11	CHAPTERS ONLY. Total Community Partner member shared dues (account 4660). (Note 3)
12	Enter the total fundraising income (account 4270) – not including contributions that were received at a fundraiser. Enter the income by individual activity in Section P of Form 8207.
13	Enter other income (account 4760).(Note 4) List in Section J of Form 8207 sources and amount, if over \$100 per item
14	Enter all advertising income. (Note 5)
15	Sum of lines 3-14.
16	Enter total of all administrative expenses (account 8150)
17	Enter total of awards (account 7250). Provide a breakout by <u>purpose</u> in Section K of the Schedule of Account Analyses

	(Form 8207)
18	Enter total amount of scholarships awarded (account 7260). Enter the total amount and number of scholarships awarded in Section L (form 8207)
19	Enter any local committee and delegates expenses (account 6960).
20	Enter non-cash contributions (this will match non-cash contributions revenue) – Account 8310
21	Enter Contributions, Dues and Subscriptions (account 7050) DO NOT enter any Institute of Land Warfare contribution here. Provide a breakout in Section M and N of the Schedule of Account Analyses (Form 8207).
22	Enter any contributions to the Institute of Land Warfare (account 7060)
23	Sum lines 21 and 22.
23	Enter material and service expense (account 8050)
24	Enter the total of miscellaneous expense (account 7350). Provide a breakout in Section O of the Schedule of Account Analyses (Form 8207) of individual expenses which exceed \$100.00.
25	Enter meeting and program expense (account 6970).
26	Enter total of fundraising expense (account 8650). List the expenses by individual events in Section P (Form 8207)
27	Enter the total depreciation for the fiscal year only (account 6350). (Note 6).
28	Enter any lobbying expenses (account 8660). See Appendix A – Lobbying Expenditures
29	Total lines 16-20 and 22-28
30	Subtract line 29 from line 15. If positive, enter result here and on line 18 of Form 8203.
31	Subtract line 29 from line 15. If negative, enter result here and on line 19 of Form 8203.

NOTES:

1. The amount of any contribution is reduced by the value of any goods or services provided (sample letter 1). For example, a “free” ad in a chapter newsletter would disqualify a portion of the contribution. If goods and services were exchanged, then the letter must acknowledge the actual contribution. (Amount – total of goods/services = contribution amount).

2. Regions: Enter the amount received for region allowances. Other funds received from National will be recorded on line 10.

3. Chapters: Chapters record dues income earned and dues earned during the period of **1 July – 30 June**. The amount of dues checks **earned** but not received by the chapter must be entered as Accounts Receivable Dues (account 1250) on Form 8203, line 5). When the chapter receives the check(s) in the following fiscal year, it must be recorded as an offset to the receivable. It is not income for the following fiscal year because it was recognized and included in the current fiscal year. Both the individual (includes life and National Partner individual members) and Community Partner member dues which you report on your Statement of Financial Progress (Form 8204) **must** agree with that shown on the computer listing unless we have authorized a variance. Chapters that feel there is an error should contact AUSA National (Finance & Accounting) immediately.

A chapter whose records do not agree with National's computer listing should notify Finance & Accounting.

4. Included here would be any incentive program funds received from AUSA National.

5. Advertising income may be subject to the Unrelated Business Income Tax and additional information is required if you have income of this nature. Specifically, if the advertising income was derived from a regularly published newsletter, chapters must provide a copy of every newsletter published during the year whether it contained advertising or not to AUSA National (Finance & Accounting) so a taxability determination can be made. If all or any part, of the advertising income came from a single meeting program, it is not taxable, but a copy of that program must also be provided.

6. Properly accrue any depreciation for the current year.

7. All calculations are automatically updated after the SAVE button is clicked.

g. Statement of Financial Position (Form 8203)

CONNECTICUT CHAPTER
Click the above link to go to Chapter Home Page

Form 8203
Statement of Financial Position

Assets:	Account No.	Value	Liabilities:	Account No.	Value
1. Cash	1050	0.00	14. Accounts Payable	2350	0.00
2. Petty Cash	1060	0.00	15. Advance Receipts	2360	0.00
3. Savings Account	1070	0.00	16. Total Liabilities (sum of lines 14,15)		0.00
4. Total Cash (sum of lines 1,2,3)		0.00	Net Assets:		
5. Accounts Receivables Share Dues	1250	0.00	17. Beginning of Year Balance [3350] (ending balance from previous year)		13,583.24
6. Accounts Receivables Other	1260	0.00	18. Add: Increase in Net Assets		2,702.44
7. Total Accounts Receivable (sum of lines 5, 6)		0.00	19. Less: Decrease in Net Assets		0.00
8. Inventory Supplies & Insignia	1350	0.00	20. End of Year (line 17 + 18 - 19)		16,285.68
9. Prepaid Expenses	1450	0.00	21. Total Liabilities and Net Assets (sum of lines 16,20)		16,285.68
10. Fixed Assets	1760	0.00			
11. Less Provision for Depreciation	1770	0.00			
12. Fixed Assets (line 10 - 11)		0.00			
13. Total Assets (Sum of lines 4,7,8,9,12)		0.00			

After Filling the Form Click Save.

LINE	INSTRUCTIONS
1	This is the amount of cash in the chapter checking account as of June 30 th (Account 1050) Show any deposits in transit and outstanding checks on section A of Form 8207
2	Enter any petty cash (Account 1060).
3	Enter total of savings accounts which, includes certificates of deposits, (account 1070). Upload copies of all bank and savings account statements (or equivalent) showing the balance on 30 June xxx. (Note 1)
4	Sum lines 1-3.
5	Enter any accounts receivables - dues (account 1250).
6	Enter any accounts receivables – other (account 1260). Provide an analysis in Section B of the Schedule of Account Analyses (Form 8207).
7	Sum lines 5 and 6.
8	Enter the total amount of inventory of supplies and insignia (account 1350).
9	Enter the total of prepaid expenses (account 1450).
10	Enter the total of fixed assets (account 1760).
11	Enter the total of the provision for depreciation (account 1770).
12	Subtract line 11 from line 10.
13	Total lines 4, 7, 8, 9, and 12
14	Enter the total of accounts payable (account 2350).

	Provide a breakout of these payables in Section C of the Schedule (Form 8207)
15	Enter the total of advance receipts (account 2360).
16	Sum lines 14 and 15.
17	Beginning of year net assets (pre-entered from end of previous fiscal year's report).
18	Line 30 of Form 8204.
19	Line 31 of Form 8204.
20	Add lines 17 and 18 <u>or</u> subtract line 19 from line 17, whichever is applicable.
21	Total lines 16 and 20.
	Lines 13 (Total Assets) and 21 (Total Liabilities and Net Assets) must agree.

NOTES:

1. There is no need to send the full year statements unless requested.
2. All calculations are automatically updated after the SAVE button is clicked.

h. Schedule of account analyses (Form 8207).

CONNECTICUT CHAPTER

Click the above link to go to Chapter Home Page

Form 8207 (1)
Chapter/Region Schedule of Accounts Analysis

<p>A. Cash Reconciliation from Line 1, Form 8203</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Add: Deposits in Transit</td> <td style="width: 20%; text-align: right;">0.00</td> </tr> <tr> <td>Deduct: Outstanding Checks</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>Balance per Bank Statement (attach copy)</td> <td style="text-align: right;">0.00</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">0.00</td> </tr> </table> <p style="font-size: small; color: red;">Total should tally with form 8203 Line 1 : 0.00</p> <p style="text-align: center;">Save</p> <p>B. Analysis of other Accounts Receivable from Line 6, form 8203) (List name and amount)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8203 Line 6 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>C. Analysis of Accounts Payable from Line 14, form 8203 (List name and amount)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8203 Line 14 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>D. Analysis of Contributions Received Less than \$5K Each from Line 1, Form 8204 (List name and amount for each contribution over \$250)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>E. Analysis of Contributions Received More than \$5K Each from Line 2, Form 8204 (List name, address and amount of each contribution)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8204 Line 2 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>F. Analysis of Contributions Received at Fundraiser less than \$5K Each from Line 4, Form 8204 (List name, address and amount of each contribution)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>G. Analysis of Contributions Received at Fundraiser more than \$5K Each from Line 5, Form 8204 (List name, address and amount of each contribution)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8204 Line 5 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>H. Analysis of Fundraising Events (List Event and # of Attendees)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>I. Analysis of Non-Cash Contributions from Line 6, Form 8204 (List Description and Amount/Fair Market Value of each item)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8204 Line 6 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>J. Analysis of Other Income from Line 13, Form 8204 (List sources and amount if over \$100 per item)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p>	Add: Deposits in Transit	0.00	Deduct: Outstanding Checks	0.00	Balance per Bank Statement (attach copy)	0.00	Total	0.00	<p>K. Analysis of Awards from Line 17, Form 8204(List by purpose of award. Examples: Soldier of the Year, NCO)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>L. Analysis of Scholarships Each from Line 18, 8204(List number of recipients and total amount awarded)</p> <p>Total 0.00</p> <p style="font-size: small; color: red;">Total should tally with form 8204 Line 18 : 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>M. Analysis of Contribution Expenses Less than \$5K Each from Line 21, Form 8204 (List name and amount for each contribution over \$250)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>N. Analysis of Contribution Expenses More than 5K Each from Line 21, Form 8204 (List name, address, EIN, IRC, amount and purpose for each)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p> <p>O. Analysis of Miscellaneous Expenses (List type and amount if over \$100 per item)</p> <p>Total 0.00</p> <p style="text-align: center;">Add New Line Save</p>
Add: Deposits in Transit	0.00								
Deduct: Outstanding Checks	0.00								
Balance per Bank Statement (attach copy)	0.00								
Total	0.00								
<p>P. Analysis of Fundraising Income and Expenses from Line 12 and 26 Form 8204</p> <p>Total 0.00 0.00</p> <p style="font-size: small; color: red;">Total Income should tally with 8204 (12): 0.00 and 8204 (26): 0.00</p> <p style="text-align: center;">Add New Line Save</p>									

(1) Section A is required. Use other sections if any additional information is required to support any entry on Form 8203 or 8204.

(2) To make an entry in Sections B – P. Start by clicking on “Add New Line.” Boxes will appear in which you can make the entry and the amount.

(3) Skip any sections which are not applicable to your chapter.

(4) For example, in Section D (Contributions received over \$250):

(a) Click “Add New Line.”

D. Analysis of Contribution Received Less than \$5K Each from Line 1, Form 8204
(List name and amount for each contributor over \$250)

Total

<input type="button" value="Add New Line"/>	<input type="button" value="Save"/>
---	-------------------------------------

(b) Enter name of contributor and amount:

D. Analysis of Contribution Received Less than \$5K Each from Line 1, Form 8204
(List name and amount for each contributor over \$250)

<input type="text" value="First National Bank"/>	<input type="text" value="2500.00"/>	<input type="button" value="x"/>
Total	2500.00	

(c) Click “Add New Line” to continue adding:

D. Analysis of Contribution Received Less than \$5K Each from Line 1, Form 8204
(List name and amount for each contributor over \$250)

<input type="text" value="First National Bank"/>	<input type="text" value="2500.00"/>	<input type="button" value="x"/>
--	--------------------------------------	----------------------------------

(d) When finished, click “Save.”

D. Analysis of Contribution Received Less than \$5K Each from Line 1, Form 8204
(List name and amount for each contributor over \$250)

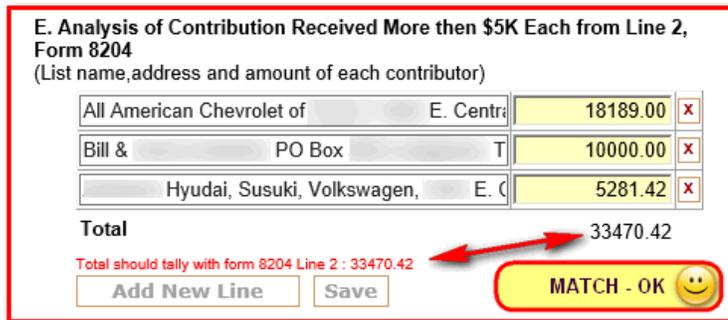
<input type="text" value="First National Bank"/>	<input type="text" value="2500.00"/>	<input type="button" value="x"/>
<input type="text" value="National Bank"/>	<input type="text" value="2500.00"/>	<input type="button" value="x"/>
<input type="text" value="The Foundation"/>	<input type="text" value="3000.00"/>	<input type="button" value="x"/>
<input type="text" value="City of"/>	<input type="text" value="1000.00"/>	<input type="button" value="x"/>
<input type="text" value=""/>	<input type="text" value="500.00"/>	<input type="button" value="x"/>
<input type="text" value="Dr."/>	<input type="text" value="1000.00"/>	<input type="button" value="x"/>
<input type="text" value="Medical Center"/>	<input type="text" value="1000.00"/>	<input type="button" value="x"/>
<input type="text" value="Greater Chamber of Commerce"/>	<input type="text" value="1000.00"/>	<input type="button" value="x"/>
Total	12,500.00	

(e) To remove an unused line -- click on the “X” at the end of that line.



(f) Special Instructions for certain sections:

1. The totals in Sections A, B, C, E, G, I, L, and P should match the respective entry on Forms 8203 or 8204. Those entries are displayed above the “Add New Line” button to serve as a reminder.



2. The totals in Sections D, F, J, K, M, and O will not necessarily match the corresponding line on Form 8203 or 8204 since they are a subset of that amount --- they must be less than the amount on those forms.

LINE	INSTRUCTIONS
A	Copy the required information from your regular bank statement reconciliation. Also, compare the adjusted bank balance from the account analysis with the checkbook balance and the cash balance on the Statement of Financial Position. All three amounts must match.
B	List the name and amount for other Accounts Receivable
C	Identify by name and amount, e.g. “Marriott Marquis Hotel”
D	List separately any contribution received under \$5,000 but over \$250 showing the contributor’s name and amount.
E	List separately any contributions over \$5,000 with the contributor’s name, address and amount. (Form 8207)
F	List separately any contribution received at a fundraiser that are under \$5,000 but over \$250 showing the contributor’s name and amount.
G	List separately any contributions received at a fundraiser that are over \$5,000 with the contributor’s name, address and amount. (Form 8207)
H	List fundraisers names and number of attendees
I	List the description and fair market value for each non-cash contribution
J	List other income over \$100. It is particularly important that advertising and meeting and program income be separately identified and listed on the appropriate

	lines on the statement of Financial Progress, leaving only true "Other Income" on this line.												
K	Categorize awards by purpose for which the award was given rather than by the physical type of award. It is much more useful to know that the awards were given for "Soldier of the Year", etc. rather than that they were "plaques" or "watches". Numerous small awards can be lumped together under a miscellaneous category.												
L	List all scholarships showing the number of scholarships awarded and the amount (IRS requirement)												
I	List all contributions made by the chapter which were over \$250. Recipient and amount at a minimum, purpose if not self-explanatory.												
J	List any contributions the chapter made over \$5,000 showing the name, address, EIN, IRC, amount, and purpose on Form 8207												
K	List any miscellaneous expense over \$100												
L	Both fundraising income and fundraising expense Form 8207 must be analyzed and summarized by major categories for each fundraising event (income is not to include contributions received at a fundraiser, as they are listed in sections F and G). For example: <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>EVENT</u></th> <th style="text-align: left;"><u>CATEGORY</u></th> <th style="text-align: left;"><u>INCOME</u></th> <th style="text-align: left;"><u>EXPENSE</u></th> </tr> </thead> <tbody> <tr> <td>Golf Tournament</td> <td>Registration fee</td> <td>\$150.00</td> <td></td> </tr> <tr> <td style="text-align: center;">:</td> <td>Beverages</td> <td></td> <td>\$ 50.00</td> </tr> </tbody> </table> <p>The total of the "Income" column must match "Fundraising Income" (4270) and the total of the "Expense" column must match "Fundraising Expense" (8650).</p>	<u>EVENT</u>	<u>CATEGORY</u>	<u>INCOME</u>	<u>EXPENSE</u>	Golf Tournament	Registration fee	\$150.00		:	Beverages		\$ 50.00
<u>EVENT</u>	<u>CATEGORY</u>	<u>INCOME</u>	<u>EXPENSE</u>										
Golf Tournament	Registration fee	\$150.00											
:	Beverages		\$ 50.00										

(g) Note additional information required for contributions greater than \$5,000:

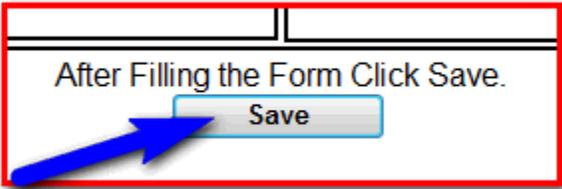
N. Analysis of Contribution Expenses More than 5K Each from Line 21, Form 8204 (List name, address, EIN, IRC, amount and purpose for each)

Total	0.00
-------	------

Add New Line
Save

Auditors use this information to contact the contributor to verify the contribution.

(h) When all sections are complete save the form.



i. Send bank statements and other supporting documents to kwallisch@ausa.org.

(a) Attach a photocopy of your bank statement, CD Certificates and money market funds statements which show the balance as of 30 June. If your bank statement cuts off prior to 30 June, please include a copy of the following July's statement as well, which will show the end of the year balance.

(b) Advertising income may be subject to the Unrelated Business Income Tax and additional information is required if you have income of this nature. See Note 4, Section 6-2.

(c) Attach a copy of the IRS form 1099's you have received which support interest income unless this information is shown on a copy of the bank statement that you are also sending us.

j. Other Documents provided in the chapter's file.

(1) Outstanding Checks.

Lists all checks issued to the chapter not cashed as of the date of the report. This report is updated daily.

Chapter Outstanding Check Report		
Date	Check Number	Outstanding Amount
12/3/2014	162712	\$102.70

(2) Shared Dues Report.

Lists all shared dues for the chapter by month during the previous fiscal year. Should match amounts already shown on Form 8204.

Association of United States Army				
Chapter Dues Report				
As of December 2014				
Chapter CONNECTICUT CHAPTER			Chapter Code	1101
Description	Period	Check No	Check Date	Amount
Corporate-1	12/31/2013	158832	12/31/2013	126.00
Individual-8	12/31/2013	158832	12/31/2013	53.52
				<u>\$179.52</u>
Individual-14	01/31/2014	159176	01/31/2014	112.53
Corporate-1	01/31/2014	159176	01/31/2014	60.00
Life-101	01/31/2014	158832	01/31/2014	151.50
Sustaining-20	01/31/2014	158832	01/31/2014	20.00
				<u>\$344.03</u>

k. Cover Sheet

(1) Print the cover sheet by clicking on Print Forms after saving your work.



Association of United States Army

Chapter/Region Transmittal of Financial Statements

As of Decem 201 4

The Attached Statement of Financial Position, Statement of Financial Progress and Other Schedules, are to the Best of Our Knowledge
a True and Complete Statement of the Assets, Liabilities. Revenue and Expenses for

The : CONNECTICUT CHAPTER Chapter/Region No :1101

For the Period Stated.

Signature Typed Name of Treasurer	Date	Signature Typed Name of President	Date

Form 8214

Cover Sheet Example.

(2) Insert the year and the chapter name. The Treasurer and President must sign and date the statements and upload as a supporting document to arrive at National Headquarters **not later than 25 August.**

2-11-5. Chapter Audit Requirements.

a. Chapters with **total income or expense** above **\$250,000** are required to have an audit performed by an “independent certified public accountant”. Chapters with total income or total expenses above **\$25,000.00** are required to have a local audit. The persons authorized to conduct an audit are described in Section 3 – Requirements, 3-3 in the Treasurer's Handbook. The procedures for the audit are listed in Annex A, #6.

b. Chapters must send the **signed original copy of the audit report**, which must include financial statements, before **November 1st**. A chapter which has a problem in meeting this deadline, but can have the audit conducted at a later date, must advise AUSA National (Finance & Accounting).

+

c. It is ***most important that chapters not wait to complete an audit before submitting the required annual financial statements to National.*** Errors found in the audit will necessitate filing a corrected statement.

d. It would be desirable for all chapters to have an audit each year, but it may not be practical for smaller chapters.

e. Types of audits.

(1) Annual. Although National Headquarters reviews the financial statements of all chapters, it is not a substitute for an audit of the underlying records. All chapters are encouraged to have an audit of their financial records each year. The requirements to conduct an annual audit of a chapter are outlined in paragraph 3-3, Section 3 – Requirements. A simplified cash audit procedure is shown below.

(2) On Change of Treasurers. An audit should be conducted at the time there is a change in chapter treasurers. This audit can be an abbreviated one which satisfies the interests and concerns of the old and new treasurers and the chapter that the records have been properly maintained and that the money and other assets for which the new treasurer is accepting responsibility are in fact accurate and present.

(3) Internal. A continuing check of financial operations, such as the monthly bank reconciliation, is important for the detection of errors. Another area that should be under continuous audit review is the membership receipts. The Treasurer or Assistant Treasurer should review activities in this area as frequently and to the maximum extent practical.

f. Cash audit procedures.

(1) Count all un-deposited funds on hand at audit date and determine that they were promptly deposited in the bank.

(2) Prepare an independent bank reconciliation as of 31 December.

(3) Examine the cleared checks returned with the January and/or February bank statements to ascertain that all checks for December and prior months were listed as outstanding on the December bank reconciliation.

(4) Check deposits from the cash journal to the bank statements for at least three months.

(5) Check composition of deposits for at least three months. All receipts should have been deposited promptly (at least weekly).

(6) Carefully, check the distribution of all individual receipts listed in the journal for at least three months to determine that they have been recorded properly in the correct journal column.

(7) Verify the distribution of all disbursements recorded in the journal for at least three months. Examine the checks and the bills or invoices supporting these disbursements:

(a) Was the check signed by an authorized officer(s)?

(b) Was the endorsement on the back of the check that of the payee?

(c) Was the check written for an item properly within the scope of authorized expenditure?

(d) Was the evidence of the transaction sufficient to justify the disbursement?

(8) Add the cash deposits (DR) and the cash disbursements or checks (CR) columns for at least three months to determine that they have been totaled correctly.

(9) For the same three months selected, cross-add the individual income or other account columns (CR) to determine that they equal the total of the deposit (DR) column.

(10) For the same three months, cross-add the individual expense or other account columns (DR) to determine that they are equal to the total of the check columns (CR).

(11) Examine savings account passbooks, certificates of deposits or other evidence of investments to determine that they have been properly recorded on the books and financial statements.

(12) Count the petty cash fund. Determine that the total of the petty cash vouchers on hand and the cash counted equal the amount of the petty cash fund as shown on the journal.

(13) Examine the petty cash vouchers for at least three months during the year to determine that they represent proper expenditures by the chapter; that they were supported by a petty cash voucher; and they are supported by paid invoices, receipts or evidence of the transaction where practical.

(14) Examine the checks written for Committee and Delegates Expense and Travel and Entertainment expense for a period of at least six months including the period of the National Annual Meeting. They should be supported by a detailed voucher and further supported by paid bills, receipts or other evidence of the transactions.

(15) Review with the Treasurer the manner in which cash receipts other than from National Headquarters have been accounted for and recorded in the journal. Particularly check for evidence of good internal control of cash receipts.

(16) Examine cash disbursements for January and February of the following year and search for other evidence of unrecorded accounts payable as of 31 December.

(17) Examine cash receipts for January and February of the following year and search for other evidence of unrecorded accounts receivable as of 31 December.

(18) Review minutes of the Board of Directors for authority to purchase or sell investments and for other financial matters requiring approval.

(19) Prepare an exception report, if there are errors of any significance. This report should be clear, concise and indicate corrective action already taken by the chapter.

g. Recommended Chapter Audit Report.

Board of Directors

_____ Chapter

Association of the United States Army

We have examined the financial records and statements of the _____ Chapter of the Association of the United States Army for the year ended 31 December 20____. Our examination was made (* in accordance with the Chapter Cash Audit Procedures specified by National Headquarters, AUSA) or (* in accordance with generally accepted auditing standards and included such tests of the accounting records and other procedures as we considered necessary in the circumstances).

In our opinion the attached Statement of Financial Position and related Statement of Financial Progress together with the accompanying Schedule of Account Analysis presents fairly the financial condition as of 31 December 20____ and the results of operations for the year then ended in

conformity with the procedures outlined in the Chapter Treasurer's Handbook of AUSA and generally accepted accounting principles. (#A report of exceptions noted during the audit is enclosed.)

Respectfully Submitted,

NOTES: * Include one appropriate parenthetical remark; strike out the other.

Include if appropriate.

Copies of audited statements must be attached!

2-11-6. Lobbying Expenditures

Lobbying expenditures cross several expense category boundaries and are very rare in the normal operation of AUSA chapters. National must report certain expenditures that meet the tests described below to IRS and chapters must extract information on these expenditures from other accounts and consolidate and report them in account 8660, Lobbying Expense.

a. Tests.

(1) Did the chapter spend any money in any attempt to influence legislation at federal, state or local level? If yes, go to test 2. If no, ignore the remainder of these instructions for the annual financial statements.

(2) Did the expenditure to influence legislation directly relate to a specific bill (includes a proposal or initiative which clearly will result in a specific bill in the near future)? If yes, report the expenditure as a lobbying expense and be prepared to provide further information if required. If no, ignore the remainder of these instructions.

b. Explanations.

(1) Money includes funds used in the production and/or distribution of material directly or as a part of a newsletter or similar document. Volunteer time is not included, but paid consultants or paid temporaries would be included. Money spent on behalf of a chapter (for example travel expenses paid personally by a chapter officer), but not from its own funds, is not included.

(2) Influence includes an attempt to affect the opinions of the general public or any segment thereof (see member exception, below) or through communication with any member or employee of a legislative body, or with any government official or employee who may participate in the formulation of the legislation.

(3) Legislation includes action with respect to acts, bills, resolutions or similar items or by the public in a referendum or initiatives procedure. Action is limited to the introduction, amendment, enactment, defeat or repeal of a legislative act. **Broad inquires, conceptual reviews, etc., are insufficiently specific to be considered legislation.**

(4) The distribution of incidental copies of publications or other communications to the press or non-members are to be ignored as *de minimus* exceptions.

c. Member Exception. Communications to members on legislative matters are generally not considered lobbying activity. However, a communication that directly encourages members to communicate themselves or to urge non-members to communicate with a member of a legislative body or a government official who may participate in the formulation of legislation, does constitute lobbying and the related expenses must be reported as lobbying expenses.

2-11-7. Sample Acknowledgement of Contribution

(Chapter letterhead or equivalent)

Date (By 31 January)

If goods and services were exchanged:

Thank you for sending the Association of the United States Army (Chapter) your contribution of \$(amount) in support of the (chapter). You were provided (advertising, tickets, etc...); the fair market value of which was estimated to be \$(Amount). Your charitable contribution deduction for federal income tax purposes is limited to the difference between these two amounts - \$(amount of contribution – amount of market value = difference between the two amounts)

This acknowledgment is furnished in compliance with the Revenue Reconciliation Act of 1993 and IRS regulations.

If no goods and services were exchanged:

Thank you for your (e.g. very generous) contribution of \$_____ to the _____ Chapter of the Association of the U.S. Army for _____. We acknowledge receipt of this contribution in (e.g. 2016) and state that no goods or services were provided to you as a result of your contribution. This acknowledgement is provided in compliance with section 170f (8) of the Internal Revenue Code.

Your support is greatly appreciated etc. etc.

Signature and title of chapter treasurer (or other officer)

2-11-8. IRS determination of tax exempt status.



OGDEN UT 84201-0038

In reply refer to: 4055250277
May 11, 2017 LTR 4168C 0
53-0193361 000000 00
00037614
BODC: TE

ASSOCIATION OF THE UNITED STATES
ARMY INC
% JERRY SINN
2425 WILSON BLVD
ARLINGTON VA 22201-3326



016795

Employer ID Number: 53-0193361
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Apr. 17, 2017, regarding your tax-exempt status.

We issued you a determination letter in June 1951, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

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ASSOCIATION OF THE UNITED STATES
ARMY INC
% JERRY SINN
2425 WILSON BLVD
ARLINGTON VA 22201-3326

Sincerely yours,

Stephen A. Martin

Stephen A. Martin
Director, EO Rulings & Agreements

2-11-9. Insurance Request Form

INSURANCE CERTIFICATE REQUEST FORM

Please complete a separate form for each certificate requested.

INFORMATION ABOUT THE CHAPTER:

INSURED NAME:					
CHAPTER NAME:					
ADDRESS:					
CITY:		STATE:		ZIP:	
PHONE:		FAX:			
EMAIL:					
Person completing this form (Print):					

SIGNATURE: _____ Date of Request: _____

INFORMATION ABOUT REQUIRED CERTIFICATE(S):

LANDLORD:			
LEASED EQUIPMENT:			
LEASE/CONTRACT NUMBER:		EST VALUE OF EQUIPMENT:	
EQUIPMENT:			

SPECIAL EVENT:

NAME OF EVENT:		DATE OF EVENT:	
LOCATION OF EVENT (Street Address if Available)			
TYPE OF EVENT:			

DESCRIBE CHAPTER PARTICIPATION IN THE EVENT:			
PROJECTED NUMBER PARTICIPANTS:		NUMBER VOLUNTEERS:	
WILL ALCOHOL BE AVAILABLE?	<input type="checkbox"/> YES <input type="checkbox"/> NO	IF YES, WHO WILL PROVIDE/SELL/SERVE:	

Please be advised: Events that involve certain categories of risks (eg., sporting events, golf tournaments, events including children, alcoholic beverages, number of participants, etc.) may be charged an additional premium.

Other:

INFORMATION ABOUT CERTIFICATE HOLDER:

Full name and address of organization or entity requiring certificate(s)
(We will send certificate TO YOU, but must show the following certificate holder address on the certificate):

NAME:					
ADDRESS:					
CITY:		STATE:		ZIP:	
WHAT IS THIS ORGANIZATION'S INVOLVEMENT?					

Is this organization requesting to be named as an Additional Insured? YES NO

If yes, Additional Insured — exact language as required by certificate holder (if unsure, you may attach assumption of liability documents or contract):

--

Is this organization requesting to be named as a Loss Payee? YES NO

If yes, please describe:

CONTACT TO FAX OR EMAIL CERTIFICATE(S):

NAME:			
EMAIL:		FAX:	
NAME:			
EMAIL:		FAX:	
NAME:			
EMAIL:		FAX:	

Fax request to: AUSA National Headquarters Attn: Accounting - Fax# 703-907-
Or Email to: kwallisch@ausa.org

NOVICK GROUP, INC.
The Leader in Nonprofit Insurance
25th Anniversary
Or
Email to: certificates@novickgroup.com
Please allow at least 48 hours to process request.

2-11-10. IRS Guidelines for Independent Contractors

1. **Profit or loss.** Can the worker make a profit or suffer a loss as a result of the work, aside from the money earned from the project? (This should involve real economic risk-not just the risk of not getting paid.)
2. **Investment.** Does the worker have an investment in the equipment and facilities used to do the work? (The greater the investment, the more likely independent contractor status.)
3. **Works for more than one firm.** Does the person work for more than one company at a time? (This tends to indicate independent contractor status, but isn't conclusive since employees can also work for more than one employer.)
4. **Services offered to the general public.** Does the worker offer services to the general public?
5. **Instructions.** Do you have the right to give the worker instructions about when, where, and how to work? (This shows control over the worker.)
6. **Training.** Do you train the worker to do the job in a particular way? (Independent contractors are already trained.)
7. **Integration.** Are the worker's services so important to your business that they have become a necessary part of the business? (This may show that the worker is subject to your control.)
8. **Services rendered personally.** Must the worker provide the services personally, as opposed to delegating tasks to someone else? (This indicates that you are interested in the methods employed, and not just the results.)
9. **Hiring assistants.** Do you hire, supervise, and pay the worker's assistants? (Independent contractors hire and pay their own staff.)
10. **Continuing relationship.** Is there an ongoing relationship between the worker and yourself? (A relationship can be considered ongoing if services are performed frequently, but irregularly.)
11. **Work hours.** Do you set the worker's hours? (Independent contractors are masters of their own time.)
12. **Full-time work.** Must the worker spend all of his or her time on your job? (Independent contractors choose when and where they will work.)
13. **Work done on premises.** Must the individual work on your premises, or do you control the route or location where the work must be performed? (Answering no doesn't by itself mean independent contractor status.)
14. **Sequence.** Do you have the right to determine the order in which services are performed? (This shows control over the worker)
15. **Reports.** Must the worker give you reports accounting for his or her actions? (This may show lack of independence)
16. **Pay Schedules.** Do you pay the worker by hour, week, or month? (Independent contractors are generally paid by the job or commission, although by industry practice, some are paid by the hour.)
17. **Expenses.** Do you pay the worker's business or travel costs? (This tends to show control.)
18. **Tools and materials.** Do you provide the worker with equipment, tools, or materials? (Independent contractors generally supply the materials for the job and use their own tools and equipment.)
19. **Right to fire.** Can you fire the worker? (An independent contractor can't be fired without subjecting you to the risk of breach of contract lawsuit.)
20. **Worker's right to quit.** Can the worker quit at any time, without incurring liability? (An independent contractor has a legal obligation to complete the contract.)

2-11-11. Electronic Funds Transfer (EFT) Enrollment Form

Use this for to initiate or change the chapter's bank or bank account for the electronic transfer of funds such as shared dues and other monies from National Headquarters.

Submit signed and completed forms to AUSA, ATTN: Finance Dept, 2425 Wilson Blvd, Arlington, VA 22201 or fax 703-525-9039 or scan and send to RegionalActivities@ausa.org. A pdf fillable version of this form is available in the Chapter Leader Portal under Key Files and Documents.

ACH Credit Authorization

Electronic Funds Transfer: Automated Clearing House (ACH) Credit

ACH Credit is initiated by AUSA National to deposit funds into your Chapter/Region bank account.

New EFT Account Change Bank Account / Contact Information

Account Name (Payee)	
Payee Address	
E-mail Address	
Bank Name	
Bank Routing Number	
Bank Account Number	

Submit a copy of a voided check with this form

I certify that the information provided on this form is correct. This form authorizes AUSA National to initiate ACH credit payment to deposit funds into the above-mentioned bank account.

By signing this form, I certify that this is the legitimate bank account of the above-mentioned AUSA Chapter/Region organization.

This authorization is to remain in full force and effect until AUSA National has received written notification from me or any authorized persons from the above-mentioned AUSA Chapter/Region organization of its termination or change.

Authorized Signature: _____

Effective Date: _____

Name: _____

Telephone: _____

Title: _____

Please inform AUSA National immediately if there are changes to your bank information.

AUSA National will not be held responsible for any loss of funds if we do not receive the correct banking information.

Association of the United States Army
2425 Wilson Boulevard • Arlington, VA 22201
www.ausa.org