

FINANCIAL REPORTING



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Financial Reporting

The Uniform System of Post Records and Accounts is a system that has been in use for many years by many VFW Posts with exceptional results. This system is the preferred method of record keeping; however, as technology continues to develop, many VFW Posts are transitioning to electronic-based methods utilizing differing types of accounting software. When searching for new electronic-based methods, any automated system that follows Generally Accepted Accounting Principles (GAAP) used in the United States is acceptable. GAAP sets standard accounting rules for preparing, presenting, and reporting financial statements in the U.S. The following link includes an accounting glossary of terms at the bottom of the page. <https://www.investopedia.com>.

Quartermasters utilizing these methods must ensure that the basic principles of the Uniform System of Post Records and Accounts are not lost and that all electronic records are routinely backed-up.

Uniform System Ledger of Post Records and Accounts

The Receipts, Expenditure and Distribution Ledger; better known as the Post Ledger or Quartermaster's Ledger, is the most important financial record of the Post. It provides a means of maintaining uniform records of the financial transactions of the Post. When properly used, it is simple to maintain. It provides an easily understood record of the Post's financial condition and enables quick and accurate audits of the Post funds. The balance shown in the ledger at the end of the month must be in agreement with the bank statement(s), checkbook(s) and with the receipt book and vouchers/orders.

The ledger contains various rows and columns for specific entry; each row represents a specific transaction and explains the when, who, why, how of each receipt and disbursement. It further explains, in detail, how each is distributed throughout the Post's funds.

The first four column headings of our ledger are:

DATE: Represents the day and month the transaction was entered.

FROM OR TO: Represents the individual, group, or corporation to which the transaction is associated with.

REASON: Represents the transactions purpose such as donation, mortgage, or member dues.

RECEIPT OR CHECK NO.: Represents how the transaction was sent or received. This may be a check number, transaction number, receipt number.

The next column heading of the ledger is **CASH AND BANK** and has a subheading of **RECEIVED** and **EXPENDED**. **CASH AND BANK** represents the amount of the transaction. Thus the total amount received is entered in the **RECEIVED** portion of the **CASH AND BANK** column and the total amount expended is entered in the **EXPENDED** portion of the **CASH AND BANK** column.

The next column headings of our ledger contain **NATIONAL AND DEPARTMENT DUES, APPLICATION FEES, and POST GENERAL FUND, and POST DUES RESERVE FUND*** (additional blank columns exist to allow for extra funds as required). These columns represent how transactions listed in the **CASH AND BANK** column are distributed between Post funds. Each heading is again separated into two columns titled **RECEIVED** and **EXPENDED** and are recorded as appropriate.

Each column is totaled at the bottom of the page, showing the amounts of all receipts and expenditures and the funds balance (net). This allows for the Quartermaster, at a regular Post meeting, to give a no frills financial report.

****Note: The Post Dues Reserve Fund is no longer required; however, as many Posts still utilize this fund it has been retained on the ledger form.***

The illustration of the ledger (example 1) will give you a general knowledge in making entries. The entries on the illustrated ledger are the most common ones used by the majority of Posts. Larger Posts or those with club facilities may have many more entries. The ledger should be balanced at the end of each page and at the end of the month. This will assist the Post Trustees in auditing the books.

1. Top line shows amount of cash in the bank brought over from the previous month and the breakdown of the money into different funds. Entries in the left columns (date) is self-explanatory. The next two columns require that the Quartermaster show from whom the money was received or to whom money was paid and the reason it was received or paid.
2. Dues receipts often cause problems for a new Quartermaster. The full amount for National and Department dues is entered under this heading. The National Bylaws state that not less than one-half of the Post's part of the dues will be placed in the Dues Reserve Fund, and that no expenditures will be paid from this fund. The Dues Reserve Fund will be transferred to the General Fund on July 1.
3. The Ledger sheet is closed out at the end of each month. This is done by adding each column and entering the figure at the end of each column. Subtracting expenditures in each fund from the received column will provide the net in each fund. The total of the net figures in each fund should be the same figure as shown in the **CASH AND BANK** column.
4. If the figure shown under **CASH AND BANK** is the same as shown in your checkbook stub and the bank statement, your books are in order.

It is important that the Post Quartermaster's records are neat and in order at all times, and that all bills and receipts are filed by month. It is also advisable if the Post uses a large checkbook, that the returned cashed checks be attached in the checkbook to the corresponding check stub.



Example 1

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Example 1 (cont.)

Miscellaneous Receipt Form

(Example 2)

Each Post Quartermaster should be equipped with the forms and records incident to the office. One form being the Miscellaneous Receipts Form (Item #4200*)

It is of the utmost importance that proper receipts are issued for ALL money received including donations and dues.

	Veterans of Foreign Wars of the U.S.	
	POST NO. <u>14001</u>	
	MISCELLANEOUS RECEIPT NO. <u>221</u>	
	DATE <u>4/02</u> 20 <u>XX</u>	
RECEIVED FROM		
<u>Adam Furst</u>	<u>5901 Here St.</u>	
NAME	ADDRESS	
TEL. NO. <u>382-5264</u>	<u>Gordtown, USA</u>	
AMOUNT <u>\$43.00</u>	FOR <u>Continuous Dues</u>	
AUDITED	NOTE: THIS RECEIPT DOES NOT TAKE THE PLACE OF AN OFFICIAL MEMBERSHIP CARD.	
POSTED PAGE		
	<u>Joe Honest</u> QUARTERMASTER	

Example 2

* While Quantities Last

Monthly Financial Statement Quartermaster's Detail of Receipts and Disbursements (Example 3)

The Detail of Receipts and Disbursements (Item #4208*) is not intended to replace the Receipts, Expenditure and Distribution Ledger. It is a form designed to assist Post Quartermasters in the listing of Receipts and Disbursements between and during Post meetings for the purpose of providing Post Trustees and the Post Adjutant with a continuous record of the financial operation of the Post.

All receipts and disbursements must be itemized in detail. Once completed the original (and copies) must be turned over to the Post Trustees for examination and audit. The Post Trustees:

1. Must ascertain if all receipts and disbursements have been properly listed and that properly approved vouchers/orders are in evidence to cover and authorize all disbursements.
2. Ensure all checks are properly signed (countersigned by the Post Commander if required by the Post Bylaws.)
3. Must satisfy themselves that the receipts of the previous meeting have been properly deposited in the bank by examining the bank receipted deposit slip.
4. Upon examination and audit of the statement, if found to be correct, they should so certify by placing their signatures thereon.
5. Prior to presenting a report of varied discrepancies to the membership, trustees must make every effort to resolve them by securing all necessary financial records and performing a more thorough review aimed at resolving those mistakes.

Distribution of this form is as follows: The triplicate or yellow copy should be given to the Post Adjutant so the information appearing thereon may be included in the minutes of the meeting. The original or white copy should be returned to the Post Quartermaster in exchange for the duplicate or blue copy. The duplicate or blue copy should be retained by the Trustees to verify and assist them in their quarterly audit of the Quartermaster's books.

Section 218 of the Manual of Procedure mandates Post Trustees to make quarterly audits of certain records and to submit proper reports thereof. Any negligence on their part in complying will make them (Trustees) individually and collectively liable for any loss the Post may suffer. Although the Trustees may not actually misuse Post funds, they do become, in case of loss, accessory to the act by reason of not performing their duties as prescribed by law and in accordance with their obligation. Keep in mind that bonding company liability is contingent with the compliance of VFW Bylaws by Post officers.

More efficient, capable and loyal Post Trustees will reduce the number of claims to the bonding company.

An honest, accountable officer never has to be forced to render a report and always welcomes an inspection of his records.

Authority to Disburse

A Quartermaster may NOT disburse the funds of the Post without receiving proper authority from that Post by action on the floor at a regular or special meeting and the approval of the Post Commander. The Uniform System of Records and Accounts provides for a voucher which must be used. This simply means an approved paper voucher/order must be made for presentation to the Post for consideration of payment. Bills are presented to the Post for action before they are paid, except where circumstances do not permit a prior presentation. The bills must be clearly explained and in detail so every Post member will know the situation when called upon to vote. When the Post votes approval, the Post Adjutant prepares the voucher/order, has it properly signed by the person so designated and presents it to the Post Quartermaster for payment. Unless this is done, the Quartermaster is without authority to pay. When approved by the Post and properly signed by the Post Commander, it is the authority for the Post Quartermaster to disburse funds in the amount designated on that voucher/order.

The returned check properly endorsed is proof the money has been paid. In this manner, the Quartermaster has authority to pay and also proof that payment has been made. Vouchers/Orders must be carefully and permanently filed, and cashed checks accounted for properly, audited and filed for future reference, with correct notations in your books. This is what is known as a clear record and, as a good Quartermaster, you should never operate any other way.

Vouchers/Orders

The initial voucher/order must be self-explanatory and show clearly to whom the money is to be paid, how much is to be paid and for what, set forth in detail. It must also carry the correct signatures as required by the Bylaws and the Post. If the payment is reimbursement for expenditures already made, the voucher/order must be supported by the receipted bills made in detail. If it is for a bill being presented for payment, the itemized bill must accompany the voucher/order and remain a part of that voucher/order in the permanent file.

Always keep this in mind. You can never have too much proof for the proper receipt and disbursement of funds, because doubt can attach to any person, despite a record of probity and honesty. A Quartermaster may, with or without cause, be called upon at any time to account for stewardship. Never honor a voucher marked “miscellaneous expense.” If such expense cannot be detailed and itemized for Post approval, you are not required to make that disbursement.

POST No. <u>14001</u> DRAFT No. <u>63</u> <u>April 7</u> 20 <u>XX</u> To <u>City Power and Light</u> For <u>electric bill</u> 	POST No. <u>14001</u> DRAFT No. <u>63</u> VETERANS OF FOREIGN WARS OF THE UNITED STATES TO THE QUARTERMASTER PAY TO THE ORDER OF <u>City Power and Light</u>  <u>April 7</u> 20 <u>XX</u> THE SUM OF <u>Ninety-four and 53/100</u> \$ <u>94.53</u> FOR <u>electric bill</u> <u>Ken Price</u> TRUSTEE COMMANDER <u>M. Manner</u> TRUSTEE ADJUTANT
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Post Trustees' Report of Audit

The preparation and completion of the Post Trustees' Report of Audit (Item #4214*) at the end of each quarter is the duty and responsibility of the Post Trustees. In those instances, where, upon recommendation of the Post Trustees and authorization by the Post, qualified accountants are engaged to perform the quarterly audit, it continues to be the duty and responsibility of the Post Trustees to submit the Post Trustees' Report of Audit as set forth in the Bylaws. As Quartermaster you must insist on its completion.

* While quantities last



TRUSTEE'S REPORT OF AUDIT of

The Books and Records of the Quartermaster and Adjutant of _____

(District/County Council/Post No.)

Department of _____ for the Fiscal Quarter:

FISCAL QUARTERS:

Jan 1 to March 31

Apr 1 to June 30

July 1 to Sept. 30

Oct 1 to Dec. 31

FUNDS (Liquid Assets)	11. Net Cash Balances at Beginning of Quarter	12. Receipts During Quarter	13. Expenditures During Quarter	14. Net Cash Balances at End of Quarter
1. Post General Fund				
2. Post Relief Fund (Poppy Profits, Donations, etc.)				
3. Post Home or Building Fund (incl. Savings but not real estate or CDs)				
4. Post Canteen or Club Fund				
5.				
6.				
7.				
8.				
9. Cash on Hand (to include ATMs)				
10. Bonds, Stocks, Mutual Funds and other liquid assets not incl. above				
15. TOTALS				

16. OPERATIONS

Have required payroll deductions been made?	Yes	No
Have Payments been made to the proper State and Federal agencies this quarter?	Yes	No
Have sales taxes been collected and paid?	Yes	No
Are club employees bonded?	Yes	No
Amount of outstanding bills	\$	
Value of Real Estate	\$	
Amount of liability insurance	\$	
Owed on Mortgages and Loans	\$	
Value of Personal Property	\$	
Amount of Property Insurance	\$	
Non-Liquid Assets (CDs, Trusts, etc.)	\$	

17. RECONCILIATION OF FUND BALANCES

All Checking Account Balances	\$	
Less Outstanding Checks	\$	
Actual Balance	\$	
Savings Account Balance	\$	
Cash on Hand	\$	
Total	\$	
Bonds, Stocks, other Liquid Assets	\$	
Grand Total (Minimum Amount of QM Bond)	\$	

18. TRUSTEES' AND COMMANDER'S CERTIFICATE OF AUDIT

Date _____

This is to certify that we (or qualified accountants) have audited the books and records of the Adjutant and Quartermaster of _____ for the Fiscal Quarter: _____

in accordance of the National By-Laws and that this report is a true and correct statement thereof to the best of our knowledge and belief. All Vouchers and Checks have been examined and found to be properly approved.

Quartermaster _____ Signed _____ Trustee
 Post _____ Signed _____ Trustee
 Address _____ Signed _____ Trustee

This is to certify that the Office of the Quartermaster is bonded with _____ In the amount of \$ _____ until _____ and that this Audit is correctly made out to the best of my knowledge and belief.

Signed _____ Commander



TRUSTEE'S REPORT OF AUDIT of

The Books and Records of the Quartermaster and Adjutant of _____

(District/County Council/Post No.)

Department of _____ for the Fiscal Quarter: _____

FISCAL QUARTERS: Jan 1 to March 31 Apr1 to June 30 July 1 to Sept. 30 Oct 1 to Dec. 31

FUNDS (Liquid Assets)	11. Net Cash Balances at Beginning of Quarter	12. Receipts During Quarter	13. Expenditures During Quarter	14. Net Cash Balances at End of Quarter
1. Post General Fund				
2. Post Relief Fund (Poppy Profits, Donations, etc.)				
3. Post Home or Building Fund (incl. Savings but not real estate or CDs)				
4. Post Canteen or Club Fund				
5.				
6.				
7.				
8.				
9. Cash on Hand (to include ATMs)				
10. Bonds, Stocks, Mutual Funds and other liquid assets not incl. above				
15. TOTALS				

16. OPERATIONS

Have required payroll deductions been made?	Yes	No
Have Payments been made to the proper State and Federal agencies this quarter?	Yes	No
Have sales taxes been collected and paid?	Yes	No
Are club employees bonded?	Yes	No
Amount of outstanding bills	\$	
Value of Real Estate	\$	
Amount of liability insurance	\$	
Owed on Mortgages and Loans	\$	
Value of Personal Property	\$	
Amount of Property Insurance	\$	
Non-Liquid Assets (CDs, Trusts, etc.)	\$	

17. RECONCILIATION OF FUND BALANCES

All Checking Account Balances	\$	
Less Outstanding Checks	\$	
Actual Balance	\$	
Savings Account Balance	\$	
Cash on Hand	\$	
Total	\$	
Bonds, Stocks, other Liquid Assets	\$	
Grand Total (Minimum Amount of QM Bond)	\$	

18. TRUSTEES' AND COMMANDER'S CERTIFICATE OF AUDIT

Date _____

This is to certify that we (or qualified accountants) have audited the books and records of the Adjutant and Quartermaster of _____ for the Fiscal Quarter: _____

in accordance of the National By-Laws and that this report is a true and correct statement thereof to the best of our knowledge and belief. All Vouchers and Checks have been examined and found to be properly approved.

Quartermaster _____ Signed _____ Trustee
 Post Address _____ Signed _____ Trustee
 _____ Signed _____ Trustee

This is to certify that the Office of the Quartermaster is bonded with _____ In the amount of \$ _____ until _____ and that this Audit is correctly made out to the best of my knowledge and belief.

Signed _____ Commander

Trustees' Report of Audit Form

It is the responsibility of the Trustees to ensure the Trustees' Report of Audit form is properly completed. To prepare for the audit, the following documents should be made available: Previous quarterly audit; ledger/voucher maintained by the Quartermaster; banking statements for all accounts for the quarter being audited; and Post Meeting minutes maintained by the Adjutant for the quarter being audited to ensure expenditures voted on by Post Members are being completed. In addition, it is important to maintain a copy of the Post ByLaws with the financial documents if there is guidance on how monies are to be expended between Post meetings, e.g., a \$ dollar limit on expenditures to maintain post operations or to assist a Veteran in need.

The top of the form identifies the Post, its location and the quarter being audited. Below is an explanation of each block:

#1-8 FUNDS (Liquid Assets)

Listed are those funds most likely to be carried by a VFW Post, District or County Council. Any special funds may be added to the blank spaces. A "fund" is an account which normally has both income and expenditures. In most cases, just about all your miscellaneous expenditures (community service, youth activities, expenses, etc.) are chargeable to your general fund and most miscellaneous income (proceeds from fundraising activities, dues, etc.) are credited to your general fund. Item #10 for Bonds, Stocks, Mutual Funds and other liquid Assets, typically does not include Certificate of Deposits which may be non-liquid assets and should be reported in Item #16; check with your financial institution for clarification.

#9 CASH ON HAND (TO INCLUDE ATMS):

Some Posts own/operate ATMs, jukeboxes, gaming machines or other cash machines that are not included in Item #4 above that require cash on hand to operate daily.

#10 BONDS, STOCKS, MUTUAL FUNDS AND OTHER LIQUID ASSETS NOT INCLUDED ABOVE

This includes any financial instruments not previously included in any funds listed in Item #1-8 that can be liquidated without penalty by the financial institution. A loss in value of the account or processing fee charged by the financial institution to process the transaction does not equate to a penalty.

#11 NET CASH BALANCES AT BEGINNING OF QUARTER

The figures in this column are obtained from different funds as listed in your ledger. **The individual items in this column as well as the total at the bottom of the column should be the same as the ending balances of the previous quarterly audit.**

#12 RECEIPTS DURING QUARTER

The figures in this column are obtained by adding the amount shown in your ledger for the three months. This should include items transferred into a fund from another fund during the quarter.

#13 EXPENDITURES DURING QUARTER

The figures in this column are obtained by adding the expenditures for the three months. Include items transferred out of another fund during the quarter.

#14 NET CASH BALANCE AT END OF QUARTER

The figures in this column are obtained by adding items 11 & 12 and subtracting items 13.

#15 TOTALS

The figures in this line are obtained by adding the totals of items 11 & 12 and subtracting item 13 – you should arrive at the same by adding item 14.

#16 OPERATIONS

Answer questions as applicable. Non-liquid assets are types of assets that cannot be easily converted into cash within a short period without harsh penalties for early withdrawals. Trusts are a typical example. However, Certificate of Deposits less than \$65,000 in value are typically non-liquid assets. Certificate of Deposits greater than \$65,000 can be liquid assets. It is best to check with your banking institution on the type of CD and retain the information with the Post Financial Documents.

#17 RECONCILIATION OF FUND BALANCES:

All Checking Account Balances

Enter ending balance shown on bank statement. If more than one checking account, total ending balances for all accounts.

Less Outstanding Checks

Total checks written on or before the date of the last bank statement of the quarter that do not appear on the statement. If more than one checking account, total all outstanding checks.

Account Balance

Subtract " Less Outstanding Checks" from "All Checking Account Balances. Add any deposits in transit that do not appear on bank statements. This should agree with the balance in your checkbook/ledger.

Savings Account Balance

Enter balances of any savings accounts.

Cash on Hand

Amount of money on hand that has not been included in "Outstanding Deposits" above.

Total

Add the "Account Balance" line, "Savings Account Balance", and "Cash on Hand" Line.

Bonds, Stocks and Other Liquid Assets

Enter current value of all bonds, stocks, and other liquid assets.

Grand Total (Minimum Amount of QM Bond)

Add "Total Cash" line to "Bonds & Other Liquid Assets" line. **Total in Item #15 Net Cash Balance at end of Quarter should equal Grand Total in Item #17. This is the minimum amount of QM Bond. Verify in #18, QM bond equal to or above this amount.**

#18 TRUSTEES' AND COMMANDER'S CERTIFICATE OF AUDIT:

Enter the date the audit is prepared, the Post name and number and the quarter for which the audit is prepared. The Post Commander and Trustees must sign the audit prior to submittal to the Department.

Enter the name of the Post Quartermaster, the name of the bonding company, the amount of the bond (verify in #17 Total that amount equal to or exceeds **Total** and the expiration date of the bond).

Remember, it is the duty of the Post Trustees to conduct the quarterly audits. It is the duty of the Commander to see that audits are made.

The completed form, with the signature of the Post Trustees to attest to its accuracy, together with the signature of the Post Commander, should be forwarded to the Department Quartermaster. The Post Trustees should also sign the General Ledger at the ending point of the current audit period.