

# **STATE COUNCIL/CHAPTER TREASURER' HANDBOOK**



**By**

**VEITNAM VETERANS OF AMERICA, INC**

**And**

**VVA CONFERENCE OF STATE COUNCIL PRESIDENTS**

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## **State Council/Chapter Treasurer' Handbook Introduction**

**This handbook was originally developed for your use by the VVA Conference of State Council Presidents (CSCP). It is based on many years of combined expertise from the CSCP, VVA board members, committee chairs and respective staff to provide you with as much guidance as is available.**

**The purpose of this handbook is to provide assistance on a variety of issues pertaining to the proper procedures, record keeping and the overall duties a Vietnam Veterans of America State Council/Chapter Treasurer. The handbook will systematically walk a new Treasurer through each sequence of events from the transfer of the financial records/checkbook(s) from the outgoing Treasurer and concludes with the transition to a new Treasurer when the term is completed. This handbook covers numerous key functions such as managing checkbook(s), handling reimbursements, constructing a budget, periodic financial reporting to the State Council/Chapter, the Annual Financial Report required by VVA National, and reporting required by the Internal Revenue Service. The procedures discussed in the handbook are necessary to keep the State Council/Chapter in compliance with the Constitution of Vietnam Veterans of America, current state and/or federal regulations concerning exempt status and will assist the new State Council/Chapter Treasurer in becoming an effective officer.**

**Please send any recommendations for changes or improvement to the VVA National Office, Attn: Membership Affairs.**

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Forms: As forms change frequently, we will not be including any forms within this handbook. For any VVA forms that you might need, please go to the VVA web site, click on Site Index and scroll down to Forms.

## Definitions and Explanations

The following definitions and explanations are used to identify words used which may have different definitions from those you use. They are used to explain in more detail some words used in this handbook.

**FEIN Number** – SC/Cs are required to have their own individual FEIN (Federal Employment Identification Number) also known as EIN (Employment Identification Number). This number identifies the State Council or Chapter. You should have a letter from the IRS identifying the particular number. Do not use any other organization’s FEIN / EIN and do not let another organization use the council’s/chapter’s number. To apply for a FEIN go to [www.irs.gov](http://www.irs.gov), type in How to apply for a FEIN in the Search box and follow the instructions.

**Fiscal Year – The fiscal year of the corporation begins on the first day of March and ends on the last day of February.**

**Form 990-N (e-Postcard)** – a form 990-N is filed via computer and is not an actual form. Upon filing, you will receive two e-mail notices from the IRS. The first notice will tell you that they have received your 990-N submission and are working on it. The second notice will let you know whether they have **accepted** your submission. Hopefully you receive an “Accepted” notice. If the SC/C Annual Gross Revenue is \$50,000 or less, you are required to file a 990-N instead of a 990. Note: once you have filed a 990-N, it is easier to file than a 990.

How to file an IRS 990-N:

Go to [www.irs.gov](http://www.irs.gov),

Type “How to File a 990-N” in the Search Box,

Form 990-N (e-Postcard),

4<sup>th</sup> paragraph “How to File” – use this link,

Leave IRS site

Follow the instructions.

**Group Exemption** – VVA State Councils and Chapters are covered under VVA’s Group Exemption (# 3202). The IRS sometimes recognizes a group of organizations as tax-exempt if they are affiliated with a central organization. This avoids the need for each of the organizations to apply for exemptions individually. A group exemption letter has the same effect as an individual exemption letter except that it applies to more than one organization.

**IRS Determination Number** – VVA, its State Councils and Chapters all have the same IRS Determination Number – 501 c 19 – recognized as a Veterans Service Organization. There are over 25 IRS “c” numbers.

SC/C - State Councils / Chapters.

## CHAPTER 1: TRANSITION TO/FROM OFFICE

### Transition To Office – Day of Election

The **State Council** will hold its Annual Meeting in the second calendar quarter of each even numbered year for the purpose of electing officers for a two year term. This election of officers shall comply with the provisions of the Constitution of Vietnam Veterans of America, *Article II: State Provisions, Section 4 – Officers, paragraph A (Amended August 2013)*.

The **Chapter** will hold its Annual Meeting in April of each year for the purpose of electing officers for a term of one year unless the Chapter by resolution has determined that all such officers shall serve for a two year term. This election of officers shall comply with the provisions of the Constitution of Vietnam Veterans of America, *Article III: Chapter Provisions, Section 6 – Officers, paragraph B (Amended August 2013)*.

1. **Election Results Announced:** no oath has to be administered for an officer to assume his or her position.
2. **Immediate Actions:** the new State Council/Chapter Treasurer will assume the position under the New Business session of the meeting agenda unless the bylaws say differently.
3. **Transfer of Records and Equipment – To and From Office:** the outgoing Treasurer of the State Council/Chapter should turn over all records and equipment after the election is completed. If there is a viable reason for a delay written agreement for the transfer of State Council/Chapter records and equipment should be noted during the **new business** session of the meeting and recorded in the meeting minutes. The outgoing **treasurer** of the State Council/Chapter shall make appropriate arrangements for the transfer and/or delivery of all State Council/Chapter financial records and equipment at the expense of the State Council/Chapter.
4. **Bank Account(s) or Opening New Bank Account(s):** The new Treasurer shall change responsibility for the bank account(s) with the bank without delay. A copy of the biennial or annual meeting minutes showing the election results will suffice to document authorization in most cases. If the account(s) will be closed to accommodate the needs of a new Treasurer, sufficient funds should be left in the account(s) to cover outstanding checks. Account closing usually requires written notice signed by the State Council/Chapter President.
  - a. **Things to Consider:**
    - Signature card(s) need to be signed by all officers or directors authorized to sign checks.
    - Two (2) signatures are recommended, but not required on the checks, the SC/C should have at least four names on the bank account(s) signature card so if a couple of the signatories are unavailable, the State Council/Chapter still can conduct business.

- The SC/C may choose to allow the Treasurer to take advantage of online banking. Online banking should be restricted to monitoring the account(s) or printing statements for financial reports. Any transfer of funds (in the case of multiple accounts) between the state council/chapter accounts should require the approval of the state council delegates or the chapter Board of Directors.
- When an account is closed, the final statement must be placed in the State Council/Chapter financial records and report to the delegates/members during the next Treasurer's Report.
- When there is a change of the Treasurer at the State Council/Chapter level, a review of the financial records is recommended. This will provide the new Treasurer with a clean slate to begin their term of office and any problems will be noted by the review.

## CHAPTER 2: FINANCIAL ADMINISTRATION

### Duties of Office

A description of the State Council/Chapter Treasurer's duties is stated in The Constitution of Vietnam Veterans of America, *Article II: State Provisions, Section 5 Duties of Officers, paragraph A and Article III: Chapter Provisions, Section 6 Officers, paragraph F (Amended August 2013)*.

Being a Treasurer requires more than mere knowledge of basic bookkeeping, prompt deposits, making payments or reimbursements after bills or receipts are authorized, verified and approved. It is the Treasurer's responsibility to work with the Finance Committee, if there is one, to keep the SC/C advised on financial matters which could affect the membership and financial position of the organization. Another responsibility is reviewing banking or investment relationships to ensure the best possible use of State Council/Chapter funds.

### Financial Record Keeping

Presentation of periodic (no less than quarterly) financial reports in a useful format to the State Council/Chapter officers, directors and membership is a must. The choice of the financial reporting format could be mandated in the State Council/Chapter by laws, but in most cases the Treasurer selects a financial format based on having the proper equipment to complete the task.

1. **Checkbook(s)**: the State Council/Chapter Treasurer shall have possession of the checkbook(s), unless unavailable due to travel or other reasons and then the checkbook(s) shall be entrusted to another officer or director for safe keeping.
  - ✓ **Pre-signing of blank checks for any reason is not permitted.**
  - ✓ **Checks should always be written in sequence.**
  - ✓ **Any check that is written, but unused should be voided and attached to the checkbook stub.**
  
2. **Restricted Funds**: restrictions come about when a donor imposes a stipulation on the donation or gift that limits its use to a specified purpose. It is important to account separately for restricted assets because if they are used for purposes other than the one specified, the donor may be entitled by law to ask for return of the donation or gift. **Restricted funds should be accounted for in all financial reports provided to the State Council/Chapter.**
  
3. **Designated Funds**: funds that have been voted by the SC/C to be used for a particular purpose. Use of, these funds can be changed only by the body that designated them.
  
4. **Reimbursements**: SC/C reimbursements should be recorded on an approved reimbursement form completed by the recipient of the funds. **No** reimbursement should be made without authorization and proper receipts should be submitted. An example of a reimbursement form may be found in the Appendix.

- e. **Maintenance of Fidelity Bonding:** Vietnam Veterans of America, Inc. has fidelity bonding which is good for three years for all the SC/C up to the amount of \$10,000.00. However, it is up to the treasurer to ensure that VVA insurance brokers have up to date SC/C information. Additional bonding can be secured at the SC/C expense from VVA or any bonding agency. Such bonding is for the purpose of restitution or reimbursement of funds due to dishonesty, fraud, deceit, forgery, embezzlement and theft that could result in a monetary loss to the State Council/Chapter.

### **Revocation of State Council/Chapter Charter**

**If the Council/Chapter charter is revoked council/Chapter property becomes the property of the Corporation. NOTE: check the bylaws to see whether this financial situation is addressed in the bylaws.**

Final disbursement of the assets of a revoked State Council will be determined by the VVA Board of Directors if not included in the State Council bylaws; those of a revoked Chapter will be determined by the State Council delegates if not included in the Chapter bylaws.

### **Revoke, Dissolve, Merge, Consolidate**

1. A chapter Inc., is a subordinate incorporated unit of the VVA, the Corporation.
2. A council Inc., is a subordinate unit of the VVA Inc., the Corporation.
3. Each subordinate unit of the Corporation is incorporated in the state in which it is located.
4. The term subordinate unit refers to both a council and a chapter.
5. Revoking the charter of a subordinate unit removes that subordinate unit from the Corporation.
6. That corporation is no longer
  - a subordinate unit of the Corporation
  - exempt from certain federal income tax under 501(c)(19)
  - insured or bonded under the Corporation's policies
7. That corporation is no longer in compliance with
  - its articles of incorporation
  - its state corporation code
  - the USC Title 26 Internal Revenue Code
  - other state laws and state tax codes
8. That corporation must amend its articles of incorporation to concur with its existing situation, or start
  - the state's required procedure for dissolution
  - the IRS required procedure for dissolution

- any other legal procedures for dissolution required by federal, state, and local government
9. There is a sample form of articles of dissolution on pages 47 & 48 of *The Chapter, Inc., Secretary's Guide The Duties & The Records* submitted for the upcoming leadership conference. The form is only one step in a series of steps required to dissolve a corporation.
  10. A corporation is not dissolved by simply having the last member turn out the lights when leaving the building.
  11. That corporation with no charter should seek legal counsel from a lawyer authorized in the state of incorporation.

The following actions should be taken to complete the revocation process:

- Refer to the above list under Revoke, Dissolve, Merge, Consolidate
- It is recommended the council or chapter incorporated in a state seek legal counsel in that state before taking any action under the control of the federal, state, or local government.

### **Financial Forms / Documentation:**

Now that you have had a few days to get settled into your new / continuing position as Treasurer, it is suggested that you locate the following documents. We are not suggesting that the following items all be in the Treasurer's files, but they should be located somewhere in the State Council / Chapter files and easily accessible.

Copies of your check signing signature cards.

FEIN Letter – the State Council / Chapter IRS Employment Identification Letter (EIN).

Household Goods Grant Agreements.

State Sales Tax exemption or non-exemption letter.

State charitable authorization document.

The VVA Group Exemption letter.

## CHAPTER 3: FINANCIAL REPORTING

### Filing of Required Forms and Reports

As an incorporated subsidiary of a not-for-profit Veterans Service Organization (Vietnam Veterans of America, Inc.), a State Council/Chapter is subject to the rules and regulations of the Internal Revenue Service and those of the state in which it is incorporated. The SC/C President is responsible for ensuring all reports required by Federal or State law are submitted in a timely manner. The SC/C President is also responsible for ensuring timely reporting to Vietnam Veterans of America, Inc., pertaining to elections, financial matters, chapter, membership, disciplinary issues, and any national program involvement such as Household Goods Donation Program or Vietnam Veterans Service Officer Program. The treasurer shares this responsibility and is expected to assist and ensure required reports are accurate and filed on time.

- A. Internal Revenue Service:** Vietnam Veterans of America state councils/chapters are incorporated as tax-exempt 501(c)(19) organizations. As an incorporated subsidiary of Vietnam Veterans of America, Inc., the state councils/chapters are covered by the Internal Revenue Service Group Tax Exemption granted to VVA, Inc. Beginning in 2008, all State Councils/Chapters are required to file either an Electronic Notice 990-N, a Form 990EZ, or a Form 990, and state councils/chapters with **Exempt Organization Business Income** will file Form 990T. Due by July fifteenth.
- B. State Income Tax and Registration:** The state council/chapter is issued a Federal Employee ID number and must register with the appropriate office (for example: Secretary of State, Comptroller of Public Accounts, Attorney General's) within the state of incorporation. In addition, tax-exempt status may qualify a state council/chapter for state and local benefits, such as exemption from state sales tax. Consult with an attorney familiar with the local law to determine if additional benefits are available and the procedure for application. The IRS Group Tax Exemption Ruling does not relieve a state council/chapter from its federal, state, and local charity registration and reporting requirements. The exemption is in lieu of the sales tax on taxable items purchased if the items relate to the purpose of the exempt organization and are not used for the personal benefit of a private individual. **Check with the state for due dates.**
- C. Annual Financial Report:** Annual Financial Reports are due in the National Office no later than July 15<sup>th</sup> of each year. There is only one format for the VVA Annual Financial Report and the form (revised 1/13-14/12) is self-explanatory. The form requires the dated signatures of the state council/chapter president and treasurer. **The IRS Form 990, 990EZ or 990T that was filed with the IRS and the e-mail receipt acknowledging acceptance of the form filed with the IRS must be submitted with Chapter Financial Report.** Annual Financial Reports should be sent to the VVA Membership Department by certified mail with return receipt requested. The return receipts should be kept with a copy of the report in the State Council/Chapter records. The deadline for filing the State Council or Chapter annual financial report with the Corporation and/or the State Council may be extended 3 months by submitting a copy of the "Application for Extension of

Time to File an Exempt Organization Return,” which was filed with the IRS, to the State Council or Corporation by July 15th. This extension only applies to State Councils and Chapters who file an IRS 990 form and not the 990-N. In odd-numbered years, financial reports must be received prior to the National Convention in order for the State Council or Chapter delegates to participate in the Convention. The Charter of any State Council/Chapter that fails to file its financial report within the specified period automatically will be suspended upon written notice of suspension to the National Board of Directors by the VVA Membership Department. In such cases, no disciplinary charges under the National Disciplinary Policy are required for the suspension to be effective. Written notice of suspension shall be sent to the State Council/Chapter at its last-known address. Suspension shall continue until (1) the State Council/Chapter files its financial report for the year that caused the suspension; or (2) the Board of Directors of the Corporation relieves the State Council/Chapter of the responsibility for the filing of a financial report for the year in question; or (3) the Charter of the State Council/Chapter is revoked upon the filing of charges under the National Disciplinary Policy.

**D. Household Goods Donation Program:** If the chapter/state participates in VVA’s Household Goods Donation Program, all questions or concerns relative to the operation of the program should be directed to the VVA’s HGDP Manager at: 800-882-1316, Ext. 123. The Semi Annual (6month) or Annual reports are to be directed to VVA’s CFO or for further assistance at: 800-882-1316, ext. 126. The chapter/state president must sign an agreement annually and is responsible for ensuring that HGDP funds are used only for purposes approved under the agreement.

- **6 month due no later than September 30 of each year.**
- **12 month (Annual) report due no later than March 31 of each year.**

**E. Service Officer Grant Financial Report:** State Councils receiving grants for the Service Officer Program from VVA must submit 6-month and annual reports. Funds received under this program may be spent only in support of the Service Officer Program. The report should reflect ALL of the funds spent on or in support of the Service Officer program, regardless of the source. In-kind expenses such as VA free office space, etc., should NOT be used when determining expenses. The report must be signed by the State Council President or Chapter President.

- **6 month due no later than April 15**
- **12 month (Annual) report due no later than October 15**

#### **Federal and State Registration:**

- a. Federal Employer Identification Number (FEIN):** see Definitions and Explanations.
- b. State Registration:** after receiving its FEIN number, the State Council/Chapter must register with the appropriate state office as a nonprofit organization. This

may be the office of the Comptroller of Public Accounts, Secretary of State, Attorney General or a revenue/taxation office.

- c. **State Sales Tax:** exemption from state sales tax is not automatic and the State Council/Chapter must apply for it.
- d. **Payroll Taxes:** if a State Council/Chapter employs any person on a regular, continuous basis it may be liable for withholding and reporting payroll taxes.

**Treasurer's Report or Financial Report:**

The most common documents the State Council/Chapter Treasurer prepares are to report the financial status of the organization to the membership. This includes Accounts Payable (money paid out by the state council/chapter) and Accounts Receivable (money paid to the State Council/Chapter). Each of these accounts must be kept current. Reports must summarize cash information and are used in reconciling bank statements on a monthly basis.

## CHAPTER 4: BUDGET

### Preamble

The VVA Constitution states that a State Council or Chapter may establish such special committees as are necessary or proper to the conduct of the business of the State Council or Chapter in **Article II: State Provisions, Section 7-Committees** and **Article III: Chapter Provisions, Section 7-Committees**. One such committee to be considered is the Finance Committee.

Duties of the Finance Committee are as follows:

**“The Finance Committee shall provide oversight of the financial activities of the Corporation, State Council or Chapter and shall recommend policies of financial matters, to include, but not limited to assisting and consulting with the Treasurer on all financial planning, budgeting, reporting and other related matters.”**

Financial planning, oversight, budgeting, and reporting all call attention to the need for an annual budget. A budget is a financial planning tool recommended for all organizations, large or small. A budget is not “cast in concrete” but is a plan for the financial future based upon the best information available at the time.

### Preparation

For budgeting to be successful, a responsive accounting system must be in place to allow the State Council or Chapter to record and compare its “actual” expenses with those that were budgeted. The budget format should follow the format you use to present the regular financial statements, using the same account names and descriptions. Budgeting is generally done on a fiscal year basis.

- **What are the components of the budget?**

The appropriate people, whether it is the officers, Finance Committee or simply the Treasurer, should identify the organization’s operating components. These components may be called cost centers, departments, committees, etc., and reflect functions such as Membership, Veterans Benefits, Community Relations, etc. Examples of expenses under each component might include items such as travel, postage, printing, and other items necessary for that component to perform its duties. Each of these components should have someone, one individual, who is ultimately responsible for the operation, outcome and finances of a component.

- **Who will prepare the budget?**

Once the operational components of the state council or chapter are defined the State Council/Chapter need to decide who is going to do the initial “numbers” work. The answer to this question depends on the number of members and their individual expertise. It is suggested that the Treasurer or a Finance Committee prepare the budget based upon the organizational expectations for revenue and expenses for the coming fiscal year. The proposed budget should be accompanied with explanations and justifications for the Revenue

and Expense figures presented and should be presented along with prior year “actual” expenses so that the budget review can compare “proposed” with “actual.”

- **What should the Proposed Budget review consist of?**

Depending on the wishes of the State Council/Chapter, review of the proposed budget may involve several steps including a Finance Committee, the Executive Committee or Board of Directors and the delegates/membership. Review of proposed budget should include several questions. Will the proposed budget accomplish the organization’s agreed upon plan for the coming year? Do the revenue and expense justifications make sense? Can the organization **afford** the proposed budget?

- **Who approves the proposed budget?**

The State Council/Chapter should have procedures that spell out the approval process and who is authorized to make final approval. Some State Councils/Chapters may wish to authorize the Executive Committee or Board of Directors; others may require a vote of the delegates/membership. Remember, because the budget in essence is an approval for expenditure of State Council/Chapter funds, transparency is essential to prevent concerns over how State Council/Chapter funds are being used.

The Constitution of Vietnam Veterans of America Incorporated, Article II State Provisions, §5 Duties of Officers, paragraph D, states:

The Treasurer shall attend all meetings of the Council and shall collect, receive, deposit, and disburse the funds of the Council as directed by the Council, and shall render financial statements and reports as may be requested by the Council or the Corporation, and shall perform such other duties as the Council shall assign to him or her.

The council directs the council treasurer to disburse funds. This means the council adopts the budget, the council amends the budget, and the council adopts motions to disburse funds. Remember in article II, there is no authorization of a board or an executive committee such as there is in article I and article III.

§8 Finance, states:

Subject to the provisions of this Constitution and the rules, resolutions and procedures of the Corporation, each Council shall have the power to raise funds as are necessary to its operation in such manner as the Council deems appropriate, provided, however, that the State Council must seek to obtain the written permission of each Chapter located in a geographic area where the State Council proposes to conduct a fund-raising campaign, prior to the commencement of any such activity. Chapters shall have sixty days to respond favorably or unfavorably to any request for permission to conduct such a fund-raising activity. A failure by a Chapter to respond to any such request within sixty days shall be deemed to be a grant of permission to the State Council. Any denial of permission by a Chapter shall be subject to review by the entire State Council at its next regular meeting or at a special meeting. A two-thirds vote of the entire State Council shall be required to overrule a Chapter.

The council has the power to raise funds, not a board or an executive committee. A chapter can deny permission for the council to raise funds. The council then requires a two-thirds vote to overrule the denial.

- **Now that the budget has been prepared and approved are we finished for this year?** **NO!** Budgeting and reporting are an ongoing process. The treasurer has budget oversight function and should review actual revenue and expenses on a monthly basis, with those that were budgeted. If revenue is down, action needs to be taken before problems occur. The same goes for expenses exceeding budget. Decisions may need to be made to discontinue spending in an area, or postponing a project.

**Budgeting is an extremely important tool for the financial management of the State Council or Chapter. Used correctly, it is a powerful tool.**

## CHAPTER 5: FINANCIAL REVIEW OR CERTIFIED AUDIT PROCESS

### **Preamble:**

Review or Audit, are both terms which reflect a looking at an organization closely for adherence to appropriate rules and regulations. As used in this handbook, review or audit refers to the accounting and financial records and operations of a State Council or Chapter.

### **Review:**

**Review** – While a review can be and sometimes is performed by a CPA, a review can be performed by anyone reasonably knowledgeable about accounting and internal controls.

Because most State Councils and Chapters do not have extensive financial accounts, most should consider periodic reviews of financial operations and records rather than audits.

- **Who should do this review?**

The review is best conducted by someone who does not have a vested interest in the outcome. Said differently, the review should NOT be conducted by the bookkeeper or the Treasurer as they do have a vested interest in the outcome. The state council/chapter may choose to have an outsider conduct the review. The main object here is to have a trusted individual review the financial operations of the state council or chapter.

- **What should a review consider?**

The reviewer must be aware of all of the financial policies and procedures of the State Council or Chapter before beginning his/her examination of the financial records. The reviewer's job is to determine whether the State Council/Chapter's policies and procedures and common sense are being followed. Some of these policies and procedures may be:

1. Are two signatures required on checks and if so, is this being done?
2. Does only one person have control of receipts and disbursements for the organization?
3. Are bank accounts reconciled monthly and is this reconciliation shared with the board of directors?
4. Are bills approved for payment by the proper authority?
5. Are any checks made out to officers, board members or members of the State Council or Chapter for anything other than approved expenses (i.e., travel or expenses routinely incurred and included in the budget, etc)? If yes, has this expenditure been approved in accordance with the State Council/Chapter's policies and procedures?

6. Are financial statements prepared regularly, presented to and accepted by the proper authority as prescribed by the VVA Constitution?
7. Are financial policies and procedures being followed and complied with?
8. Is the VVA Annual Financial Report being prepared and submitted on time?

There are other questions that could be presented.

- **What should be done with this review?**

The review should be presented to the Executive Committee or Board of Directors and questions, if necessary, should be asked of the reviewer and answered. If changes in policies or procedures need to be made, someone should be designated to see that these changes are presented to the proper authority for approval as prescribed by the VVA Constitution. The review should be filed and compared to previous reviews to ensure that problem areas do not keep recurring.

- **When should reviews be conducted?**

Generally speaking, if the state council or chapter does not have an annual audit, it is recommended that at a minimum, reviews be conducted at the end of every fiscal year. In addition, we recommend that reviews take place upon a change of officers especially a change in the treasurer or bookkeeper.

### **Audit:**

**Audit** – This term is frequently misused. Audits are done by Certified Public Accounts (CPA's) and follow a strict protocol in accordance with Generally Accepted Auditing Standards (GAAS). Many times an audit is requested when what is really wanted is a review. Audits are also **more expensive** than reviews.

As stated above, audits are performed by CPA's and are done annually at the end of a fiscal year. While audits are important, they are also expensive. However audits give the general public a more comfortable feeling about your state council or chapter. You should compare the cost of an audit with the budget to determine whether it is an acceptable expense.

If you are interested in having audits done regularly on the state council or chapter, you should prepare a proposal to be sent to several CPA firms. This proposal should include an overview of the state council or chapter, including the state council's/chapter's status as a 501(c)(19) organization, what you do, and a summary of your annual revenue and expenses. Following the proposal, you should interview potential firms; comparing prices and the length of time it will take them to complete the audit. It is suggested that you should have the audit in hand no longer than three months after the end of the fiscal year.

Audits are occasionally precipitated by some specific concern regarding some issue.

There are different schools of thought on whether you should retain the same auditor over time or change auditors periodically. The up side of changing auditors is that you may get a new view of the State Council or Chapter. the down side is that you will have to teach a new auditor all of the nuances of the State Council or Chapter, which the former auditor learned over time.