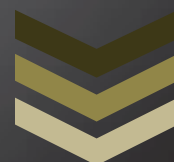


VFW EDUCATION & TRAINING SERIES

Quartermaster's Guide to Financial Reporting



VETERANS OF FOREIGN WARS

NO ONE DOES MORE FOR VETERANS.

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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 Post are transitioning electronic based methods utilizing differing types of accounting software.

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 & Accounts

The Receipts, Expenditure and Distribution Ledger (VFW Store Item #4204); 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, 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.

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 By-Laws 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.



Post Quartermaster's Receipt

DATE		FROM OR TO	REASON	RECEIPT OR CHECK NO.	CASH AND BANK				NATIONAL AND DEPARTMENT DUES				APPLICATION FEES					
MO.	DAY				RECEIVED	EXPENDED	RECEIVED	EXPENDED	RECEIVED	EXPENDED								
04	1	Brought Forward			278621													
04	2	Adam Furst	Cont. dues		4300			3100										
04	4	R.J. Thomas	Cont. dues		4300			3100										
04	7	Ben Karnes	New Mbr. dues		4300			3100										
04	7	City Power and Light	Light Bill	101			9453											
04	10	J.C. Burton	Cont. dues		4300			3100										
04	12	Ed Hurn	Reins. dues		4300			3100										
04	14	Ken Price	Life Mbr. fee		26500													
04	14	First Natl. Bank	Mortgage	102			20000											
04	16	Curtis Hoyle	New Mbr. dues		4300			3100										
04	20	National Headquarters	Life Mbr. transmittal	103			26500											
04	20	Post Dinner	tickets		21550													
04	20	National Headquarters	Cont. Member dues	104			9300			9300								
04	21	Auxiliary	donation		5000													
04	23	Chris Smith	New Member dues		4300			3100										
04	23	John Boyd	Rein. dues		4300			3100										
04	25	Water Company	Water Bill	105			6375											
04	28	National Headquarters	New/Rein. dues	106			15500			15500								
Receipt and Expenditure					366071		87128	24800	24800									
Net					278943			-0-										

Example 1

Pictured: Receipts, Expenditure and Distribution Ledger Page

Expenditures & Distribution




POST GENERAL FUND				RELIEF FUND				POST DUES RESERVE FUND				Building Fund				Life Membership															
RECEIVED		EXPENDED		RECEIVED		EXPENDED		RECEIVED		EXPENDED		RECEIVED		EXPENDED		RECEIVED		EXPENDED													
1	3	4	1	32					6	0	0	00	7	1	0	00															
				6	00																										
				6	00																										
				6	00																										
				9	4	53																									
				6	00																										
				6	00																										
				2	0	0	00																								
				6	00																										
2	1	5	50																												
				5	0	00																									
				6	00																										
				6	00																										
				6	3	75																									
1	6	5	4	82	3	5	8	28	1	3	4	89	0	6	4	8	00	0	7	1	0	00	0	2	6	5	00	2	6	5	00
1	2	9	6	54					1	3	4	89		6	4	8	00		7	1	0	00		-	0	-					

Miscellaneous Receipt Form (Example 2)

Each Post Quartermaster should be equipped with the forms and records incidental to the office. One form being the Miscellaneous Receipts Form (VFW Store 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> <small>NAME</small>	<u>5901 Here St.</u> <small>ADDRESS</small>		
TEL. NO. <u>382-5264</u>	<u>Gordtown, USA</u>		
AMOUNT <u>\$43.00</u> FOR <u>Continuous Dues</u>			
<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: center; padding: 2px;">AUDITED</td> </tr> <tr> <td style="text-align: center; padding: 2px;">POSTED PAGE</td> </tr> </table>	AUDITED	POSTED PAGE	<p>NOTE: THIS RECEIPT DOES NOT TAKE THE PLACE OF AN OFFICIAL MEMBERSHIP CARD.</p> <p style="text-align: right; margin-right: 50px;"> <u>Joe Honest</u> <small>QUARTERMASTER</small> </p>
AUDITED			
POSTED PAGE			

Example 2

Monthly Financial Statement Quartermasters Details of Receipts & Disbursements (Example 3, Page 9)

The Detail of Receipts and Disbursements (VFW Store 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 By-Laws.)
- 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.

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 By-Laws 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 (or electronic image thereof) 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 By-Laws 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.

The VFW Draft Book (VFW Store Item #4211) is a great way to control the voucher and payment order process.

POST No. <u>14001</u>	POST No. <u>14001</u>	DRAFT No. <u>63</u>
DRAFT No. <u>63</u>	VETERANS OF FOREIGN WARS OF THE UNITED STATES	
<u>April 7</u> 20 <u>XX</u>	TO THE QUARTERMASTER PAY TO THE ORDER OF	<u>April 7</u> 20 <u>XX</u>
TO <u>City Power and Light</u>		<u>City Power and Light</u>
FOR <u>electric bill</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

Post Trustees' Report of Audit

The preparation and completion of the Post Trustees' Report of Audit (VFW Store 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 By-Laws. As Quartermaster you must insist on its completion. The following is an example of a properly completed Trustees' Report of Audit, followed by definition of each blocks 1-18.



TRUSTEES' REPORT OF AUDIT of

The Books and Records of the Quartermaster and Adjutant of 14001

(District/County Council/Post No.)

Department of XX for the Fiscal Quarter ending June 30, 20 XX

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

FUNDS:	Net Cash Balances at Beginning of 10. Quarter		Receipts During Quarter 11.		Expenditures During Quarter 12.		Net Cash Balances at End of Quarter 13.	
1. National and Department Dues (Per Capita Tax)	\$	00	\$	558 00	\$	558 00	\$	00
2. Admission or Application Fees (Department)		00		00		00		00
3. Post General Fund		1341 32		3828 16		2416 42		2753 06
4. Post Relief Fund (Poppy Profits, Donations, etc.)		134 89		2424 54		546 00		2013 43
5. Post Dues Reserve Fund (See Sec. 717, Manual of Procedure)		600 00		108 00		00		708 00
6. Post Home or Building Fund (Including Savings but Not Real Estate)		710 00		555 00		125 46		1139 54
7. Post Canteen or Club Fund		4900 00		2863 41		1314 89		6448 52
8. Other								
Life Membership		00		265 00		265 00		00
9. Bonds and Investments Not Credited to Funds		20000 00		16 88		00		20016 88
14. TOTALS:	\$	27686 21	\$	10618 99	\$	5225 77	15.	\$ 33079 43

16. OPERATIONS	
Have required payroll deductions been made?	<u>Yes</u>
Have payments been made to the proper State and Federal agencies this quarter?	<u>Yes</u>
Have sales taxes been collected and paid?	<u>Yes</u>
Are club employees bonded?	<u>Yes</u>
Amount of outstanding bills	\$ <u>0</u>
Value of Real Estate	\$ <u>250,000</u>
Amount of liability insurance	\$ <u>1,000,000</u>
Owed on Mortgages and Loans	\$ <u>0</u>
Value of Personal Property	\$ <u>50,000</u>
Amount of Property Insurance	\$ <u>300,000</u>

17. RECONCILIATION OF CASH & INVESTMENTS	
General Fund Checking Account	
Ending Balance Per Bank Statement	\$ <u>13490.21</u>
Less: Outstanding Checks	<u>427.66</u>
Plus: Deposits in Transit	<u>0</u>
Account Balance	<u>13062.55</u>
Other Checking Accounts (if applicable)	
Ending Balance Per Bank Statement	\$ <u>0</u>
Less: Outstanding Checks	<u>0</u>
Plus: Deposits in Transit	<u>0</u>
Account Balance	<u>0</u>
Savings Account Balance	<u>0</u>
Cash on Hand	<u>0</u>
Total Cash	<u>0</u>
Bonds and Other Investments	<u>20,016.88</u>
Total Cash and Investments	<u>\$ 33079.43</u>

18. TRUSTEES' AND COMMANDER'S CERTIFICATE OF AUDIT

Date July 15, 20 XX

This is to certify that we (or qualified accountants) have audited the books and records of the Adjutant and Quartermaster of 14001 (District/County Council/Post No.)

for the Fiscal Quarter ending June 30 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 and checks properly countersigned:

Post Quartermaster Joe Honest (Name)
Gordtown, USA (Address)

Signed Dottie Best Trustee
Signed Sammy Ducan Trustee
Signed Adam Furst Trustee

This is to certify that the Office of the Quartermaster is bonded with ABC BONDING CO. in the amount of \$ 50,000 until September 30, 20 XX, and that this Audit is correctly made out to the best of my knowledge and belief.

Signed: Ken Price Commander

NOTE: Forward Original (Blue) Copy to your Department Quartermaster - See instructions on reverse side of both Yellow and Blue Copies.

No. 4214

FOR COMPLETING QUARTERLY TRUSTEES' REPORT OF AUDIT FORM

1-9 **FUNDS:** Listed are those funds most likely to be carried by a VFW Post, District or County Council. Any special funds may be added in the blank spaces. A "fund" is an account which normally has both income and expenditures. In most cases, just about all of your miscellaneous expenditures (community service, youth activities, officer's expenses, etc.) are chargeable to your general fund and most miscellaneous income (proceeds from fund-raising activities, dues, etc.) are credited to your general fund.

#10 **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 quarter.

#11 **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.

#12 **EXPENDITURES DURING QUARTER:** The figures in this column are obtained by adding the expenditures for each month. Include items transferred out of another fund during the quarter.

#13 **NET CASH BALANCE AT END OF QUARTER:** The figures in this column are obtained by adding items 10 & 11 and subtracting items 12.

#14 **TOTALS:** The figures in this line are obtained by adding the totals of items 10 & 11 and subtracting item 12 - you should arrive at the same figure by adding item 15.

#15 **TOTALS:** Total should equal item 10 plus item 11 minus item 12.

#16 **OPERATIONS:** Answer questions as applicable.

#17 **RECONCILIATION OF CASH & INVESTMENTS**

Ending Balance Per Bank Statement	Enter ending balance shown on bank statement.
Less: Outstanding Checks	Total checks written on or before the date of the bank statement that are not on the bank statement.
Plus: Deposits in Transit	Total deposits made on or before the date of the bank statement that are not on the bank statement.
Account Balance	Subtract outstanding checks and add deposits in transit from the ending balance per the bank statement. This should agree to the balance in your checkbook/ledger.
Savings Account Balance	Enter balance of any savings accounts.
Cash on Hand	Amount of money on hand that has not been included in "Outstanding Deposits" above.
Total Cash	Add all amounts in this column.
Bonds and Other Investments	Enter cost value of bonds and other investments.
Total Cash and Other Investments	Add Bonds & Other Investments line to Total Cash line. This figure should be the same as the amount in Box 15.

#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 and the expiration date of the bond.

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.

Note: The completed form, with the signature of the Post Trustees affixed 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.