

# Finance and Inspection Guide

(May 2014)

This *Finance and Inspection Guide* is provided to enhance the understanding of members who have the responsibility to complete Finance or Inspection Forms. It supplements the National Bylaws and Procedures Manual.

## **The Finance Form**

The Finance Form is designed for use by both Chapters and Departments, with only the signature blocks different. For Chapter submissions, it must be signed by Commander, Finance Officer, and one of the Trustees. For Department submissions, it must be signed by Commander, Finance Officer, and Chairman of the Audit Committee.

You can download the form from our website for completion and signatures. After legal signatures are acquired, the finance form can be scanned and submitted electronically or submitted via the US Postal Service. Note the form requires that you attach the *Receipt from your IRS Form 990 filing* and the Chapter or Department *Real Estate and Other Property List* (See Attachment C for format)

**Find Form:** Go to [www.purpleheart.org](http://www.purpleheart.org), rest cursor on “Members,” drop down and click on “Download Forms and Documents,” and find the Financial Form under “Blank Chapter and Department Forms.”

## **General Fund Money**

The difference between funds is broadly misunderstood. General Fund Money is almost anything that is not restricted funds and can be used for Officer Travel, attendance at DEC Meetings, The Department Convention, Department or Regional Conferences. General Fund Money is also used to pay for stamps and things like production and mailing of newsletters and required mailings (such as the notice to members of the annual election). General Fund money can also be used to support the Chapter/Department Annual Picnic as well as to support Chapter Observances (Bylaws, Article V, Section 17). General Fund Money would be appropriately used to purchase a gift (usually at a cost not to exceed \$25) for a Guest Speaker.

## **Welfare Fund Money**

Welfare Money is much more tightly controlled. Funds from Viola sales, for example, would be welfare money. If you get a grant from the Foundation, that money, less the allowed percentage for the General Fund (usually only at Department level), is Welfare Money. If you raise money by donations, you must specify the purpose. If the purpose is to provide a newsletter to members, then it is General Fund Money. If the purpose was to support Private Jones who was wounded in Iraq, then that money is welfare money and 100 % of the money raised must be used for the project to support Private Jones.

## **Investments and CD's**

If you are saving for a project like a Purple Heart Monument to be placed at a local veteran park, that would be a General Fund Project. If you are saving money for a project at a State Veterans Home or a VA Hospital, then that money probably is Welfare Money.

## **IRS 990 Series Forms**

### **IRS Form 990 N**

If your chapter has income under \$50,000 you should file this form on a computer. Attach a copy of the most current *receipt* of filing from the IRS to your Finance Form.

### **IRS Form 990 EZ**

If your chapter/department income is over \$50,000 but under \$200,000, you should file this form. Attach the front page of this report to your Finance Form.

### **IRS Form 990 T**

This is the IRS report that will give us the most problems. If your unrelated income is more than \$1,000, your best approach is to have a CPA contact the IRS and determine if you need to file this form. A definition of unrelated income would be, if you sell ball caps, sell tip boards, raffle shotguns or raffle grills (like a gas operated barbecue grill) or do fundraisers similar to this, you may have to file this form. Attach the Front Page of this report to the Finance Form.

If you feel you need more information on this form, you can order IRS Publication 598 from the IRS.

### **IRS Form 990**

If your chapter/department income is more than \$200,000 and or your assets are more than \$500,000, then you must file a full 990. Attach the Front page of the most recent 990 submission to the Finance Report.

## **Chapter and Department Inspections**

An inspection Checklist that can be used for both inspections is included in this guide (See Attachment A).

**Chapter Inspections.** The Department Inspector must inspect the books of each chapter per our *Bylaws*. This can be accomplished on site, via US Postal Service, at an Executive Committee Meeting or at the Department Convention. For the Chapter Inspection Checklist, the Department Inspector must ensure that the Department Commander and Department Finance Officer sign this form after they review it. The Department Inspector should turn over all Inspection Checklist Forms to the Department Adjutant for record keeping at the end of the Department Year. The Inspection Checklist *is not* sent to the National Headquarters or the National Inspector. It is to be maintained by the Department Adjutant for seven years.

**Department Inspections.** The Department Inspector is required to Inspect/Audit his Department, have the Department Commander and the Department Finance Officer review and sign the form and then give the form to the Department Adjutant for file. The Department Inspector also is required by the *Bylaws* to submit an Annual Report to the National Inspector no later than June 15. This report is to be a paragraph or a full page on what the Department Inspector accomplished during the Department Year (end of last convention to the current convention). (See Attachment B for a sample report.)

Attachment A - Checklist for Inspection of Chapters and Departments

Attachment B - Sample of Department Inspector Annual Report

Attachment C – Format for Real Estate & Other Property List

## ATTACHMENT A

### CHECKLIST FOR INSPECTION OF CHAPTERS & DEPARTMENTS

[For recording Department data, use only appropriate sections]

#### 1. Organization:

- A. Chapter: \_\_\_\_\_ Ch. # \_\_\_\_\_  
Department: \_\_\_\_\_
- B. EIN # \_\_\_\_\_
- C. Meeting Place: \_\_\_\_\_ Day/Time \_\_\_\_\_
- D. Fiduciary Officers:  
Commander \_\_\_\_\_  
Adjutant: \_\_\_\_\_  
Finance Officer: \_\_\_\_\_  
Trustees: (1) \_\_\_\_\_ (2) \_\_\_\_\_ (3) \_\_\_\_\_

#### 2. Membership:

Life \_\_\_\_\_ Associate \_\_\_\_\_ Total: \_\_\_\_\_ LAMOPH Unit: Yes \_\_\_ No \_\_\_

#### 3. Commander:

- A. Ensured motions for appropriations of monies were made and passed in a regular meeting. \_\_\_\_\_
- B. Ensured that all appropriations were for projects approved by the body prior to actual spending. \_\_\_\_\_.
- C. Signed all Warrants drawn by the Adjutant. \_\_\_\_\_
- D. Cosigned each check written by the Finance Officer. \_\_\_\_\_

#### 4. Adjutant:

- A. All warrants were generated by vote of the membership at a regular meeting. \_\_\_\_\_.
- B. Obtained the concurrence of the Commander prior to issuing all warrants. \_\_\_\_\_.
- C. Maintained a record file of all warrants. \_\_\_\_\_.
- D. Kept an accounting for each active member. \_\_\_\_\_.
- E. Date last Election Report was filed with the Department Adjutant and the National Adjutant \_\_\_\_\_

#### 5. Finance Officer:

- A. Disbursed funds only upon receipt of properly drawn warrant \_\_\_\_\_
- B. Ensured that the Commander had approved all warrants \_\_\_\_\_.
- C. Cosigned each check drawn on the Chapter Bank Account \_\_\_\_\_.
- D. Prepared a complete Financial Report for period 1 May to 30 April \_\_\_\_\_.
- E. Date of last 990/990N filing \_\_\_\_\_.
- F. Was a copy of the Finance Report forwarded to the Department Finance Officer NLT May 31, with a copy to the National Adjutant?

- G. Maintained a record account of all Chapter Property? \_\_\_\_\_.
- H. Are copies of receipts maintained for VAVS, Welfare and Special Projects, and all other disbursements? \_\_\_\_\_.
- I. Are copies of Detail Summaries (Annual Reports-Oct) VA, State Veteran Homes, Veteran Homeless Shelters, Family Support Groups, etc) Maintained? \_\_\_\_\_
- J. Are copies of receipts (item 5 H & I) forwarded to the Department Finance Officer? \_\_\_\_\_

**6. Trustees:**

- A. Record of audit of the Adjutant and Finance Officer: June \_\_\_\_\_, Dec\_\_\_\_\_.
- B. Made Financial Report to the Chapter Membership: Jul \_\_\_\_\_ Jan\_\_\_\_\_.
- C. Was Trustee Report mailed to the Department Inspector before May 30<sup>th</sup>? \_\_\_\_\_

**7. Banking Institutions:**

- A. Bank Name and Address: \_\_\_\_\_

Account Number (s) \_\_\_\_\_

- B. Investments (CD, Mutual Fund, etc.) Company Name (s) and addresses \_\_\_\_\_

Acct #(s) \_\_\_\_\_

- C. Balance of Accounts, Cash (Checking) \_\_\_\_\_ Investments \_\_\_\_\_

**8. Additional Items of Interest to the National Commander and National Inspector.**

- A. Is the Chapter Incorporated? \_\_\_\_\_.
- B. Does the Chapter have its own Bylaws? \_\_\_\_\_.
- C. Are members assessed an amount in addition to National Dues? If so, Amt. \_\_\_\_\_.
- D. Fund Raisings in addition to Viola Sales? \_\_\_\_\_
- E. Professional Fundraiser used? \_\_\_\_\_ {who, what, when & why in #10}.
- F. Does the chapter maintain a State Gambling license? \_\_\_\_\_.
- G. Is the Chapter required to file a 990 or a 990N? \_\_\_\_\_.
- H. Date of last Audit (s) \_\_\_\_\_ By whom \_\_\_\_\_.

**9. Observance of Ritual and Manual of Ceremonies**

- A. Is Physical arrangement of the meeting place as prescribed in the Bylaws? \_\_\_\_\_.
- B. Is the Ritual of the Meeting Observed as prescribed in the Bylaws? \_\_\_\_\_.
- C. Are Courtesy and the Military Salute practiced? \_\_\_\_\_.
- D. Did the chapter hold a Public Ceremony for Departed Patriots? \_\_\_\_\_
- E. Does the chapter comply with Chapter Observances (Article V, Section 17)? \_\_\_\_\_.

**10. Comments:** Include all items of interest or concerns for the Department and or National HQ. Written briefs can be attached to this checklist.

**11. Department Authentication Checklist:**

- A. Prepared: Inspector \_\_\_\_\_ Date \_\_\_\_\_
- B. Reviewed: Finance Officer \_\_\_\_\_ Date \_\_\_\_\_

C. Reviewed: Adjutant \_\_\_\_\_ Date \_\_\_\_\_  
D. Reviewed: Commander \_\_\_\_\_ Date \_\_\_\_\_

## ATTACHMENT B

### DEPARTMENT INSPECTOR'S ANNUAL REPORT (SAMPLE)

June 15, 2012

From: Inspector, Department of Texas  
To: National Inspector  
Subject: Annual Report (May 30, 2011 to May 31, 2012)

The following items of interest were gleaned from annual inspections of the Department and its subordinate Chapters during the reporting period:

- Texas now has 15 chapters and I attempted to inspect all of them.
- Chapter 0096 would not make its books available for inspection!
- Chapters 0007, 4001 and 5025 were audited and were following the bylaws with one exception: in reviewing the Chapter minutes, there was no indication that the Chapter Trustees audited the books and made a report to the membership as required by the *Bylaws*.
- Chapter 0028 was using warrants, two signatures on checks and the checkbook was in balance. However, this chapter had no minutes of any previous meetings.
- Chapter 2999 was not using warrants to validate checks that were written.
- Chapter 1916 did not utilize two signatures on checks that were written.
- Chapters 0022, 0899 and 3333 were inspected and each chapter was following the *Bylaws* and Procedures Manual.
- I was unable to inspect this Department because the Department FO would not provide the checkbook, bank statements or Investment Account statements.

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Willie Snodgrass  
Inspector, Department of Texas

