

# ***REMINDER!***

**Your Chapter's 2012 Fiscal Report MUST be returned to the  
AAAA National Office by March 31, 2013**

**Three critical actions need your attention:**

- 1. Follow the Monthly and Annual procedures described in Section II**
- 2. Complete and file the Chapter Fiscal Report with National by March 31, 2013**
- 3. Sign the "Annual Chapter Compliance Certification" and file with National by March 31, 2013**

Dear Chapter Leader:

The IRS has granted a group exemption to all Chapters of AAAA eliminating the need for each one of them to file for their own tax exempt status. Accordingly, the NEB has oversight responsibility over the financial activities of all Chapters of AAAA. It is the responsibility of each chapter properly reports its financial activities to AAAA National Office. In instances where the Chapter Fiscal Report is not filed, AAAA National Office will not be able to accurately determine the income and expense.

**SAMPLE ONLY  
CHAPTER OFFICERS ONLY**

We cannot overstate the importance of completing the Chapter Fiscal Report and the Annual Chapter Compliance Certification (see attached) as failure to do so endangers the entire AAAA Tax Exempt status. AAAA may have no choice but to deactivate any Chapter that fails to file their forms with the AAAA National Office by March 31, 2013.

The IRS requires that a Chapter file a Form 990 if its gross revenues (not net revenues) in any year exceed \$50,000. AAAA has contracted with a CPA Firm to file the Form 990 on behalf of the Chapter at AAAA National's expense.

To facilitate the preparation of the Form 990, the AAAA has designed the Chapter Fiscal Report which each Chapter must prepare and submit to AAAA. The Report must be signed by the Chapter President and the Treasurer and accompanied by a signed Annual Chapter Compliance Certification.

Please note that since AAAA is not a charitable organization but a Member organization, Member contributions are not deductible for Income tax purposes. You can acknowledge the contribution but please do not send acknowledgment letters to your Members indicating that their contributions were deductible for their Income tax purposes (See Section II).

## **SECTION I** **Preparation of your Fiscal Report**

In preparing the Chapter Fiscal Report, the IRS requires that each category of Revenue and Disbursements/expenses must be separately disclosed.

Accordingly, the Chapter must list the following Revenue items separately on the Form:

- Contributions
- Total for each individual Fund-raising event
- Total for each individual social or other events or functions
- Receipts received from the AAAA national office
- Interest earned on bank accounts
- Any other revenue items over \$250 not listed above

The Chapter must list the following disbursements/expenses on the Form:

- Scholarship contributions to AAAASFI
- Total for individual fund raising events costs
- Total for individual social, other events or functions
- Administrative expenses
- Allocations to other than AAAA

In addition, the Chapter must list the following disbursements/expenses on the Form:  
December 31, 2011



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## **SECTION II** **Monthly/Annual Standard Operating Procedures**

In order to ensure that the Chapters have good controls over their funds and the information on the Chapter Fiscal Report is correct, AAAA has established policies that each Chapter must follow.

### Monthly

- The Chapter must establish a checking account to control all receipts and disbursements. The Chapter should maintain a check register and reconcile the balance in the check register to the bank statement on a monthly basis. The bank reconciliation should be reviewed for accuracy by another officer of the Chapter (other than the person responsible for preparing the bank reconciliation).
- The Chapter must maintain a cash receipts log or register of all deposits made to the bank account. The cash receipts log should summarize each deposit by date, name, amount, and the category to be reflected on the Chapter Fiscal Report. The deposits listed on the log or register should agree with the bank deposit tickets.

- The Chapter must provide acknowledgment letters to individuals who make contributions. A copy of the acknowledgment letter must be saved. The acknowledgment letters should clearly indicate that any contributions made to the Chapter are not tax deductible because the Chapter is a membership organization and not a charity. The acknowledgment letter should also indicate that only contributions made to the Army Aviation Scholarship Foundation are tax deductible since the Foundation is a charity under Internal Revenue code regulations.
- The Chapter must maintain a cash disbursements log or register of all checks paid from the bank accounts. The cash disbursements log or register should list each check or withdrawal by date, payee, amount, and the category to be reflected on the Chapter Fiscal Report. The disbursements listed on the log or register should agree to the cancelled checks.
- The disbursements and withdrawals listed on the cash disbursements log must be supported by an invoice or other forms of documentation. The invoice should be approved by an Officer (other than the person who prepared the invoice). A copy of an invoice should be attached to the cash disbursements log in order to prepare the Chapter Fiscal Report.



Year End

- An Officer must prepare the year-end Chapter Fiscal Report. The opening cash balance on the Chapter Fiscal Report must agree with the ending cash balance on the previous year-end report submitted. The cash balance on the December bank reconciliation 2012 must agree with the ending cash balance on the Chapter Fiscal Report.
- The category totals in the cash receipts log or register must agree with the receipts reported on the Chapter Fiscal Report.
- The category totals in the cash disbursements log or register must agree to the disbursements reported on the Chapter Fiscal Report.
- As the Chapter could be audited by the IRS, all items including bank statements, deposit tickets, cancelled checks, invoices, acknowledgment letters, and other supporting documentation must be saved for at least three years and not destroyed or thrown away.

The AAAA National Executive Board, (NEB), intends to select, on a random basis, Chapters for audit. They will not be conducted on site but the selected Chapters will be required to provide copies of bank statements, listings of revenues referred to above and copies of invoices or other forms of documentation to support expenditures over \$250 to the AAAA auditors. These audits will be at the discretion of the NEB and at AAAA's expense. It is NEB's intention to have each chapter audited once in a five-year period. However

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Please contact me, Bill Harris, at AAAA 203-268-2450 Ext. 123, [Exec.Director@quad-a.org](mailto:Exec.Director@quad-a.org) or to David Zieff, CPA at Friedberg, Smith & Co., P.C. 203-366-5876 [dmzcpa@fsco-cpa.com](mailto:dmzcpa@fsco-cpa.com) who is our AAAA Auditor with any questions. Thank you.



Bill Harris, Executive Director, AAAA