

## FINANCE OFFICER REFERENCE GUIDE

### CHARGE FROM INSTALLATION CEREMONY:

“You are the keeper of the moneys, and in you is reposed the financial policy of the post. To you is given charge of the year’s budget, and to you is given the duty of the payment of all obligations when proper authorization has been given for such payment. Your position is an important one, demanding integrity and honesty. Your election to this office signifies your fellow members’ implicit trust in you. Guard well that trust.” (LEGION.ORG 2024 Officer’s Guide and Manual of Ceremonies)

### WHAT IS A FINANCE OFFICER?

You are the record keeper of all moneys of your Post. In conjunction with the Post Commander and Adjutant you set the financial policy of the post. You are in charge of the New Year’s budget, and the duty of all payments and obligations of the Post as well as the proper city, state and federal documents, certificates and tax forms. (Review your Post Constitution and Bylaws for specific responsibilities)

THE FINANCE OFFICER MUST ENSURE THE POST HAS THE BELOW ITEMS AND FILES ALL REQUIRED DOCUMENTATION TO KEEP THEM CURRENT IF REQUIRED.

1. Federal Employer Identification Number (FEIN) - This is a nine digit number issued by the Internal Revenue Service (IRS) for banking, tax filing, and other business purposes. A new post must fill out The American Legion Post IRS Inclusion Letter to the [Legal@Legion.org](mailto:Legal@Legion.org) to be listed under the National American Legion Group Exemption Number. (Legion.org Publications-General)
  - a. The American Legion is tax exempt under Section 501(c)(19) of the IRS code of 1954. The Legion’s Group Exemption Number (GEN) is 0925.
  - b. Whenever there is a change of address or change in person in charge, the new person in charge must file the IRS Form 8822-B, This is a basic form that looks like a “Change of Address” form. The “RESPONSIBLE PARTY” this could be the Post Commander, Adjutant or
  - c. The Responsibility Party’s Officer Position should be stated in your Post’s By-Laws. ([Charities and nonprofits | Internal Revenue Service \(irs.gov\)](#))
  - d. All Posts have an annual Filing Requirement to file a Form 990 by the 15<sup>th</sup> day of the fifth month after the end of the Post’s annual accounting period. For example, if a Post’s tax period ends December 31, the form must be submitted by May 15 of the following year. If the Post’s tax period ends June 30, the form must be submitted by November 15 of that year. The Post’s GROSS receipts determines which style of the Form 990 the Post must submit. ([Charities and nonprofits | Internal Revenue Service \(irs.gov\)](#))

**NOTE: THE IRS MAY IMPOSE A PENALTY FOR FAILURE TO FILE A RETURN.**

**(1) THE IRS MAY IMPOSE PENALTIES ON POST OFFICERS WHO DO NOT COMPLY WITH A WRITTEN DEMAND THAT THE INFORMATION BE FILED.**

**(2) A POST THAT FAILS TO FILE THE REQUIRED INFORMATIONAL RETURN (Form 990, Form 990-EZ or Form 990-N) FOR THREE CONSECUTIVE YEARS WILL RESULT IN REVOCATION OF TAX-EXEMPT STATUS AS OF THE FILING DUE DATE FOR THE THIRD RETURN.**

- e. Form 990-T “Exempt Organization Business Income Tax Return” must be filed by the 15<sup>th</sup> day of the 5<sup>th</sup> month after the tax year ends. This form is used by the Post if it has Employees' trusts forming part of pension, profit-sharing, and stock bonus plans, Individual retirement arrangements or Unrelated Business Income Tax UBIT).
  - f. Unrelated Business Income Tax (UBIT) Even though The American Legion is recognized as tax exempt, the Post still may be liable for tax on its unrelated business income. For most organizations, unrelated business income is income from a trade or business, regularly carried on, that is not substantially related to the charitable, educational, or other purpose that is the basis for of the organization’s exemption. A Post that has \$1,000 or more of gross income from an unrelated business must file Form 990-T. A Post must pay estimated tax if it expects its tax for the year to be \$500 or more. The obligation to file Form 990-T is in addition to the obligation to file the Annual information return, Form 990-N, Form 990-EZ or Form 990. If your Post operates a bar, dining facility or rents its facilities to non-members, you may be subject to UBIT.
  - g. To check your Post’s tax exempt status you can go to [Tax Exempt Organization Search | Internal Revenue Service \(irs.gov\)](#).
  - h. The American Legion is tax exempt under Section 50(c)(19) of the Internal Revenue Code of 1954 as amended. The American Legion is exempt from INCOME TAX unless there is income subject to Unrelated Business Income Tax (UBIT). As of July 1, 2016, sales of food and drink by qualified veterans’ organizations to members of such organizations are tax exempt when sold in connection with customary veterans’ organization activities. (Chapter 216-220, Laws of Florida; Section 212.08(7)(n), Florida Statutes)
  - i. American Legion Auxiliary is tax exempt under Section 501(c)(19) of the Internal Revenue Code of 1954 as amended. The Group Exemption Number (GEN) for the auxiliary is 0964. The American Legion and the American Legion Auxiliary have different Group Exemption Numbers and are granted tax exempt status separately. Auxiliary Units must have their own Employer Identification Number (EIN) and must file their own form 990 with the IRS.
  - j. Sons of The American Legion (SAL) and the American Legion Riders (ALR) are programs of the American Legion. The activities of the SAL and ALR are the activities of The American Legion Post. The SAL and ALR use the same EIN as the Post and their activities must be reported on the Post’s Form 990 and submitted to the IRS by The American Legion Post. (Reference Constitution and By-Laws for National, Department and Post)
2. If you have employees:
- a. Federal Forms – W-2 Wage and Tax Statement, W-3 Transmittal of Wage and Tax Statement, 1099 MISC Income, 940 Employer’s Annual Federal Unemployment (FUTA) Tax

Return, 941 Employer's Quarterly Federal Tax Return and any other Forms that may apply to your Post.

- b. State Forms – UCT-6 Florida department of Revenue Employer's Quarterly Report, DR-15 Monthly Sales and Use Tax Return and other City or State Forms that may apply to your Post.
3. State of Florida Incorporation Certificate - The Post must be filed as an Incorporation by the State of Florida ([www.sunbiz.org](http://www.sunbiz.org)) for the calendar year January – December. You must renew the Post's incorporation papers with the state by May 1. If your Post is NOT Incorporated every member of your Post can be open to a lawsuit.
4. Insurance – Every Post must have some type of liability insurance. This also covers your members to and from a meeting if you don't have a Post Home.
5. Restriction of Post Property form – call the Department for this form.
6. Liquor License – For information go to [Alcoholic Beverages & Tobacco – MyFloridaLicense.com](http://AlcoholicBeverages&Tobacco-MyFloridaLicense.com)

#### Accounting Procedures

1. Leger VS Computer Software Whether your Post uses a Paper accounting system or a computer Nonprofit Accounting program is totally up to your Post to determine which system works best for your Post.
2. There are two types of accounting methods Cash and Accrual.
  - a. The Cash accounting method is not recommended due to it does not always produce accurate information. For instance prepayment of Membership dues revenue should be allocated for the subsequent year, rather than the year the dues were paid.
  - b. The Accrual accounting method has all revenue and expenditures allocated to the period which they are applicable. The system will reflect the results of the operation during any given fiscal period by including only the revenue and expenses applicable to that period of operation.
  - c. By maintaining some uniformity in accounting procedures in the Post, many benefits will result. Such procedures will materially assist in the development of sound financial statements, properly reflecting the financial conditions of the Post. It is of utmost importance that either interim or annual financial, operating statements and future budgets furnished to the Post Officers, should be based upon comprehensive and dependable, consistent information.
  - d. Payroll Procedural Suggestion. For information and frequently asked questions go to [Payroll | Internal Revenue Service \(irs.gov\)](http://PayrollInternalRevenueService(irs.gov))
  - e. Budget Preparation and control – Each Post should adopt an annual budget. Adoption of an annual budget requires good administrative planning and careful consideration must be given to

every detail of revenue and expenditure. As an aid in the administration of the budget, a system of informative reporting is essential if the budget program is to be of value to those in charge of the administrative affairs of the Post. It is advisable to pattern the budget along the same lines as your Chart of Accounts. This way, comparisons are made very simple.

f. Monthly financial statements should be prepared as quickly as possible and presented to management for their thorough study. It is recommended that a Balance Sheet and Statement of Income and Expense be prepared similar to those presented in the audit report. These statements should be presented to the General membership at every Post meeting.

g. An annual Post Audit must be completed to ensure the accounting procedures and methods of internal control as a means of conserving the financial interest of the Post at every level are being maintained. Much care should be taken by the officers of the Post in the appointment of a chairman for the Auditing Committee. The Post Finance Officer should serve as an advisor and consultant to this committee since this officer handles the financial records of the Post. For medium to large Posts it is recommended that a "Qualified Public Accountant" who has experience with Non-Profit (fraternal) organizations.

#### ACCOUNTING CHART OF ACCOUNTS

The below Chart of Accounts is what a small Post might use. EXAMPLE ONLY

Current Assets – 100

101 - Cash on Hand

102 - Cash in Bank – Regular Account

103 - Cash in Bank – Trust Fund

104 - (State & National Dues) Cash in Bank – Charity Fund

105 - Deposits

106 - Prepaid Rent

107 - Other

Current Liabilities – 200

201 - Accounts Payable

202 - Accrued Payroll Taxes (if any)

203 - Other

241 – Charity Funds

Restricted Funds – 300 –Dues

301 - Department and National Dues

302 - Charity Funds

303 - Other

Net Worth – 400

401 - Retained Earned Income

Income – 500

501 - Contributions (other than Charity)

502 - Meals

503 - Dances

504 - Other Fund Raising Projects

Expenses – 600

601 - Rent

602 - Meals Expense

Purchases

Other Expenses

603 - Dance Expense

Purchases

Other Expenses

604 - Other Fund Raising Projects

605 - Utilities

Below is an example of how the Restrictive Funds could be expanded.

241 – Charity

241.1 – Charity Post Receipts

241.2 – Bequeaths

241.3 – Child Welfare Foundation

241.4 – Scouts

241.5 – Scholarships

241.6 – Boys State

241.7 – Special Olympics