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Executive Board

Washington Chapter of the American Society of Military Comptrollers

We have audited the accompanying statements of assets and liabilities arising from cash transactions of the Washington Chapter of the American Society of Military Comptrollers as of June 30, 2007, and the related statements of revenues collected and expenses paid for the fiscal year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note B, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the Washington Chapter of the American Society of Military Comptrollers as of June 30, 2007, and its revenues collected and expenses paid during the fiscal year then ended, on the basis of accounting described in Note B.

*McGinty & Co. LLC*

McGinty & Co. LLC  
Certified Public Accountants  
March 27, 2008

**Washington Chapter of the American Society of Military Comptrollers  
Statement of Assets and Liabilities and Net Assets  
As of June 30, 2007**

**ASSETS**

<b>Assets</b>	
Cash in Financial Institutions	\$ 165,179
Petty Cash	100
<b>TOTAL ASSETS</b>	<u><u>\$ 165,279</u></u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>	
Contingent liabilities (see Note D)	\$ -
<b>Net Assets</b>	
Unrestricted	<u>165,279</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 165,279</u></u>

**The accompanying summary of significant accounting policies and notes to  
the financial statements are an integral part of these statements.**

**Washington Chapter of the American Society of Military Comptrollers  
Statement of Revenues and Expenses  
For the Fiscal Year July 1, 2006 through June 30, 2007**

<b>CASH RECEIPTS</b>	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
Advertising	400		400
Golf Tournament - 2006 Income	17,284		17,284
Golf Tournament - 2007 Income	1,050		1,050
Holiday Social - 2006 Income	1,510		1,510
Membership Rebates	13,224		13,224
Mini-PDI 2006	796		796
Mini-PDI 2007	44,470		44,470
Mini-PDI 2007-Register	79,909		79,909
Monthly Luncheon	10,401		10,401
Dividend Income	152		152
<b>TOTAL CASH RECEIPTS</b>	<b>169,196</b>	<b>0</b>	<b>169,196</b>
<b>CASH DISBURSEMENTS</b>			
Administrative Supplies	256		256
Audit Services	900		900
Bank Expense	3,304		3,304
Credit Card Expenses	75		75
Golf Tournament 2005-Expenses	1,641		1,641
Golf Tournament 2006-Expenses	12,665		12,665
Golf Tournament 2007-Expenses	200		200
Holiday Social 2006-Expenses	6,037		6,037
Mail Box Fee	106		106
Mini-PDI 2006 Expenses	12,875		12,875
Mini-PDI 2007 Expenses	65,485		65,485
Mini-PDI 2008 Expenses	8,425		8,425
Monthly Luncheon Expenses	11,194		11,194
National PDI-San Diego-Expenses	241		241
On-line Registration Services	500		500
Scholarship 2006-Costs	10,000		10,000
Website Costs	204		204
<b>TOTAL CASH DISBURSEMENTS</b>	<b>134,108</b>	<b>0</b>	<b>134,108</b>
<b>CHANGE IN NET ASSETS</b>	<b>35,088</b>	<b>0</b>	<b>35,088</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<b>130,191</b>	<b>0</b>	<b>130,191</b>
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 165,279</b>	<b>0</b>	<b>\$ 165,279</b>

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these statements.

**Washington Chapter of the American Society of Military Comptrollers  
Statement of Cash Flows  
For the Fiscal Year July 1, 2006 through June 30, 2007**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Increase in net assets	\$35,088
Net cash provided from operating activities	<u>35,088</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 35,088
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>130,191</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 165,279</u>

The accompanying summary of significant accounting policies and notes to the financial statements are an integral part of these statements.

**Washington Chapter of the American Society of Military Comptrollers  
Notes to the Financial Statements**

**Note A – Organization**

The Chapter is organized exclusively for charitable, religious, educational and scientific purposes, including, for such purposes, the making of distributions to organizations under Section 501 (c)(3) of the Internal Revenue Code. The purpose of this Chapter is to promote and perpetuate the highest standards of performance in military comptrollership.

**Note B – Summary of Significant Accounting Policies**

**Basis of Accounting**

The financial statements of the Washington Chapter of the American Society of Military Comptrollers (the Chapter) have been prepared on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles (GAAP). The cash basis of accounting recognizes income when received and expenses when paid. Accordingly, the financial statements are not intended to present financial position and changes in net assets in accordance with GAAP.

**Income taxes**

The Chapter should be exempt from the payment of income taxes under Section 501 (c) (3) of the Internal Revenue Code.

**Net Assets**

The accompanying financial statements have been prepared in conformity with the requirements of the Financial Accounting Standards Board (FASB) as set forth in FASB 117, Financial Statements of Not-for-Profit Organizations. This statement requires classification of an organization's net assets based on the existence or absence of grantor/donor imposed restrictions. It requires that amounts for each of three classes of net assets – permanently restricted, temporarily restricted and unrestricted be displayed in the statement of assets and liabilities and that the amounts of change in each of those classes of net assets be displayed in the statement of revenues and expenses.

For the fiscal year ended June 30, 2007, all net assets of the Chapter were unrestricted.

**Washington Chapter of the American Society of Military Comptrollers**  
**Notes to the Financial Statements (continued)**

**Note C – Income Taxes**

The Chapter is exempt from payment of income taxes per Section 501 (c)(3) of the Internal Revenue Code. However, the Chapter is required to file the form 990 since its annual cash receipts exceed \$25,000. Failure to file the 990 can result in failure to file penalties if reasonable cause can not be shown.

The Chapter has not filed a 990 for the fiscal years ended June 30, 2004 through 2007 per the Internal Revenue Service. As a result of its failure to file form 990, the Chapter could lose its tax exempt status and be required to reapply in order to be recognized as a tax exempt organization. Management is in the process of working with the Internal Revenue Service to resolve this matter.

Penalty amounts due to the non-filing of the 990s are calculated by the IRS at the lesser of 5% of gross revenues or a maximum of \$10,000 each year of non-compliance. The contingent liability and its negative impact on the financial statements are discussed below.

**Note D - Contingent Liabilities**

Certain conditions exist as of the date of the financial statements, which may result in a loss to the Chapter but which will only be resolved when one or more future events occur or fail to occur. The Chapter's management assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment.

If the assessment indicates that a potentially material loss contingency is not probable, but is reasonably possible, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss if determinable and material, would be disclosed. The loss potential could be a few thousand dollars or up to \$40,000 but can not be determined at this time.