

**American Society of Military Comptrollers
Arlington, Virginia**

**FINANCIAL STATEMENTS
June 30, 2009 and 2008**

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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 (the "Chapter") as of June 30, 2009 and June 30, 2008, and the related statements of revenues collected and expenses paid for the fiscal years then ended. These financial statements are the responsibility of the Chapter'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, 2009 and June 30, 2008, and its revenues collected and expenses paid during the fiscal years then ended, on the basis of accounting described in Note B.

McGinty & Co. L.L.C.

McGinty & Co. LLC
Certified Public Accountants
September 10, 2009

**Washington Chapter of the American Society of Military Comptrollers
Statement of Assets and Liabilities and Net Assets
As of June 30, 2009 and 2008**

ASSETS		June 30, 2009	June 30, 2008
ASSETS			
Current Assets			
Cash in Financial Institutions		\$301,758	\$259,160
Petty Cash		100	100
Total Current Assets		<u>301,858</u>	<u>259,260</u>
Property & Equipment			
Equipment		682	0
Accumulated Depreciation		(102)	0
Net Property & Equipment		<u>580</u>	<u>0</u>
Other Assets			
Gift Coins		1,360	0
Plaques		1,011	0
Total Other Assets		<u>2,371</u>	<u>0</u>
TOTAL ASSETS		<u><u>\$304,809</u></u>	<u><u>\$259,260</u></u>
 LIABILITIES AND NET ASSETS			
Liabilities			
Liabilities		\$0	\$0
Net Assets			
Unrestricted		<u>304,809</u>	<u>259,260</u>
TOTAL LIABILITIES AND NET ASSETS		<u><u>\$304,809</u></u>	<u><u>\$259,260</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 Years ending June 30, 2009 and June 30, 2008

June 30, 2008

June 30, 2009

	Unrestricted	Temporarily Restricted	Total
Advertising	\$1,600		\$1,600
Golf Tournament - 2007 Income	17,622		17,622
Golf Tournament - 2008 Income	7,466		7,466
Golf Tournament - 2009 Income	0		0
Holiday Social Income-2007	1,190		1,190
Holiday Social Income-2008	36,498		36,498
Membership Rebates	350		350
PDI Washington Chapter Share	1,000		1,000
Mini-PDI 2007	130,700		130,700
Mini-PDI 2008 Income	0		0
Mini-PDI 2009 Register	0		0
Mini-PDI 2009 Sponsorship	8,758		8,758
Monthly Luncheon	1,790		1,790
Interest Income	809		809
Dividend Income	207,760		207,760
TOTAL CASH RECEIPTS			

	Unrestricted	Temporarily Restricted	Total
Advertising	\$600		\$600
Golf Tournament - 2008 Income	0		0
Golf Tournament - 2009 Income	11,838		11,838
Golf Tournament - 2009 Income	3,981		3,981
Holiday Social Income-2007	0		0
Holiday Social Income-2008	1,335		1,335
Membership Rebates	13,357		13,357
PDI Washington Chapter Share	1,125		1,125
Mini-PDI 2007	0		0
Mini-PDI 2008 Income	961		961
Mini-PDI 2009 Register	107,506		107,506
Mini-PDI 2009 Sponsorship	33,400		33,400
Monthly Luncheon	6,430		6,430
Interest Income	1,503		1,503
Dividend Income	421		421
TOTAL CASH RECEIPTS	182,457		182,457

	Unrestricted	Temporarily Restricted	Total
Administrative Supplies	0		0
Audit & Tax Services	6,585		6,585
Awards Expenses	1,057		1,057
Bank Expense	53		53
CDFM Committee Expense	40		40
Chapter Gift Coins	340		340
Credit Card Expenses	4,329		4,329
Depreciation	102		102
Donations	1,270		1,270
Golf Tournament 2007-Expenses	0		0
Golf Tournament 2008-Expenses	10,212		10,212
Golf Tournament 2009-Expenses	700		700
Holiday Social 2007-Expenses	0		0
Holiday Social 2008-Expenses	9,321		9,321
Holiday Social 2009-Expenses	300		300
Mail Box Fee	140		140
Mini-PDI 2008 Expenses	62,905		62,905
Mini-PDI 2010 Expenses	8,200		8,200
Regional PDI 2008 Expenses	5,871		5,871
Regional PDI 2009 Expenses	0		0
Monthly Luncheon Expenses	10,062		10,062
Pay Pal Monthly Service	659		659
Printing Expense	446		446
Scholarship 2007-Costs	3,000		3,000
Scholarship 2008-Costs	11,000		11,000
Scholarship 2009-Costs	106		106
Silent Auction Committee Expense	0		0
Website Costs	179		179
TOTAL CASH DISBURSEMENTS	136,808	0	136,808

	Unrestricted	Temporarily Restricted	Total
Administrative Supplies	201		201
Audit & Tax Services	1,959		1,959
Awards Expenses	800		800
Bank Expense	50		50
CDFM Committee Expense	273		273
Chapter Gift Coins	0		0
Credit Card Expenses	448		448
Depreciation	0		0
Donations	0		0
Golf Tournament 2007-Expenses	8,846		8,846
Golf Tournament 2008-Expenses	700		700
Golf Tournament 2009-Expenses	0		0
Holiday Social 2007-Expenses	7,201		7,201
Holiday Social 2008-Expenses	0		0
Holiday Social 2009-Expenses	0		0
Mail Box Fee	128		128
Mini-PDI 2008 Expenses	0		0
Mini-PDI 2010 Expenses	68,243		68,243
Regional PDI 2008 Expenses	7,938		7,938
Regional PDI 2009 Expenses	9,490		9,490
Monthly Luncheon Expenses	659		659
Pay Pal Monthly Service	326		326
Printing Expense	6,000		6,000
Scholarship 2007-Costs	109		109
Scholarship 2008-Costs	0		0
Scholarship 2009-Costs	151		151
Silent Auction Committee Expense	279		279
Website Costs	113,800		113,800
TOTAL CASH DISBURSEMENTS	93,981	0	93,981

CHANGE IN NET ASSETS

NET ASSETS, BEGINNING OF YEAR

NET ASSETS, END OF YEAR

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 Years Ending June 30, 2009 and 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$45,549	\$93,981
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities:		
Depreciation	102	0
Effects of changes in operating assets and liabilities:		
Gift coins	(1,360)	0
Plaques	(1,011)	0
Net cash provided from operating activities	43,280	93,981
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property & equipment	(682)	0
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$42,598	\$93,981
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	259,260	165,279
CASH AND CASH EQUIVALENTS, END OF YEAR	\$301,858	\$259,260

**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 is 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 years ended June 30, 2009 and June 30, 2008, 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. No tax liability for federal or state income taxes is required for the fiscal years ending June 30, 2009 and June 30, 2008, as ASMC had no taxable net unrelated business income during those years.

The Chapter is required to file Form 990, since annual cash receipts exceed the minimum filing requirement. The Chapter had failed to file a 990 for the fiscal years ended June 30, 2004 through 2007 per the Internal Revenue Service (“IRS”) in a timely manner. In November 2008, ASMC filed the 990 for the fiscal years ended June 30, 2004 through 2007. In February 2009, the IRS assessed late penalties in the amount of \$29,946.15 for the late filings. On August 3, 2009, ASMC received notice from the IRS that all of the above penalties assessed for late filings of the 990 for the fiscal years ended June 30, 2004 through June 30, 2007, have been abated.

Note D – Obligations

ASMC awards multi-year scholarships to graduating High School seniors entering a field of study related to financial operations. Winners are selected based on their Scholastic achievements, Leadership Ability, participation in Extracurricular Activities and career goals. Future minimum payments for these scholarships are as follows for the following fiscal years ending June 30:

2010	\$9,000
2011	9,000
2012	10,000
2013	<u>4,500</u>
Total future minimum payments	<u>\$ 32,500</u>

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Executive Board
Washington Chapter of the American Society of Military Comptrollers

This letter is intended to inform the Executive Board of the Washington Chapter of the American Society of Military Comptrollers (the Chapter) about significant matters related to the conduct of the annual audit so that it can appropriately discharge its oversight responsibility, and that we comply with our professional responsibilities to the Executive Board.

In addition to our report on your financial statements, we have provided under separate cover a letter dated September 10, 2009, concerning deficiencies in internal control that we noted during our audit of the financial statements for the fiscal year ended June 30, 2009.

The following summarizes various matters, which must be communicated to you under auditing standards generally accepted in the United States of America.

The Auditor's Responsibility Under Auditing Standards Generally Accepted In The United States Of America

Our audit of the financial statements of the Chapter for the fiscal year ended June 30, 2009, was conducted 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, whether caused by error, fraudulent financial reporting or misappropriation of assets. 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. Accordingly, the audit was designed to obtain reasonable, rather than absolute, assurance about the financial statements. We believe that our audit accomplished that objective.

Other Information In Documents Containing Audited Financial Statements

We are not aware of any other documents that contain the basic audited financial statements, notes to financial statements and supplementary information. If such documents were to be published, we would have a responsibility to determine that such financial information was not materially inconsistent with the audited financial statements of the Chapter.

Disagreements With Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit or significant disclosures to be included in the financial statements.

Consultations With Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Major Issues Discussed With Management Prior To Retention

No major issues were discussed with management prior to our retention to perform the aforementioned audit.

Difficulties Encountered In Performing The Audit

We did not encounter any difficulties in dealing with management relating to the performance of the audit.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to be of service to the Chapter.

This report is intended solely for the information and use of the Executive Board and management and is not intended to be and should not be used by anyone other than the specified parties.

McSherry & Co L.L.C

Vienna, Virginia
September 10, 2009

ASMC-Washington Chapter
 Recorded Proposed Adjustment Entries
 6/30/2008

Journal #	Account Description	DR	CR	Effect on Net Income
1	Depreciation Expense Accumulated Depreciation To record depreciation expense for f/y/e 6/30/09	102	102	(102)
2	Gift Coins (Asset Account) Coins (Expense Account) To capitalize coins purchased during FY '09 for handouts to members.	1,700	1,700	1,700
3	Coins (Expense Account) Gift Coins (Asset Account) To expense coins handed out during FY '09	340	340	(340)
4	Plaques (Asset Account) Awards Expense To capitalize plaques purchased during FY '09 that were not handed out to members by the end of the FY	1,010	1,010	1,010
Total impact to change net assets				<u>2,268</u>

DOCUMENTATION RETENTION AND DESTRUCTION POLICY

- In 2008, the IRS had increased scrutiny regarding governance by redesigning the Form 990. The IRS believes that there is a correlation between good governance and the proper preparation and reporting of tax information. We recommend that ASMC consider developing a written documentation retention and destruction policy. This policy should indicate that it is an obstruction of justice offense to destroy, falsify, or alter any records or documents in order to impede a federal investigation. Such a policy should also provide that if any person is asked to falsify, destroy or alter any records, he should immediately inform the Board of Directors.

ASSET CAPITALIZATION POLICY

- It is essential that the Chapter follow a uniform policy with respect to the acquisition, capitalization, management and disposition of equipment and other capital assets for financial statement purposes. The Chapter should set a threshold for asset capitalization, such as \$500. Any assets with an acquisition cost in excess of the threshold and with an estimated useful life greater than one year should be capitalized and then depreciated (on a straight-line basis) over the estimated useful life of the asset. The Treasurer should develop an appropriate record keeping and tracking system of the Chapter's fixed assets.

These comments and suggestions are intended solely for the information and use of the Executive Board, management and others within the Chapter and are not intended to be and should not be used by anyone other than these specified parties. We appreciate the opportunity to present these matters and are available to provide any assistance in implementing any of the recommendations.

McSherry & Co L.L.C.

Vienna, Virginia
September 10, 2009

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Executive Board

Washington Chapter of the American Society of Military Comptrollers

In planning and performing our audit of the financial statements of the Washington Chapter of the American Society of Military Comptrollers (the Chapter) for the fiscal years ended June 30, 2008 and 2009, we considered the Chapter's internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control. Our consideration of the internal control was only a part of our overall audit plan and was not intended to be a complete review of all of the Chapter's accounting procedures; therefore, it would not necessarily disclose all reportable conditions or other comments for improvement. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the Chapter's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

As a result of the procedures described above, we have the following comments and recommendations for improvement.

CHAPTER DOCUMENTATION

- In prior years, the Chapter could not readily locate its 501(c) (3) determination letter or most of its Corporation documents. This led to the IRS claiming that the Chapter never filed for exempt status and had failed to file the appropriate tax returns and related taxes. Legal counsel was retained and the issue finally resolved when the original 1979 filing was found by the IRS. Access to these and other documents are essential to the good governance of the organization. We recommend that a permanent file be established for all corporate, tax, administrative and other documentation. This permanent file should be kept with the current President and/or Treasurer and handed over to each incoming President/Treasurer for ease of accessibility or kept at the offices of the organizations' accountants or lawyers. It is further recommended, that the Chapter maintain a copy of its determination letter and other organizational documents on its website.