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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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B-55712

OCT 21 1977

Mr. Peter W. Rodino, Jr. Chairman, Committee on the Judiciary House of Representatives

The Honorable Peter W. Rodino, Jr.
Chairman, Committee on the Judiciary
House of Representatives

Dear Mr. Chairman:

As requested in your letter of September 13, 1977, we have reviewed the audit report of the Disabled American Veterans, National Headquarters, for the year ended December 31, 1975. Our review was directed to determining whether the report complies with the financial reporting requirements for federally chartered corporations set forth in Public Law 88-504, approved August 30, 1964 (36 U.S.C. 1101). The Disabled American Veterans was chartered by the act of June 17, 1932 (36 U.S.C. 90a).

The audit report was prepared by a firm of certified public accountants. It included a statement of the scope of audit and the auditor's opinion stating that (1) no provision had been made in the financial statements for the ultimate effect, if any, of proposed income tax assessments of approximately \$3,510,000 for 1970 through 1973, and possibilities of assessments for 1974 and 1975, which are being contested by the Disabled American Veterans, and (2) the Disabled American Veterans amended its retirement plan and recorded the total additional charge of \$3,648,400 for past service costs directly to the operating fund balance instead of amortizing the expense over a minimum period of 10 years as provided under generally accepted accounting principles.

The opinion further stated that, except for the direct charge in 1975 to the operating fund and subject to the effects of the income tax matters mentioned above, the financial statements present fairly the financial position of Disabled American Veterans, National Headquarters, at December 31, 1975, and the results of operations and changes in fund balances for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

This report was due June 30, 1976, but was not received until October 1976. We suggest that the Committee inform the Disabled American Veterans that it would be preferable for them to submit copies of the auditor's reports as soon after the fiscal year end as they are received and not wait for the printing of the proceedings of the annual convention. This would enable them to meet the filing requirement of Public Law 88-504.

In our opinion, except for the late receipt of the report, the audit and financial reporting requirements of Public Law 88-504 have been met.

We are returning the audit report sent with your letter of September 13, 1977.

Sincerely yours,

Paul G. Dembling
Comptroller General
of the United States

Enclosure