

**NATIONAL HEADQUARTERS  
VETERANS OF FOREIGN WARS OF THE UNITED STATES**

**General Orders No. 2**

**2009-10 Series**

1. Organizations exempt from income tax under Section 501 (c) of the IRC are generally required to file Form 990 by the 15th day of the fifth month following the close of their accounting year. If the organization's annual gross receipts are normally more than \$25,000, the organization must file Form 990 or 990-EZ. With the passage of the Pension Protection Act of 2006, smaller tax exempt organizations with gross receipts under \$25,000 are now required to electronically file Form 990-N, also called the e-Postcard, with the IRS annually. Organizations that do not file Form 990-N, or an information return Form 990 or 990 EZ for three consecutive years, will have their tax-exempt status revoked as of the filing due date of the third year.

Gross receipts are considered to be normally less than \$25,000 if the organization is:

- 1) Up to a year old and has gross receipts of \$37,500 or less during the first tax year;
- 2) Between one and three years old and has averaged \$30,000 or less in gross receipts during each of its first two tax years; or
- 3) Three years old or more and has averaged \$25,000 or less in gross receipts for the immediately preceding three tax years.

If annual gross receipts are normally more than \$25,000, the organization must file Form 990 or 990-EZ. For tax years beginning in 2008, if an organization has gross receipts less than \$1,000,000 and total assets at the end of the year less than \$2,500,000, it may file form 990-EZ. However, if either gross receipts or assets are above those limits, Form 990 must be filed.

For purposes of filing requirements, gross receipts include: total contributions; gifts and grants; program service revenue; membership dues and assessments; gross investment income (including interest, dividends, gross rents, and other investment income); gross income from the sale of assets other than inventory; gross income from special fundraising events; gross sales net of return allowances, and any other revenue.

IRS regulations require that all tax-exempt organizations make both their Application for Exemption and 990's for the last three years available for public inspection at their principal office and provide copies in response to written requests, subject to the payment of reasonable fees. There are substantial penalties for violation of these regulations.

2. The National By-Laws provide for only one type of membership; that is active membership. There are no provisions in the National By-Laws, nor is there any authority or justification for issuance of Club Membership cards, Associate Member cards, Honorary Membership cards, Courtesy Membership cards or any other special type of cards. Any Post issuing such unauthorized cards, or conducting club operations open to the general public, endangers its standing with the Internal Revenue Service as a non-profit organization. Officers signing outlaw cards admitting non-members to VFW premises are subject to disciplinary action. National and Department officers cannot defend practices that conflict with VFW By-Laws or procedures.

3. VFW Posts should take the necessary steps to incorporate under the laws of the state in which the Post is located. Financial responsibility laws, as interpreted by the courts, may cause members of unincorporated Posts to be at risk. Incorporating under the provisions of sections 708 of the National By-Laws and the Manual of Procedure and the laws of the state will provide protection for Post members. Posts are urged to contact their Department Adjutant to obtain the proper forms for incorporating. The Articles of Incorporation must be reviewed by the Commander-in-Chief prior to

forwarding them to the proper state authorities.

4. The attention of Post Commanders, County Council and District Commanders and inspecting officers is directed to Section 703, Manual of Procedure - Bonds. Each accountable officer of this organization shall be bonded with an indemnity company as surety in a sum at least equal to the amount of the liquid assets for which he may be accountable. Liquid assets are defined as cash on hand or in the bank and other negotiable instruments readily convertible into cash.
5. The attention of the Post Commander is directed to sections 708 of the National By-Laws and the Manual of Procedure, which prescribes the procedure for the Incorporation of Units. It shall be the responsibility of the Post Commander to ensure full compliance with both sections, and to ensure that all state requirements for annual filing, fees, etc., are met in a timely manner.
6. All officers should obtain current copies of the podium edition of the National By-Laws, Manual of Procedure and Ritual. Copies of the 2010 revised edition of the Congressional Charter, By-Laws, Manual of Procedure and Ritual are available through the VFW Emblem and Supply Department, National Headquarters. The 2010 revised edition reflects the amendments adopted by the 110th National Convention, which became effective on September 19, 2009.
7. All Commanders are reminded that Section 709, Manual of Procedure - Control of Units, requires that any activity, clubroom, holding company or unit sponsored, conducted or operated by, for or in behalf of a Post, County Council, District or Department shall be at all times under the direct control of such Post, County Council, District or Department and that all money, property or assets of any kind or nature, must be placed in the care and custody of the respective Quartermaster. All Commanders should ensure that all provisions of Section 709 are enforced.
8. The attention of Department, District, County Council and Post Commanders is directed to Section 103, Manual of Procedure, which prescribes the manner in which applications for membership will be handled. Applications for membership of new, reinstating or transfer members must be voted on by the members present at a regular Post meeting. No Post, County Council, District, Department or National officer, or any other member, has authority to reject the application card of a person who is eligible for membership.
9. The attention of Post Commanders and Quartermasters is directed to Section 218 of the Manual of Procedure, Duties of Quartermaster, which provides for the Dues Reserve Fund. The Post Quartermaster is required to maintain a dues reserve fund to which shall be credited not less than fifty percent of the Post's part of the current year's dues paid by each member prior to July 1, including Life Membership dues payouts received from the National Organization as set forth in Section 717 of the Manual of Procedure.
10. The attention of all units is called to Section 1101 of the By-Laws and the Manual of Procedure, which provides for the formation and jurisdiction of the Ladies Auxiliary. This section provides that each unit of the Auxiliary shall be under the jurisdiction of the corresponding unit of the Veterans of Foreign Wars, but shall be permitted to function in accordance with the National Ritual, By-Laws and Rules and Regulations of the Ladies Auxiliary. In addition to provisions of Auxiliary By-Laws, solicitation of funds or donations by Auxiliary units, including contracts with fund-raising organizations for greeting cards, calendars and/or label programs shall be subject to approval and ratification by the governing body of the corresponding unit of the Veterans of Foreign Wars.
11. Sections 219 and 704 of the Manual of Procedure outlines the various things for which the Post Relief Fund can be used. A few years ago, the phrase, "To foster true patriotism through historical and educational programs," was added to this section. This allows the Post to use the relief funds for the Voice of Democracy program or other Americanism programs that are educational. This

does not include Post building projects, hall remodeling, color guard uniforms or any other expenditure that does not follow the guidelines as outlined in Section 704.

12. Certificates of charter evidencing consolidation have been issued to the following Posts:

Post Nos. 137 and 6320 consolidated as Post No. 137, Duluth, Minnesota  
Post Nos. 5985 and 11044 consolidated as Post No. 5985, San Diego, California  
Post Nos. 9304 and 11286 and 4333 consolidated as Post No. 9304, Silt, Colorado

13. Announcement is made of the authorization of the charter for the following Posts:

Post No. 8026 – Bessemer, Alabama  
8969 – Lumberton, North Carolina

BY COMMAND OF  
THOMAS J. TRADEWELL, SR.  
COMMANDER-IN-CHIEF

OFFICIAL:



Allen "Gunner" Kent  
Adjutant General