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AMERICAN LEGION AUXILIARY

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*F*OUNDATION

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(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)

FINANCIAL STATEMENTS

SEPTEMBER 30, 2019 AND 2018



**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

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SEPTEMBER 30, 2019 AND 2018

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
American Legion Auxiliary Foundation, Inc.  
Indianapolis, Indiana

We have audited the accompanying financial statements of the American Legion Auxiliary Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the American Legion Auxiliary Foundation, Inc. as of September 30, 2019 and 2018, and its changes in net assets, functional expenses, and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

## **Other Matter**

As discussed in Note 1 to the financial statements, the Foundation is an affiliate of the American Legion Auxiliary National Headquarters (the "Auxiliary"), was organized by the Auxiliary, and operates exclusively for the benefit of, and to assist in carrying out, the educational, charitable, and other exempt purposes of the Auxiliary. In a separate document, the Foundation presents its financial statements on a consolidated basis with those of the Auxiliary. The accompanying financial statements include only the accounts and disclosures related to the Foundation.

*Blending CPA Group*

February 1, 2020

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

STATEMENTS OF FINANCIAL POSITION  
 SEPTEMBER 30, 2019 AND 2018

	<u><b>ASSETS</b></u>	
	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Cash	\$ 617,137	\$ 518,509
Investments	1,302,855	1,113,443
Other assets	<u>-0-</u>	<u>2,000</u>
Total assets	<u>\$ 1,919,992</u>	<u>\$ 1,633,952</u>

**LIABILITIES AND NET ASSETS**

<b>Liabilities:</b>		
Accounts payable	\$ 80,589	\$ 89,512
Due to related party, net	<u>22,716</u>	<u>63,858</u>
Total liabilities	<u>103,305</u>	<u>153,370</u>
<b>Net Assets:</b>		
Without donor restrictions	11,941	11,941
With donor restrictions	<u>1,804,746</u>	<u>1,468,641</u>
Total net assets	<u>1,816,687</u>	<u>1,480,582</u>
Total liabilities and net assets	<u>\$ 1,919,992</u>	<u>\$ 1,633,952</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Total</u>	<u>2018 Total</u>
<b>Revenue and Support:</b>				
Contributions	\$ -0-	\$ 516,972	\$ 516,972	\$ 474,818
In-kind contributions	<u>255,465</u>	<u>-0-</u>	<u>255,465</u>	<u>227,631</u>
	255,465	516,972	772,437	702,449
<b>Net Assets Released from Donor Restrictions</b>	<u>221,610</u>	<u>(221,610)</u>	<u>-0-</u>	<u>-0-</u>
Total revenue and support	<u>477,075</u>	<u>295,362</u>	<u>772,437</u>	<u>702,449</u>
<b>Expenses:</b>				
Program services	166,871	-0-	166,871	192,371
Management and general	106,537	-0-	106,537	63,818
Fundraising	<u>203,667</u>	<u>-0-</u>	<u>203,667</u>	<u>239,073</u>
Total expenses	<u>477,075</u>	<u>-0-</u>	<u>477,075</u>	<u>495,262</u>
Change in net assets from operations	-0-	295,362	295,362	207,187
<b>Investment Income, Net of Expenses</b>	<u>-0-</u>	<u>40,743</u>	<u>40,743</u>	<u>74,513</u>
Change in net assets	-0-	336,105	336,105	281,700
<b>Net Assets, Beginning of Year</b>	<u>11,941</u>	<u>1,468,641</u>	<u>1,480,582</u>	<u>1,198,882</u>
<b>Net Assets, End of Year</b>	<u>\$ 11,941</u>	<u>\$ 1,804,746</u>	<u>\$ 1,816,687</u>	<u>\$ 1,480,582</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
YEAR ENDED SEPTEMBER 30, 2018

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2018 Total</b>
<b>Revenue and Support:</b>			
Contributions	\$ -0-	\$ 474,818	\$ 474,818
In-kind contributions	227,631	-0-	227,631
	227,631	474,818	702,449
<b>Net Assets Released from Donor Restrictions</b>	267,631	(267,631)	-0-
Total revenue and support	495,262	207,187	702,449
<b>Expenses:</b>			
Program services	192,371	-0-	192,371
Management and general	63,818	-0-	63,818
Fundraising	239,073	-0-	239,073
Total expenses	495,262	-0-	495,262
Change in net assets from operations	-0-	207,187	207,187
<b>Investment Income, Net of Expenses</b>	-0-	74,513	74,513
Change in net assets	-0-	281,700	281,700
<b>Net Assets, Beginning of Year</b>	11,941	1,186,941	1,198,882
<b>Net Assets, End of Year</b>	\$ 11,941	\$ 1,468,641	\$ 1,480,582

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>2019 Total</u>	<u>2018 Total</u>
Grants and scholarships	\$ 131,520	\$ -0-	\$ -0-	\$ 131,520	\$ 138,918
Personnel and related benefits	25,742	70,076	55,782	151,600	119,806
Professional services and fees	8,939	23,777	34,968	67,684	90,518
Travel, conferences and meetings	-0-	9,404	16,705	26,109	26,040
General operating expenses	-0-	2,888	8,857	11,745	9,857
Printing, publicity and awards	-0-	205	53,797	54,002	75,429
Postage and freight	<u>670</u>	<u>187</u>	<u>33,558</u>	<u>34,415</u>	<u>34,694</u>
Total Expenses	<u>\$ 166,871</u>	<u>\$ 106,537</u>	<u>\$ 203,667</u>	<u>\$ 477,075</u>	<u>\$ 495,262</u>

See accompanying Notes to Financial Statements.



**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED SEPTEMBER 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Grants and scholarships	\$ 138,918	\$ -0-	\$ -0-	\$ 138,918
Personnel and related benefits	28,822	39,274	51,710	119,806
Professional services and fees	23,273	11,234	56,011	90,518
Travel, conferences and meetings	1,163	9,093	15,784	26,040
General operating expenses	-0-	4,031	5,826	9,857
Printing, publicity and awards	-0-	186	75,243	75,429
Postage and freight	<u>195</u>	<u>-0-</u>	<u>34,499</u>	<u>34,694</u>
Total Expenses	<u>\$ 192,371</u>	<u>\$ 63,818</u>	<u>\$ 239,073</u>	<u>\$ 495,262</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 336,105	\$ 281,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized (gains) losses on investments	1,298	(20,347)
Net unrealized gains on investments	(8,410)	(28,267)
Changes in operating assets and liabilities:		
Other assets	2,000	4,386
Accounts payable	(8,923)	76,017
Due to related party, net	(41,142)	(13,308)
Net cash provided by operating activities	<u>280,928</u>	<u>300,181</u>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	24,311	23,058
Purchase of investments	<u>(206,611)</u>	<u>(69,864)</u>
Net cash used in investing activities	<u>(182,300)</u>	<u>(46,806)</u>
<b>Net Increase in Cash</b>	98,628	253,375
<b>Cash, Beginning of Year</b>	<u>518,509</u>	<u>265,134</u>
<b>Cash, End of Year</b>	<u>\$ 617,137</u>	<u>\$ 518,509</u>

See accompanying Notes to Financial Statements.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
**(AN AFFILIATE OF THE AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS)**

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

The American Legion Auxiliary Foundation, Inc. (the "Foundation") was incorporated on September 27, 2007 as a not-for-profit entity under the State of Indiana Not-For-Profit Incorporation Act. The Foundation was organized by the American Legion Auxiliary National Headquarters (the "Auxiliary"), a not-for-profit entity headquartered in Indianapolis, Indiana. The Foundation operates exclusively for the benefit of the Auxiliary and assists in fundraising and offers support in carrying out the educational, charitable, and other programs sponsored by the Auxiliary.

The significant accounting policies followed by the Foundation in the preparation of its financial statements are summarized below:

Financial Reporting

The accounts of the Foundation are reported on a consolidated basis with those of the Auxiliary in a separate document. The accompanying financial statements include only the accounts and disclosures related to the Foundation. Related party transactions with the Auxiliary are reported in Note 6.

Change in Accounting Principle

During 2016, the Financial Accounting Standards Board issued Accounting Standards Update 2016-14, Not-For-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-For-Profit Entities. The update addresses the financial reporting complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment returns for not-for-profit organizations. As required by the update, the Foundation retrospectively adopted the standard during 2019 and has conformed to the new presentation in the financial statements for all periods presented herein.

Basis of Presentation

The Foundation utilizes the principles of fund accounting in the preparation of its financial statements. Therefore, net assets and revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation uses the following accounts to distinguish among restrictions:

*Net Assets Without Donor Restrictions*

Net assets without donor restrictions include all contributions received, without donor restrictions, and revenues and expenses for the general operation of the Foundation.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

*Net Assets With Donor Restrictions*

Net assets with donor restrictions include contributions that have donor-imposed restrictions that limit the use of the donated assets. When a donor's restriction is met, restricted net assets are reclassified to net assets without donor restrictions through the release of restrictions in the Statements of Activities and Changes in Net Assets. Assets held inviolate and in perpetuity are held for the donor-designated purposes of the endowment. The net income from these investments and all non-restricted contributions are available for release to the without donor restricted fund.

Estimates

The preparation of financial statements in conformity with U.S. GAAP requires Management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

Investments and Investment Return

The Foundation's investments are valued at fair value and have a readily determinable fair value. Investment return includes dividends, interest, fees, and realized and unrealized gains and losses on investments carried at fair value.

Support and Revenue Recognition

The Foundation records unconditional promises to give at the earlier of the date the promise is given or payment is received. The gifts are reported as support with or without donor restrictions depending upon the presence of donor stipulations that limit the use of the donated assets.

Prior to March 2018, contributions raised through direct mail campaigns by third-party vendors were reported net of the associated cost in the Statements of Activities and Changes in Net Assets based on the contract with the direct mail vendor. Beginning in March 2018, the Foundation began using a new direct mail vendor, and, based on the contract, contributions raised through direct mail campaigns are subsequently reported at the gross amount received.

Functional Expenses

The costs of providing programs and other activities are summarized in the Statements of Functional Expenses. Costs are allocated among Program, Management and General, and Fundraising based on Management's estimates of time spent by employees, space utilization, or another rational basis.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

Income Taxes

The Foundation is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management of the Foundation evaluates all significant tax positions to ensure compliance with the exempt purposes of the Foundation as required by U.S. GAAP, including consideration of any unrelated business income tax. As of September 30, 2019, Management does not believe the Foundation has taken any tax positions that are not in compliance with its exempt purpose. The Foundation's Federal and state tax returns remain open and subject to examination beginning with the tax year ended September 30, 2016.

Subsequent Events

Subsequent events have been evaluated through February 1, 2020, which is the date the financial statements were available for issuance.

**2. LIQUIDITY AND AVAILABILITY**

The following reflects the Foundation's financial assets as of September 30, 2019 and 2018, reduced by amounts not available for general use within one year from the date of the Statement of Financial Position:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash	\$ 617,137	\$ 518,509
Investments	<u>1,302,855</u>	<u>1,113,443</u>
	<u>1,919,992</u>	<u>1,631,952</u>
Less amounts not available to be used for general expenditure within one year:		
Donor restricted funds	(315,809)	(240,070)
Donor restricted endowment	<u>(1,488,937)</u>	<u>(1,228,571)</u>
	<u>(1,804,746)</u>	<u>(1,468,641)</u>
Financial assets available to meeting cash needs for general expenditures within one year	<u>\$ 115,246</u>	<u>\$ 163,311</u>

The Foundation maintains adequate liquid assets to fund near-term operating needs and maintains sufficient reserves to provide reasonable assurance that obligations will be discharged as they become due.

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

The Foundation is substantially supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Foundation must maintain sufficient resources to meet those responsibilities to its donors. Thus, these financial assets may not be available for general expenditure within one year and are included in amounts not available to be used within one year above.

Investment income from the donor-restricted endowment is classified within donor restricted net assets until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

### 3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Foundation's investments as of September 30, 2019 and 2018 is as follows:

	2019		2018	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 36,603	\$ 36,603	\$ 64,526	\$ 64,526
Exchange traded funds	430,714	589,403	518,420	534,774
Mutual funds	<u>671,338</u>	<u>676,849</u>	<u>374,707</u>	<u>514,143</u>
Total investments	<u>\$ 1,138,655</u>	<u>\$ 1,302,855</u>	<u>\$ 957,653</u>	<u>\$ 1,113,443</u>

The fair values of the Foundation's investments are measured by Level 1 inputs in accordance with U.S. GAAP, defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

The asset's and liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodology used for the Foundation's investments measured at fair value as of September 30, 2019 and 2018. There have been no changes in the methodologies used as of September 30, 2019.

*Exchange Traded Funds:* Valued at the daily closing prices as reported by the fund. Exchange traded funds are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV"); however, the funds trade on stock exchanges throughout the day, thus the transaction price could differ from the NAV.

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NOTES TO FINANCIAL STATEMENTS  
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*Mutual Funds:* Valued at the daily closing prices as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds and are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (“NAV”) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded. A money market fund is an open-ended fund that invests in short-term debt securities and commercial paper.

Investment income for the years ended September 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 34,683	\$ 26,825
Investment fees	(1,052)	(926)
Net realized gains (losses)	(1,298)	20,347
Net unrealized gains	<u>8,410</u>	<u>28,267</u>
Total investment income	<u>\$ 40,743</u>	<u>\$ 74,513</u>

#### 4. DONOR RESTRICTED NET ASSETS

Net assets with donor restrictions are available for the following purposes at September 30, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for a specific purpose:		
Veteran Projects Fund	\$ 185,758	\$ 172,466
National and Local Veteran Creative Arts Festival(s)	126,336	67,604
Mission	<u>3,715</u>	<u>-0-</u>
	<u>315,809</u>	<u>240,070</u>
Endowment:		
Held in perpetuity	1,316,550	1,063,255
Undistributed endowment earnings	<u>172,387</u>	<u>165,316</u>
	<u>1,488,937</u>	<u>1,228,571</u>
Total net assets with donor restrictions	<u>\$ 1,804,746</u>	<u>\$ 1,468,641</u>

**AMERICAN LEGION AUXILIARY FOUNDATION, INC.**  
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NOTES TO FINANCIAL STATEMENTS  
 SEPTEMBER 30, 2019 AND 2018

5. NET ASSETS RELEASED FROM DONOR RESTRICTIONS

Net assets released from donor restrictions during 2019 and 2018, due to the satisfaction of the donor-imposed restriction or by occurrence of other events specified by the donors, are as follows:

	<u>2019</u>	<u>2018</u>
Endowment distributions in support of Auxiliary operations	\$ 30,606	\$ 23,868
Veteran Projects Fund Grants	86,204	28,494
National and Local Veteran Creative Arts Festival(s)	7,350	53,399
Auxiliary mission sub-grants to ALA National and ALA Departments, Districts, and Units	7,400	33,275
Costs of direct mail campaigns	90,050	128,595
	<u>\$ 221,610</u>	<u>\$ 267,631</u>

6. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2019 and 2018, the Foundation received contributions of \$255,465 and \$227,631 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation. In addition, the Foundation granted \$22,716 and \$62,858 to the Auxiliary in 2019 and 2018, respectively, for program support, and the Foundation granted \$108,804 and \$76,179 in 2019 and 2018, respectively, to affiliated Auxiliary departments and units.

7. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION  
 ENDOWMENT

Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the "Mission Endowment") in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long term. The Mission Endowment consists entirely of donor-designated funds.



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Endowment net assets at September 30, 2019 and 2018 include the following:

	<u>2019</u>	<u>2018</u>
Historic gift value	\$ 1,063,255	\$ 896,229
Accumulated earnings	<u>165,316</u>	<u>116,706</u>
Endowment net assets, beginning of year	<u>1,228,571</u>	<u>1,012,935</u>
Additions to endowment, net	253,295	167,026
Endowment distributions	(30,606)	(23,868)
Interest and dividends, net of fees	30,565	23,864
Realized gains (losses)	(1,298)	20,347
Unrealized gains	<u>8,410</u>	<u>28,267</u>
Change in endowment net assets	<u>260,366</u>	<u>215,636</u>
Endowment net assets, end of year	<u>\$ 1,488,937</u>	<u>\$ 1,228,571</u>
Historic gift value	\$ 1,316,550	\$ 1,063,255
Accumulated earnings	<u>172,387</u>	<u>165,316</u>
Endowment net assets, end of year	<u>\$ 1,488,937</u>	<u>\$ 1,228,571</u>

Governing Board's Interpretation of Relevant Law

The Foundation, incorporated in and governed by the laws of the State of Indiana, has interpreted the Indiana statute Uniform Prudent Management of Institutional Funds Act, enacted in 2007, to require the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to not require the maintenance of purchasing power. As a result of this interpretation, the Foundation classifies as donor-restricted net assets: (a) the original value of gifts donated to the donor-restricted endowment; (b) the original value of subsequent gifts to the donor-restricted endowment; and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is available to be appropriated for expenditure by the Foundation.

Endowment Draws

Endowment draws during the years ending September 30, 2019 and 2018 were \$30,606 and \$23,868, respectively.

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The Foundation has adopted a spending policy relating to future endowment draws. The available endowment draw for each fiscal year beginning October 1 shall be limited to an amount determined by applying a 5% rate to the three-year rolling average market value for the period ending the preceding May 31. The actual endowment draw will be recommended by the American Legion Auxiliary Foundation Board to the National Finance Committee during the annual budgeting process for approval by the National Executive Committee. Should the Foundation Board deem it advisable to exceed the 5% limit, the change must be approved by the National Executive Committee.

**8. CONCENTRATIONS**

The Foundation maintains cash in bank deposit accounts which, at times, may exceed Federally insured limits. The Foundation has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.