



AMERICAN LEGION
AUXILIARY

Serving veterans, their families and their communities

**NATIONAL EXECUTIVE
COMMITTEE MEETING**

FEBRUARY 27 – 28, 2010

**RENAISSANCE WASHINGTON HOTEL
WASHINGTON, D.C.**

MEMBERS PRESENT

NATIONAL OFFICERS

National President.....	Rita Navarreté
National Vice President.....	Carlene Ashworth
Central Division National Vice President.....	Norma Swanson
Eastern Division National Vice President.....	Barbara Golde
Northwestern Division National Vice President.....	Joyce Babcock
Southern Division National Vice President.....	Lynda Horton-Turk
Western Division National Vice President.....	Peggy Brown
National Chaplain.....	Beverly Wolff
National Historian.....	Joyce Arent
National Secretary.....	Mary “Dubbie” Buckler
National Treasurer.....	Marta Hedding

PAST NATIONAL PRESIDENTS

Pearl M. Behrend
Phyllis Bachman
Virginia Hobbs
Elizabeth Stewart
Kristine West
Sherry McLaughlin
Katherine Morris
Carol Van Kirk
JoAnn Cronin
Jan Pulvermacher-Ryan
Desireé Stoy

NATIONAL EXECUTIVE COMMITTEEWOMEN

Alabama	Versie Rutherford
Alaska	Lisa Williamson
Arizona	Vickey Zwall
Arkansas	Mary Alice Graham
California	LuAnn Capazzi
Colorado	Chris Harvey
Connecticut	Barbara McCarthy
Delaware	Helen Skelton
District of Columbia	Rebekah Newkirk
Florida	Kathee Coughlin
Georgia	Gloria Johnston
Hawaii	Laura Hashimoto
Idaho	Pearl Bentley
Illinois	Carollee Junge
Indiana	Shirley Firkins
Iowa	Virginia Carter
Kansas	Myrna Rogers
Kentucky	Pamela Rice
Louisiana	Mary Henry
Maine	Jeri Brooks Greenwell
Maryland	Rusty Beeg
Massachusetts	Mary Ellen Morrisette
Michigan	Suzanne Knapp
Minnesota	Marie Goede
Mississippi	Nancy Sanders
Missouri	Rosemarie Hauck
Montana	—
Nebraska	Marva Kasl
Nevada	Betty Sherwood
New Hampshire	Bonnie Knapp
New Jersey	Lynda Stadler
New Mexico	Cathy King
New York	Susan Britton
North Carolina	Beverly Waller
North Dakota	Carrie Heinz
Ohio	Martha Lee Thatcher
Oklahoma	Gwenell Knight
Oregon	Cyndi Dahl
Pennsylvania	Barbara Mills
Philippines	—
Puerto Rico	Maria Montanez
Rhode Island	Cathy Camire
South Carolina	Catherine Gibbs
South Dakota	Joan Spears
Tennessee	Jo Bridges
Texas	Mickie Prendergast
Utah	Georgia Engelbrecht
Vermont	—
Virginia	Patricia Upshaw
Washington	Eva Wallace
West Virginia	—
Wisconsin	Susan Vorwald
Wyoming	Peggy Miller

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SATURDAY, FEBRUARY 27, 2010
PROCEEDINGS

(Whereupon, the meeting began at 7:00 p.m.)

PRESIDENT NAVARRETÉ: Okay, if I can have everyone's attention, please.

The National Executive Committee Meeting will now come to order.

(One bell ringing sound)

PRESIDENT NAVARRETÉ: Please disable all electronic devices or place them in the silent mode. Please rise and remain standing for the opening ceremonies. Cecilia Martinez and Darlene Allen will advance the colors.

(America the Beautiful is being played on a piano.)

PRESIDENT NAVARRETÉ: National Chaplain Beverly Wolff will offer the invocation.

CHAPLAIN WOLFF: Lets us pray.

Let us bow our heads and hearts in prayer each in our own faith.

Father God, we realize there is no better time than the present to be your light extended to those around us. Bring alive our spirits, so that we may illuminate our minds and souls. Give us your wise wisdom and revelation. Keep us on the narrow path that leads to life. Shine the lamp of truth and show us what steps to take. Enable us to step out of our past and look to the future.

We ask your blessings on this meeting. Direct our thoughts and our deliberations so we may give fair judgment and understanding to all matters brought before this executive committee. Amen.

PRESIDENT NAVARRETÉ: Amen.

National Security Chairman Diane Duscheck will offer the POW/MIA Ceremony.

CHAIRMAN DUSCHECK: The American Legion Resolution 288, adopted at the 67th American Legion National Convention calls for designating a POW/MIA Chair at all official meetings of the American Legion as a physical symbol of thousands of American POW/MIAs still unaccounted for from all wars and conflicts involving the United States of America.

The chair cover on the empty chair, a reminder for all of us to spare no effort to secure the release of any American prisoners from captivity, the repatriation of the remains of those who died bravely in defense of liberty, and a full accounting of those missing.

Let us rededicate ourselves for this vital endeavor.

PRESIDENT NAVARRETÉ: Thank you.

The Chair calls upon Americanism Chairman Krisann Owens to lead the Pledge of Allegiance and the National Anthem.

Constitution & Bylaws Chairman Coral Mary Grout will lead us in the Preamble to the Constitution.

CHAIRMAN OWENS: I pledge allegiance to the flag of the United States of America, and to the republic for which it stands, one nation, under God, indivisible with liberty and justice for all.

(The National Anthem is sung)

Oh, say, can you see, by the dawn's early
light,

What so proudly we hail'd at the twilight's last gleaming?
Whose broad stripes and bright stars, thro' the perilous fight,
O'er the ramparts we watch'd, were so gallantly streaming?
And the rockets' red glare, the bombs bursting in air,
Gave proof thro' the night that our flag was still there.
O say, does that star-spangled banner yet wave,
O'er the land of the free and the home of the brave?

CHAIRMAN GROUT: For God and Country, we associate ourselves together for the following purposes:

To uphold and defend the Constitution of the United States of America;

To maintain law and order;

To foster and perpetuate a one hundred percent Americanism;

To preserve the memories and incidents of our association during the
Great Wars;

To inculcate a sense of individual obligation to the community, state
and nation;

To combat the autocracy of both the classes and the masses;

To make right the master of might;

To promote peace and good will on earth;

To safeguard and transmit to posterity the principles of justice, freedom
and democracy;

To participate in and contribute to the accomplishment of the aims and
purposes of The American Legion;

To consecrate and sanctify our association by our devotion to mutual
helpfulness.

PRESIDENT NAVARRETÉ: Thank you.

You may be seated.

(One bell ringing sound)

PRESIDENT NAVARRETÉ: This meeting of the National Executive
Committee is convened.

Would the color bearers please retire in the audience and remain
seated?

The Midyear Meeting of the National Executive Committee is
convened. Welcome to all of you.

I hope your travels to be here tonight went smoothly, and not too many
challenges were encountered. It is so good to see you as we spend tonight (and
there is some laughter there) and tomorrow morning —

(Laughter)

PRESIDENT NAVARRETÉ: Spend tonight and tomorrow morning conducting
the business at hand, another time in history that will record the governing
actions of this great organization.

Ladies, imagine for a minute you sit tonight as part of the history during the 90th year of service to The American Legion Auxiliary.

To the National Executive Committee, I welcome your active participation in both listening and sharing your voices as the business before you is presented.

You are the governing board, the role and responsibility you each have, are taken very seriously by this national president.

I believe you will continue to ensure the decisions you make are the best for The American Legion Auxiliary. You will continue our organization's growth in meeting new ideas, the change, and most importantly compliance with regulations and with the policies.

To the national chairmen and many committee members present, I welcome your support and being part of the team and getting the job done. There is still so much to do.

It pleases me to have the department representation here tonight, you might say the grassroots of the organization. Thank you all for being here tonight.

Despite the weather challenges, I hope you will have a wonderful chance to visit some of the D.C. area while you are here.

How many are here for the first time, would you please raise your hand?

(Hands are raised)

PRESIDENT NAVARRETÉ: May this meeting be one of interest and definitely one that will allow you to observe your National Executive Committee and Awareness Assembly activities at work.

You see, we serve just as many of you, as you serve at your respective levels for the good of the organization, always remembering our motto for the last 90 years, "Service, not Self."

Before we begin our business, I want to remind you that anyone wishing to speak is first asked to make their way to the microphone in the center aisle. This is the only way your remarks can be heard for in recording by our reporter for the transcripts of this meeting.

You must be recognized by the Chair before speaking, saying your name and please, department.

In lieu of having our national secretary call roll of the National Executive Committee I asked that your attendance to be documented by signing in the appropriate space on the attendance sheet that is being provided. Each of you is charged with the responsibility to document your attendance of this meeting. These sheets will be collected at the close of the meeting.

It is my pleasure to introduce the head table.

Carlene Ashworth, National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Norma Swanson, Central Division National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Barbara Golde, Eastern Division National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Joyce Babcock, Northwestern Division National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Lynda Horton-Turk, Southern Division National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Peggy Brown, Western Division National Vice President.

(Applause)

PRESIDENT NAVARRETÉ: Beverly Wolff, National Chaplain.

(Applause)

PRESIDENT NAVARRETÉ: Joyce Arent, National Historian.

(Applause)

PRESIDENT NAVARRETÉ: Mary “Dubbie” Buckler, National Secretary.

(Applause)

PRESIDENT NAVARRETÉ: Marta Hedding, National Treasurer.

(Applause)

PRESIDENT NAVARRETÉ: Mary Lou Chester will serve as parliamentarian for this meeting as Barbara Kranig has been excused.

(Applause)

PRESIDENT NAVARRETÉ: Thank you, Mary, for accepting.

(Applause)

PRESIDENT NAVARRETÉ: Cecelia Martinez, Personal Page, Department of New Mexico.

(Applause)

PRESIDENT NAVARRETÉ: Darlene Allen, Personal Page, Department of New Mexico.

(Applause)

PRESIDENT NAVARRETÉ: We will be utilizing a consent agenda in lieu of multiple motions to handle many of the basis business items. These items are listed on your agenda and include:

The approval and proceeding from the August 2009 and Post Convention NEC Meetings.

The ratification of special appointments.

The charter cancellations since August 2009.

You received information on each of these items prior to the meeting with any updates on your chair tonight.

The consent agenda will work as follows:

The Chair will entertain a motion to adopt all items as presented with no discussion necessary. If a member wishes to discuss any of the items or make corrections to an item, the Chair will entertain a motion to remove that item from the consent agenda prior to voting.

Voting on the consent agenda will then proceed, and then the item removed from the consent agenda will be handled separately.

I want to again remind all of you that anyone wishing to speak is first asked to make their way to the microphone in the center isle, and wait to be recognized by the Chair.

Are there any questions on the use of the consent agenda?

(Whereupon no verbal response heard.)

PRESIDENT NAVARRETÉ: Hearing none, the Chair will entertain a motion to adopt the consent agenda.

MS. ZWALL: Vickey Zwall, NEC, Department of Arizona. I move that we accept the adoption of the consent agenda.

PRESIDENT NAVARRETÉ: Is there a second?

(Whereupon an unidentified female voice was heard who seconded the motion.)

PRESIDENT NAVARRETÉ: Okay. Any discussion?

(No verbal response heard.)

PRESIDENT NAVARRETÉ: There is a motion on the floor that we approve the consent agenda.

All in favor say, aye.

(Whereupon a chorus of aye heard.)

PRESIDENT NAVARRETÉ: All apposed, no.

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: The consent agenda is approved. Thank you.

National Vice President Carlene Ashworth will bring greetings.

VICE PRESIDENT ASHWORTH: Good evening.

(Whereupon, a chorus of "good evening" is heard.)

VICE PRESIDENT ASHWORTH: Madam President Rita, on behalf of the national officers of The American Legion Auxiliary we wish for you a most informative, interesting, and educational National Executive Committee Meeting, and we're just very happy to see everybody here. And hope that everybody got in okay with no problem. And I know it's going to be a good meeting. Thank you.

PRESIDENT NAVARRETÉ: Thank you.

(Applause)

PRESIDENT NAVARRETÉ: It is now my pleasure to welcome Past National President Desireé Stoy to bring greetings on behalf of our Past National Presidents.

PAST NATIONAL PRESIDENT STOY: Madam President, thank you for this opportunity.

You know each National President feels that she serves with the best Department Presidents ever. And this Past National President is no different.

(Laughter)

PAST NATIONAL PRESIDENT STOY: So if I may, Madam President, I'd like to acknowledge the amazing NEC members serving this year.

(Laughter and applause)

PAST NATIONAL PRESIDENT STOY: It's good to see the familiar faces, and I have great confidence that our organization will benefit from your participation here.

Now, as to the greetings from the Past National Presidents. As I call your name, will you please stand and remain standing for our message to Madam President?

Phyllis Bachman from New York.

(Applause)

PAST NATIONAL PRESIDENT STOY: Elsie Bailey from New Jersey, I understand is in Atlanta right about now.

(Laughter)

PAST NATIONAL PRESIDENT STOY: Uh-huh. Pearl Behrend, from Wisconsin.

(Applause)

PAST NATIONAL PRESIDENT STOY: Linda Boone, Oregon.

(Applause)

PAST NATIONAL PRESIDENT STOY: JoAnn Cronin, from Missouri.

(Applause)

PAST NATIONAL PRESIDENT STOY: Sandi Dutton, I know is registered for this Awareness Assembly. Is Sandi in the room?

(Whereupon, an unidentified female voice states, no.)

PAST NATIONAL PRESIDENT STOY: Okay.

Virginia Hobbs, from Kentucky.

(Applause)

PAST NATIONAL PRESIDENT STOY: Sherry McLaughlin, from Iowa.

(Applause)

PAST NATIONAL PRESIDENT STOY: Katherine Morris, from Texas.

(Applause)

PAST NATIONAL PRESIDENT STOY: Jan Pulvermacher-Ryan, from Wisconsin.

(Applause)

PAST NATIONAL PRESIDENT STOY: Elizabeth Stewart, from North Carolina.

(Applause)

PAST NATIONAL PRESIDENT STOY: Carol Van Kirk, from Nebraska.

(Applause)

PAST NATIONAL PRESIDENT STOY: And Kristine West, from New Hampshire.

(Applause)

PAST NATIONAL PRESIDENT STOY: So now that they're all standing, Madam President, rest assured that each of us in our own way wish for you a fruitful NEC Meeting, a great Awareness Assembly, and an amazing year of travel as you meet our members all around the world.

But we have a message for you. We hope you have continued blessings for you and your family and our organization, but our message as we celebrate

90 years of service, on behalf of all of the Past National Presidents standing and present here today, we encourage you to do these few things, Madam President.

We encourage you to seek our council when you need wise and sage advice —

(Laughter)

PAST NATIONAL PRESIDENT STOY: — or just have countless hours to gab.

(Laughter)

PAST NATIONAL PRESIDENT STOY: We encourage you to follow our counsel —

(Laughter)

PAST NATIONAL PRESIDENT STOY: — when you deem our advice in the best interest of the our organization or not —

(Laughter)

PAST NATIONAL PRESIDENT STOY: — and we encourage you, Madam President, to remind us when necessary that too many chefs spoil the soup.

(Laughter)

PAST NATIONAL PRESIDENT STOY: Thank you for this opportunity. Our blessings to you.

PRESIDENT NAVARRETÉ: Thank you so much.

(Applause)

PRESIDENT NAVARRETÉ: Thank you, Desi.

Would the Page just please escort Janet Christiansen, Le Chapeau National, to the podium to bring greetings on behalf of the 8 & 40.

(Applause)

LE CHAPEAU NATIONAL CHRISTIANSEN: It is a pleasure to greet the members of the National Executive Committee on behalf of the partner of La Boutique des Huit Chapeaux et Quarante Femmes (phonetic) 8 & 40.

As a subsidiary organization of The American Legion Auxiliary the 8 & 40 has been charged by mandate by both The American Legion and The American Legion Auxiliary, to care for children affected with tuberculosis, cystic fibrosis, lung, and other respiratory diseases.

This we are doing, through our support of the National Jewish Hospital and Research Health Center in Denver, the number one research hospital for lung diseases in children, through scholarships, through nurses who wish to train for treatment of children with respiratory diseases, and our contributions to American Legion Child Welfare Foundation. In addition the partners of the 8 & 40 are hardworking American Legion Auxiliary members supporting all programs of the parent Organization.

Madam National President, we wish for you a most successful National Executive Committee Meeting and Awareness Assembly. May the remainder of your year be one of joy and accomplishments.

May I have the permission for the departments of 8 & 40 to stand?

PRESIDENT NAVARRETÉ: Sure.

LE CHAPEAU NATIONAL CHRISTIANSEN: Are there 8 & 40 partners here, will you please stand?

(Whereupon 8 & 40 partners stand.)

LE CHAPEAU NATIONAL CHRISTIANSEN: Madam President, these are your fellow partners as we work side by side to celebrate freedom in America.

PRESIDENT NAVARRETÉ: Thank you.

(Applause)

LE CHAPEAU NATIONAL CHRISTIANSEN: And thank you, so much.

(Applause)

PRESIDENT NAVARRETÉ: Thank you, Janet.

We will now hear from our auditor, Mike Alerding, who will review with us our FY09 Audit.

As most of you know, Mike is managing partner of the audit firm we have chosen, Alerding & Company, and he has been in business for 40 years. He has served on the board of over 40 not-for-profit organizations, and has actually chaired 12 nonprofit company boards. We are please to have his expertise and guidance.

Please help me welcome and give a warm applause to Mike Alerding.

(Applause)

MR. ALERDING: Thank you, Rita.

You could have skipped the 40-year thing, but other than that, I do appreciate it.

(Laughter)

MR. ALERDING: Thank you all, very much. I am honored again to be here. I believe this is the fourth time I've had the honor, and I do mean that, of addressing you. You are as you heard earlier the governing board of the American Legion Auxiliary and with that is a tremendous amount of responsibility that you have, not just for financial information but for governance in total.

You engage us each year to audit the financial statements of the American Legion Auxiliary. And we aren't auditors in the classic Internal Revenue Service standpoint. We are auditors of your financial statements, and what we do is an enormous amount of planning. We work with Dubbie, Marta, and Tim primarily at the executive level in Indianapolis, and with Linda, among others, on the Finance Committee each year. That's what you engage us to do.

Every year it is our responsibility as independent auditors to report to you on how the audit went and what happened.

I've got a series of slides and although they're important, they're probably more important to me than they will be for you.

This (indicating) I presented to the Finance Committee this morning. The Finance Committee this morning acted in lieu of an audit committee, which has been established, and I congratulate you. I think that's a major step forward. One that I think you will see the fruit from that for many years to come. And of these slides some of those I will skip.

So I don't think — I don't want you to think I'm shorting you, but they only give me about 20 or 30 minutes, and I don't want to — it took an hour and a half this morning and I don't think you want to sit here and listen to an accountant for an hour and a half. If you do, then I'll be outside later. I can do a little standup.

(Laughter)

MR. ALERDING: We're going to spend a little bit of time talking about our responsibility, your responsibility, what's in the financial statements, the — also there are a couple of recommendations every year that come out of our audit, and they're important that you hear what we see from the outside.

Some of this is audit type of information. Most of it, though, comes from our experience in working with not-for-profit organizations literally countrywide and of all kinds and sizes. And as a result, some of those things that we see, we think are important to make sure we're communicating to you.

There is another little thing going on. Many of you have probably heard of this organization called the Internal Revenue Service, and they have changed.

I reported last year and the year before and the year before and the year before that Senator Grassley and his cohorts on the Senate Finance Committee have been after you, and after all of you 1.3 million not-for-profit organizations, and as result of all of that work that Grassley's committee did, they have issued through some pressure on the IRS, a new Form 990. It is a very detailed form and requires this organization to answer a lot of questions that are going to pop up some potential issues for your organizational structure. That's why you will see some of the comments really directed at that more than anything else.

These financial statements are your financials. They are the financials that you will send, not just internally, because the people internally have a lot of good information, these financial statements go externally to a lot of different places.

Our job is to test them. Your job is to make sure they reflect what the organization is about. And we have done that primarily through tests of the accounting records, but also the internal controls inside the Organization. And as you'll see later there's been a wonderful report, if you will, and that's that we don't have anything to report.

And any time an auditor says I don't have anything to report, that's really good. And we don't have anything to report. From the internal control standpoint, that's very strong.

The reporting entity is not just the American Legion Auxiliary, it also includes the American Legion Auxiliary Foundation.

They are two entities but they're put back together for financial reporting purposes and in the financial statements that's what you'll see.

Our responsibility as auditors in this post-Enron environment, has increased radically. We probably do two or three times today the amount of work in doing an audit than we did prior to Enron. And it took a little while to get down to the not-for-profit arena, but it got here, as we all knew it would.

The 990 just poured a little coal on that fire. But that fire was already burning. The number of lawsuits against audit firms today is 10 times greater than it was in the year 2000.

So it has made our role a little different and I think everyone is a little more nervous about when we're doing an audit, what we're finding and what we're doing about it.

There's one thing that has popped up and for those of you who have never heard the term, "Going Concern," it is what you think it is. "Going Concern," is a statement, a term of ours, if you will, that reflects the concept of not changing and continuing to move forward. A lot of not-for-profits, as you probably know in the last two years, especially, have really suffered.

Their investments took losses. People stopped giving. Some were able to adjust, others were not, and as a result there are some serious concerns out there that a lot of the not-for-profits that we have in this country won't survive, and it's a shame. Because keep in mind a brief history of when not-for-profits first started, goes back to, actually the Civil War days, the early days, when the government could not find enough money to be able to support many of the needed--primarily healthcare in those days needed services for people and what they said was, all right if you organize, and you're willing to take care of this part of our society that we can't take care of, we'll let the people who give you money, deduct it from their taxes.

That was called tax exemption. And that started actually back post Revolutionary War, to some degree, but they didn't have taxes then. But that's the concept that started it.

The government reminds us constantly that we are at their pleasure an exempt organization. But they also remind us constantly they don't have to keep us as an exempt organization.

One of the issues that's now facing us in this "Going Concern," is that we as auditors, and you as an organization and the governing board need to watch what's going on in your membership income and membership expenses, because the theory now is if you're constantly losing money from membership revenue is too low and expenses are higher than the revenue will cover, that there is a trend beginning that when it goes to its end would result in the demise of the organization. That's called a "Going Concern," modification.

And that's something that this year we've had to deal with in a way that we haven't had to deal with before.

These financial statements go to a lot of people. Not just to you, not just to the organization, but everyone who is looking at you. The Internal Revenue Service, we just talked about. State organizations. Every one of the states we file in. All of the watchdog organizations and there are dozens of watchdog organizations. If you've never been online and look for not-for-profit watchdogs, go online and find out what these people do.

I told Dubbie just the other day or maybe today, I'd be shocked if you don't get a lot of calls from these organizations. And it's because many of the large donor organizations, the big foundations, Ford Foundation and some of

those, they're now using those as somewhat of a credit bureau before they will give any money to organizations.

So it is important. It kind of rose from the ashes of the last recession and the current one and it's now become something that we just have to pay some attention to.

I want to show you this slide. I know you can't see it, so I'll kind of give you the gist of it.

This (indicating) is your income statement and a quick summary for the last two years. And what it shows is that your revenues stayed up almost constant at about 6.5 million. It was 6.8 last year. It dropped to 6.4 this year.

It shows that your expenses when from 8.4 down to 6.5.

Now why did that happen?

Remember we all didn't know — at your September 30, year end, very few of us knew that the economy was going to go tanking as quickly as it did.

You passed a budget the year before and stayed within that budget in the Fiscal Year 2008, but the ability to move those expenses down to the new world of our economy, you just didn't have time.

In 2009, Fiscal Year 2009, which is the most current year, I have to congratulate not only you, but especially the Finance Committee and the management at the Headquarters for your ability to adjust as quickly as you did, by moving those expenses down almost \$2 million in one year.

Not many organizations were able to adjust, if you will, right size the organization. However, since almost all of your dollars go to programs, you know who suffers. It's the veterans who suffer, it's the people you serve who suffer. But it keeps the organization alive. And let's all remember that we've got to do something to get this back because remember you are a mission-sensitive organization. That's why we're here. We have to make a little money though, because unfortunately the world still goes around with being able to pay for some of these things.

So you had a loss this year from operations. You lost money from operating as a charity of about \$232,000. That compares to about \$1.9 million loss last year, which was tough.

You had some investment income off of your investments.

Now last year we all have to — we all remember what happened, you lost \$3.5 million worth of your investments in one year. You weren't alone, as you know. There's not a whole lot a lot of people could have done and at September 30, year-end you really caught the bad part of the wave.

This year you made a little bit of money and just enough to be able to cover the operating loss that you had for the year.

This is really significant because it's what everyone, the watchdogs, and the auditors and others, are looking at to be able to make sure that you're covering your expenses.

I've got another slide here that really talks about in the last five years what has happened in the area of membership dues and contributions.

Now they're different.

Membership dues are what you pay to be a member. And that's whatever number that is. Relatively insignificant on a per cap basis.

Contribution is something different. Contribution is what you give to help the charity. Membership dues pay to be a member. A big difference.

And look what's happened to you over the last five years. In 2005 you have \$1.8 million worth of contributions, and \$4.2 million worth of membership dues. That's impressive. That's very impressive.

Now look what's happened since then. The \$1.8 dropped — in contributions dropped to \$1.6 to \$1.4, the \$892,000 to \$814,000. That's not a great trend, ladies. That's a really bad trend. If you take that all the way to its end, it stops.

Look at membership dues, \$4.2, \$4.2, \$4.2, \$4.1, \$4.0. Not a great trend.

Those trends are disturbing and are only disturbing to me — I'm your auditor first of all. It's disturbing, because I see a trend in the value of the organization as represented by your members. Remember the members just don't pay dues, they also are the ones who contribute. And I assume all of you are making contributions. Governing bodies do. That's — one of the first things donors always ask, is how is the board doing? How many of the board?

I'm on an awful lot of these boards and if we don't have 100 percent of them giving substantially then most organizations won't give us any money.

This is a disturbing trend but it gets a little bit — it even gets a little worse when you start taking a look at that operating level that I talked about before. Of your income from membership, that is contributions and dues and the expenses related to providing those folks who are needy, those people you serve in your mission, how have you done?

And you can see on here in 2005, you had an operating loss of \$500,000. Another \$500,000 in 2006, 2007, \$200,000, in 2008 \$1.9 million and then 2009, as we just talked about, \$200,000.

Again, if you look back over the last five years \$3.4 million you've lost, serving the people you take care of.

Now I'm not making this stuff up. I'm telling you if I was a chair of this organization, I'd say, holy-so-moley, we've got to do something here. We've got to get our membership back, and we've got to get people to pay for the things we're trying to do or we just can't be doing them.

Now I will tell you one of the things we have to do as part of our audit, is we look at a lot of different things in the audit. We look at expense accounts. We look at miscellaneous accounts. We try our best to make sure there's no fat. And I am here to tell you ladies, you are a lean and mean fighting machine. You don't have a whole lot of excess. And you've been to your National Headquarters and you've looked at some of those, you know there are no excesses in this organization.

So it's not a matter of cutting fat, it's a matter of cutting muscle next, unless we do something with the revenue cycle.

Now what I did with this next slide is go backwards. What I did with this next slide is — as I said — all right. But we're an organization that has investments and the investments throw off some income. And in theory that income should cover some of these.

This slide will show you that over the last five years your investment income has, in fact — remember you started out with \$25 million worth of investments, back in the end of 2004, I believe. You made \$1.5 one year, \$2 million the next, \$3 million the year before the market crashed, but then you lost \$3.5 million.

So that trend, again, was not terribly great. What happened is over a five-year period your investment income just barely covered your losses from operations. Again, not a good trend.

It's starting to show that you can't sit on your laurels. Somebody has got to change. And I will tell you who will be looking at it next, and that is the IRS because they're trying to measure these organizations, membership organizations in particular. They're measuring their success by saying, what are you doing for these people that the government should do on their on. Maybe we should just do it on our own and you shouldn't be there.

Now you all know how the government works, are you okay, are you comfortable with that? I don't think so. That's why its imperative that you stay where you are.

Those are the bad news. There's some good news.

Of all the organizations I've ever been associated with, which as Rita so aptly pointed out, the last 40 years, this organization spends more money on its mission and purpose than any I've ever been associated with.

Eighty-nine cents of every dollar you collect from membership dues, contributions and investment income, goes to serve those that you serve.

Now that is impressive, or is it?

(Applause)

MR. ALERDING: Hold on.

We all know about those organizations where you give them a dollar and 80 cents is spent raising it. Those aren't really good. They're going to be gone. Trust me when I tell you. If there's anything Grassley's people and the IRS are going to get, they're going first, and they've made that clear.

Eighty-nine percent is incredibly impressive. I don't think there's anyone near it that I've ever seen.

So again, you do deserve some applause.

When you look at where the rest of where the money is being spent, you're pretty lean. Remember, I told you before, you're lean. You're only spending 5 percent on administrating this organization.

So say what you want about whatever you want — at Headquarters home office, and all the other stuff, it is really lean. The range on that is usually 5 to 10 percent, and you're at the very bottom. In fact, its 4-something; we rounded it to 5.

It is lean and mean. There's just not a lot there.

The one that concerns me is fundraising expenses. And I know this sounds a little backwards, but it doesn't look like you're spending enough.

Remember my slides earlier. My slides earlier showed the trends all down on revenues relating to membership level and to contributions. Look what you're spending. It's only 6 percent of every dollar is going out to raise more money.

Now believe me, don't misunderstand, I'm not suggesting that we hammer the budget and add a whole bunch of money to a bunch of fluffy people in big offices who go chase down dollars from big organizations. That's not what I'm talking about. The range that you usually see in any organization is somewhere between 10 and 20 percent of every dollar is used to fundraise. And I'm not just talking about fundraising for this year. What about "Plan Giving?" We talked about this at length in the Finance Committee meeting this morning.

"Plan Giving," with the age of the membership, the demographics of this organization, there should be some money spent on that. Everyone in this room, you've got 800,000 members. If you could get 10 percent of those to put you in their will, that's called "Plan Giving," you would not believe what that would do to build the foundation which would then provide a significant bubble of money the earnings of which could keep this organization going for decades, for years, for centuries. And you don't have that. And why? You've started it, but you haven't finished it because there hasn't been enough money spent on doing it. It's not simple, it's very hard because, it's legal and you get a bunch of lawyers involved, a bunch of bean counters, in suits like me, and we all get involved in this silly thing, and it's crazy, but boy, can you raise a lot of money doing it.

I'm the chairman of the board of our public television station in Indianapolis, Channel 20, and we have an enormous amount of "Plan Giving," going on right now. People we didn't know existed, sitting in their homes watching some television at night, a program that is on public television, they pass away and the next thing you know we get a notice that we were in their will. Why? Because we're constantly reminding them. We're constantly reminding them.

Now we're on TV and it makes it a little easier. It doesn't cost as much. But you have the ability with 800,000 members to do a lot. That's what I'm talking about when I talk about spending money on making money. Spend it wisely, but I think it could use a little bit moving forward.

A couple of things on your balance sheet. Your assets. Ninety-six percent of your assets, almost all of them are in common stocks and mutual funds. You do now have a new finance, or a new investment policy and you're looking at how you're going to measure those and actually you've done pretty well.

In the last year, the fiscal year 2009, your cash returns, that's interest and dividends, represented about a 4.6 percent return on your investments. That's pretty good. It beats CDs and it beats Treasury Bonds and some of that. You did a very good job.

I think in the future the organization is going to keep an eye on how that continues to go because it is a critical part of your whole organization.

Keep in mind that if you go all the way back to 2004, your investments haven't grown any. They're the same they were in 2004. That can't be. That needs to move along.

You did start the audit committee. Congratulations Rita, you've been — the whole organization, I think — you just won't believe what a difference it will make for you.

Now I don't know how many of you on the NEC are really well-versed in financial reporting under general accepted accounting principals or any of that. Probably not many.

Well like everything else, you need to have a committee of people who are, and you've got a Chair who knows what she's doing. You've got people who know what they're doing on that. They will take care of that for you, that's what committees are for. Not unlike the finance committee that takes care of some other things.

So that one is in order. This new audit will be handled by them.

990. The 990 is this new tax form that is honest to goodness — there are 788 questions, 788 questions. If you are General Motors, you don't have a return that's half as big as this one. That gives you some idea. This thing will ask the same question three or four different times. I think they're trying to catch you in a lie somewhere or something. It's just crazy.

Well you couldn't review that, but it requires the governing body to review it, prior to being issued.

Can you imagine trying to get all of you to review that and get comments back?

So what Rita has done is appoint a 990 Review Committee and I think you're going to be talking about that as you go through the rest of meeting. That committee has on ad hoc basis just met, and we went through a little bit of training on it to try to get an opportunity to make sure there's a focus committee of people who are qualified to look at that and make sure that it says what we want it to say. Remember it's our form. It's not the government's form. We'll fill it out the way we want to fill it out, and the way it really reflects the mission and purpose of what you're doing.

Organizational structure. This is really the last time I'm going to high horse it. I've done this now four years, and all four years I have said, and sometimes very angrily and sometimes very gently, and I'm going to try to hit somewhere in-between this year, you can't function without a board of directors. You can't do it.

You've got an NEC, and God love you and you're great. But you need a board who is always there that has rotating three-year terms, who are governors. They're governors. They govern. It's a totally different concept than management. It's governing. And I don't know of any other organization that doesn't have a board of directors who govern. And I think it's something that over the next few years it really needs to have a priority. I know the long-range

planning committee, I've looked at a lot of the information they've put together has really, I think, made some progress. And I think you'll be seeing some changes.

The audit committee is a good start. And I think there are other things in motion that will really help bring this organization. It does not in any way, affect the NEC. Zero.

The NEC still runs the organization. You are still the governing body, but you have governors helping you, not unlike the audit committee helps you on the audit side. Because without it, it's -- well, we'll wait and see what the IRS says. We're not sure they're going to jump all over it, but it is a different animal without a board of directors.

So anyway I've given you a few little comments on that as well.

Summary of Findings:

We did give you a clean audit opinion. Clean means there was nothing we found in the audit. Again, congratulations to Dubbie and to Marta and to Tim for the work they did, and all year-long. And I'll tell you there's a lot of money that runs through this organization, and a lot of different transactions and get them to a point where the auditors don't find anything is pretty good.

(Applause)

MR. ALERDING: Yes, I think they deserve that. Really good.

And I will say something else I said at the Finance Committee meeting this morning, that is just a little bit off line, but Tim is really good. He's very good. I know what's good and what's not. He's done a heck of a job.

(Applause)

MR. ALERDING: Come on, don't be so shy. Get up. There he is now, that looks good.

(Applause)

MR. ALERDING: What really impresses me more, is that Marta, who has been here and has been an icon in this organization for years, and held that down.

(Laughter)

MR. ALERDING: She has. I knew her before she was in this organization. And I'll tell you, for her to come to this organization and say, there's someone better than I, there's someone who really has the background and the information to do this, the knowledge, that's not an easy thing to do. I'll tell you what, you look a lot happier, and you seem a lot happier, and she doesn't have to put with the auditors as much every year.

Now Tim, he's the one who is starting to look old and his hairline is receding, and all that stuff.

(Laughter)

MR. ALERDING: Oh, it's just starting Tim, believe me.

(Laughter)

MR. ALERDING: Membership Related Revenues.

I've talked about a declining. Operating income is declining. Investment income is barely covering it. We've already talked about all these; this is kind of summary.

I'll go to this.

Here's our recommendations as a result of our audit. Every year I do this for you. I've talked about all of these so far.

I think you need to establish a system for increasing membership dues. I didn't say you need to increase membership dues right away. I think you should, but I know how the organization works, so I'm not going to be that foolish.

What I will say, is you need to get something in place. Get something in place. I don't care what it is.

Channel 20, public television station, to be a member, \$65. Okay. We got thousands of people who will do that, and it's called the "Cadillac Theory." The more you charge the more people want it. That's no joke.

And you know why they want it? Because they're doing something. Doing something meaningful. If you're the low end, sometimes you don't feel like you're paying for as much, because you're not — you're not paying much, so you probably aren't going to get much. I think that needs to be put in place.

Contributions from members and outside organizations.

I cannot tell you how many organizations would love to give money to this organization to get to the people it needs to get to, and I don't think we're doing the job that we could do to get it. I also don't think we're getting contributions from the members themselves.

Remember what I said earlier. Membership dues are just membership dues. That's kind of your admission ticket to get into the door. But you have to also contribute. I'm not sure that that's been done the way it could be.

I think you need to look at fund-raising activities and what you're spending. You've done the audit committee.

You've got the 990 review committee in place. Congratulations.

And I think the last step is to look at this whole organizational structure as you move forward.

Madam Chairperson, I will take questions if you would like, I am not going anywhere. It's too cold to go outside.

(Laughter)

MR. ALERDING: It's cold in here, Rita.

Thank you all. And thank you, Rita.

PRESIDENT NAVARRETÉ: Any questions? Truly. Go to the microphone.

MS. WALLACE: Yes, I just wanted to know —

PRESIDENT NAVARRETÉ: Just a minute. Name and Department?

MS. WALLACE: Eva Wallace, Department of Washington. I just wanted to know if we would be able to get a copy of these slides?

PRESIDENT NAVARRETÉ: Yes.

MS. WALLACE: I think it would be a benefit to our Department.

PRESIDENT NAVARRETÉ: The audit report — I asked that question just — it's available online and will be posted on the Web address as listed in your Awareness Assembly packets.

There are minimal copies available at the back of the room, also.

MS. WALLACE: Okay.

PRESIDENT NAVARRETÉ: So, yes, we will make it —

MR. ALERDING: But the slides will also be on there as well as the financial summary.

PRESIDENT NAVARRETÉ: Right.

MR. ALERDING: Okay.

PRESIDENT NAVARRETÉ: Right. The website.

MS. WALLACE: Thank you very much.

MR. ALERDING: Good. Good.

MS. VORWALD: Sue Vorwald, Department of Wisconsin.

Michael, my question is, when we lost our \$3 million, at that point, who was our watchdog for these funds? And do we have something in place now that — a red flag, that when our stock is going down, that we move or change things?

MR. ALERDING: That's really more appropriately answered by this group. But I will tell you what was going on.

You caught the wave at exactly the wrong time and I'm not really sure that shifting it would have made any difference other than you would have taken unrealized losses and made them real losses. And I think most of what you saw up there were unrealized losses. That is, you didn't sell them and lose the money, but the value went down without selling them.

I think you are caught in the lock right now. There is a new policy that has been adopted for investment and spending both. The investment policy really needs to be adhered to. Is that going to come during this meeting?

PRESIDENT NAVARRETÉ: For one fund it will be at this meeting.

MR. ALERDING: That's a very good question. Because somebody needs to watch these funds.

MS. VORWALD: There's a name for it?

MR. ALERDING: Pardon me?

MS. VORWALD: There's a name for it that we should be watching for? What is it going to be called or fall under?

PRESIDENT NAVARRETÉ: The investment policies are established for each one of the designated funds, so when those are presented and reviewed and voted upon, then you need to realize that that is that one account investment policy and stay abreast of that and keep them on file.

MR. ALERDING: But right now the Audit or the Finance Committee is the one that has, I believe —and correct me if I'm wrong, has the ultimate responsibility for looking at that.

PRESIDENT NAVARRETÉ: That's right and presenting it to the NEC.

MR. ALERDING: And some of those people are very good at that. Some of them — like I'm not an investment person. I can't be. I don't do investments.

MS. VORWALD: Okay.

MR. ALERDING: There are people who do that.

MS. VORWALD: Thank you.

MR. ALERDING: Yes, you're right.

PRESIDENT NAVARRETÉ: Go ahead.

MS. MORISSETTE: Mary Ellen Morissette, Department of Massachusetts.

My question is on your recommendation for our governing board with three-year appointments, would that change our structure of NECs and how would that change us?

MR. ALERDING: Very good question.

It does not have anything to do with changing the structure of NEC.

The NEC would elect the board from among its members or other members. It could be all from NEC, or it could be from anywhere. The key there would be to bring in members to this say, 12-person-board who have experience and who understand an expertise at governing.

My father, my 90-year-old father, told all of us many years ago the best boards out there are the ones that have the three Ws: work, wisdom, and wealth.

The workers are the people who get in there and dig. The wisdom are the 40-year-old — the people who have been in business 40 years. And the wealth are the ones we really don't care whether they come to a whole lot of meetings or not, but we just want their money.

(Laughter)

MR. ALERDING: That's kind of what — but that would be elective under my scenario from the NEC and they would serve three-year terms, and be limited to two three-year terms and give you consistency. To me that's the key.

One other comment on the investments. You really didn't have a big hit in the investments all things considered. The number is big. Let's don't kid each other, that's a nasty number.

The market was down somewhere depending on where you were in the common area, somewhere between 38 and 46 percent during that 12-month period. You were down about half of that or a little over half of that.

So as bad as it was, and I'm not suggesting it wasn't, it wasn't terrible. I think, at some point, an investment committee, and that's just where a board would get into this. A board would look at this and say, we need a separate investment committee of people who do investments. Not finance, not accounting people, not suits, we need people who do investments. And then have them do it because there may be — a lot of them use a 60-30-10 approach. Sixty percent in fixed income, 30 percent in equities and ten percent in cash equivalence, others don't. But in a general rule over the long-haul that's kind of determined to be a safe bet.

Sixty percent in fixed income, which are bonds. Thirty percent in the stock market, and 10 percent in cash equivalence, and that can move in either direction.

And that's a little bit different that the strategy you've had over the years.

MS. JOHNSTON: Madam President, Gloria Johnston, Department of Georgia. We have been informed that there was an audit committee and a review committee of 990, how was that appointed and what is it under, is it NEC or how are they —

PRESIDENT NAVARRETÉ: Yes, it is and that's going to be presented.

The information that I shared with Mike was that we have that in place to present and I think it opened —

MR. ALERDING: I goofed.

PRESIDENT NAVARRETÉ: — yes, he goofed.

(Laughter)

PRESIDENT NAVARRETÉ: So see — yeah. It's going to come before you, but I did advise through Dubbie that those two committees — our chairman of the audit has been established. Okay. The chairman of the audit has been established. The audit committee was voted at the National Convention. Okay.

But the — you'll hear from me the next steps for the audit committee, and also my selection of the 990, which will be affirmed tonight.

MR. ALERDING: Okay. This is my fault. I get a little ahead of myself and I know I do. There's a good reason why I could never run for political office.

(Laughter)

PRESIDENT NAVARRETÉ: And I'm so glad.

(Laughter)

MR. ALERDING: And you just found out why.

PRESIDENT NAVARRETÉ: I'm so glad that you brought that up and you were listening.

MR. ALERDING: Yes, and I did know the audit committee itself had been approved, not the members.

MS. JOHNSTON: Yes.

MR. ALERDING: But that the committee had been approved. The 990 was really out of necessity more than anything else unless we wanted to try to do it with the whole NEC, and that's probably not going to work because it's due May 15, incidentally, the return. And we'll have it done by then, but its going to be difficult.

Any other questions? Comments?

(Whereupon no verbal response was heard.)

MR. ALERDING: Well thank you, again. I apologize for the goof and for getting a little ahead of myself. I kind of get fired up up here and I went a little too fast.

Thank you, again. I hope to see you next year. Enjoy your weather.

(Applause)

PRESIDENT NAVARRETÉ: Mike while you're still right in front of us. I know it's a little bit out of my script here, but if we would not have an individual like Mike who really cares about our organization. He gives 110 percent in all that he does and is truly working for us and with us. So Mike, thank you on behalf of the organization.

(Applause)

PRESIDENT NAVARRETÉ: Let the minutes reflect that the external audit will be duly filed at the National Headquarters.

As we have heard in the audit report, it is important that we immediately establish a special committee to review the 990.

I've appointed the following members to serve on this ad hoc committee.

Myself, Rita Navarreté, the National President;

Carlene Ashworth, the National Vice President;

JoAnn Cronin, the Past National President;

Rosemarie Hauck, National Executive Committeewoman of Missouri; and to serve as liaison from the Finance Committee, Nicole Clapp, National Finance Committee Member.

The Chair will entertain a motion to affirm the appointees to serve on this ad hoc 990 Review Committee.

Eva?

MS. WALLACE: Eva Wallace, Department of Washington. I move that we accept this 990-Review Committee.

(Whereupon an unidentified female off microphone seconded the motion.)

PRESIDENT NAVARRETÉ: It's been motioned and seconded that the appointment of the ad hoc special committee, 990-Review Committee, be approved.

Any discussion?

(Whereupon, no verbal response is heard.)

PRESIDENT NAVARRETÉ: All in favor say, aye?

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All opposed say, no.

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: The motion has passed.

Thank you so much.

As Mike stated, the 990 Committee is a necessity. So that the 990 Committee will review the 990 Form prior to it being submitted.

At the 2009 Nation Convention we approved the establishment of an American Legion Auxiliary Audit Committee which will serve as the risk assessment committee as mandated by the Internal Revenue Service. As we just heard from our external auditor tonight, the members of this committee must have appropriate professional backgrounds and expertise in participating in large public risks assessment audits.

At the 2009 National Convention I appointed Past National President Virginia Hobbs to chair the Audit Committee. That committee is to be composed of a minimum of three members who will eventually serve three-year terms.

As we established this committee, the initial members will be serving one two three-year terms. Ginny, as we will know her as Ginny, was ratified

at the 2009 Post-NEC Meeting. I did not, however, specify the term of her position.

Tonight I ask for a motion to affirm the other two appointees to the Audit Committee and the terms for all three members.

I ask now for the motion of the following:

To affirm Virginia Hobbs, Past National President, as a member of this committee for a term of three years;

To affirm Paula Parker-Sawyers, member of the Department of Maryland, for a term of two years;

To affirm Ann F. Hathaway, member of the Department of Illinois, for a term of one year.

I would like to share a little bit about the three Audit Committee members.

Many of you already know Ginny Hobbs as a Past National President from the Department of Kentucky. Some of you may not know that she has over 30 years experience as a bank examiner for the federal government.

She has years of experience in assessing internal and audit procedures and control. She has already met our auditor, Mike Alerding, and looks forward to getting this committee up and running.

Paula Parker-Sawyers is a former governor of Hoosier Girls State and a former senator at Girls Nation. Paula is someone who has vast experience in public risks assessment audits. She has done this through her work as a former city councilor and deputy mayor of the 12th largest city in the United States.

Paula has her masters in public administration and resides in Maryland, the state of her American Legion Auxiliary membership.

She is the director of outreach and partnerships for the National Campaign to Prevent Teen and Unplanned Pregnancy.

Ann Hathaway at age 47 has been a member of the American Legion Auxiliary, Department of Illinois, starting out as a Junior member, and then attending Illinois Girls State and serving as a young volunteer member of the Girls State staff.

Relocating for a time to Washington, D.C., she served in the U.S. Department of Treasury and served as Executive Director of the Office of Vice President Dan Quayle. Has served as Chief of Staff for a \$420 million operation with 500 employees.

She served as the director for the Hudson Institute and is now president of Hathaway Strategies.

At this time I ask for the motion to affirm these three appointments to serve on the Audit Committee.

MS. PRENDERGAST: Madam President —

(Laughter)

MS. PRENDERGAST: Mickie Prendergast, NEC, Department of Texas. I move the confirmation of these three members to the Audit Committee.

PRESIDENT NAVARRETÉ: Is there a second?

(Whereupon, an unidentified female seconded the motion.)

PRESIDENT NAVARRETÉ: Is there any discussion?

(Whereupon, no verbal response is heard.)

PRESIDENT NAVARRETÉ: There has been a motion on the floor that we approve the affirmation of the three members to the Audit Committee with the so stated terms.

All in favor say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All apposed, please say, no.

(Whereupon, no verbal response is heard.)

PRESIDENT NAVARRETÉ: The motion has passed.

Additionally I have appointed Nicole Clapp, the National Finance Committee member, to serve as liaison from the Finance Committee.

The reason that I have appointed Nicole Clapp for liaison to both 990-Review Committee and the Audit Committee is because the function of the 990-Review will transition to the Audit Committee as recommended by our external auditor.

The Chair now calls upon National Finance Chairman Linda Boone for her report, Presentation of Policies.

CHAIRMAN BOONE: Good evening. Tonight my report is split. I'm going to do some tonight and then some tomorrow.

So tonight we're going to review the three policies that were in your packet.

The travel policy. The Travel Reimbursement Policy.

Investment Policy for the National President's Scholarship.

And the Spending Policy for the National President's Endowment

Fund.

So if you would pull those three out. And just a couple of comments based on some of the questions you were talking about with Mike.

The governance structure thing is a suggestion from Mike, and that will be up to our leadership to look at the different models and different suggestions. So you know that's not written in stone, it's just a suggestion.

The other thing is investment. We're going to talk tonight about the National President's Scholarship Endowment Fund. But you, the NEC, have already adopted investment policy. Let me explain a little bit.

We have two investment advisor companies that we use. We have a group called Valeo, and they administer the majority of our funds. They're the ones that meet with us on a quarterly basis and we go over all of our investments, all of the different types of investments.

The policy that was adopted by the NEC prior for the Valeo pieces, are our general funds, our VIM account, our Spirit of Youth and our Small Fund, you know that investment fund we have. And those policies have already been adopted. And the policy, which you can get copies of. But what it states, is how we're going to diversify our strategy. And how much will be in bonds. How much will be in mutual funds? How much will be in timber? How much will

be in real estate? So that we can have a diversity. And so that if one area goes down, all areas won't go down, except for last year, Year 2008.

When things started, you know, just the whole economy went.

So we really do have an investment policy that the NEC has already approved that we follow that talks about how we diversify.

Tonight we have another investment firm that helps us and counsels us specifically on the National President's Scholarship Endowment Fund, and that's UBS. And we met with them this week too. And this investment policy — we're fairly new with them, so that's why we're going to look at the investment policy tonight.

Okay. Hopefully you've all had a time to read and review this, because I'm not going to do that.

So we'll just talk about the Travel Reimbursement Policy.

We have adopted previously a Travel Reimbursement Policy, and this a revision to that. And its very simplified.

The basis of it is that we're going to follow the federal per diem rates, so that makes it much simpler, and then it gets adjusted on an annual basis and gets reviewed.

So that makes it a lot simpler.

There's some other added areas so that it actually increases the amount of reimbursement that volunteers will be getting in some categories.

And the one that has been — the piece that sometimes is a little uncomfortable for people is that we're requiring everyone to go through our travel agent and that is for a variety of reasons. And as a volunteer I like it, because I don't have to get reimbursed. I can charge it and then I don't have to ever worry about that bill, and its done, and I can have my travel preferences worked out with them. It's very easy. At first I was not really pleased about having to do that, but I really like it and embrace that now.

So I think that that will be really a good change, and there's some financial advantage also for us.

And then if there's any — what has not changed, but has maybe not always been understood, if things happen and you need dispensation you always get that. You can call the National Headquarters and talk to Liz who does the travel and she can get that — run that by the National President and get things okayed. Because there's always something that, you know, that comes up that's unusual, and those are okay. So just ask.

So we will entertain a motion to adopt this travel reimbursement policy if you're ready to do that.

MS. BEEG: Meredith "Rusty" Beeg, Department of Maryland. Could I ask a question first?

MS. BOONE: Sure.

MS. BEEG: Could you tell us what the financial benefits of having us go through the travel agency are to the organization?

MS. BOONE: Because we — we and —

PRESIDENT NAVARRETÉ: Wait. We have a point of order. Okay.

MS. BEEG: Okay.

I move that we adopt the resolution to update the travel regulations.
(Whereupon, an unidentified female seconded the motion.)

PRESIDENT NAVARRETÉ: Okay.

There's been a motion on the floor to adopt the Travel Reimbursement Policy. And there's been a second.

Discussion?

MS. BEEG: Okay.

MS. BOONE: One of the advantages, Rusty, thank you, is that both the American Legion Auxiliary and the member can collect points, you know, in the travel, the frequent flyer programs. Also it's just about billing. Its one concise bill, and you can track the expenses a lot easier.

So it's a process enhancement. It's a cost of doing transactions.

MS. BEEG: And is there not a cut that the travel agency gets for every ticket they book?

MS. BOONE: I don't know what that travel arrangement is. I don't know the details of that.

Tim, do you know or is that really Marta's?

(Laughter)

MS. BOONE: Okay. Liz.

PRESIDENT NAVARRETÉ: I'd like for Liz to come forward.

MS. BOONE: Somebody answer it.

PRESIDENT NAVARRETÉ: Liz, would you please come forward.

A lot of us visit with Liz on the phone and it's good to see a face to the voice.

Liz, please.

MS. GRAVES: Okay. Well like any business obviously they have to make a profit somehow. So they do take in a small ticketing fee for each ticket that we purchase through them, but yet at the same time they are working with the airlines to get us discounted rates, especially for Convention and Awareness Assembly, so we're actually kind of getting cheaper ticket prices. We're saving money that way.

There are two options for booking your travel with them. You can book online by yourself just like you would do if you were booking through Orbitz, Expedia, or if you were booking through AmericanAirlines.com. Just go online and book it and that's a \$9 fee. If you don't have access to the Internet and you have to book via phone, then it's a \$33 fee.

So it's still a really minimal fee and really if you look at it, all of those websites — when you go out there and you're purchasing your ticket on websites like Orbitz or Expedia, they're charging you a fee, too.

So you're going to pay it somewhere. At least if you're going to pay it here, our organization is going to get a benefit.

PRESIDENT NAVARRETÉ: You had a question?

MS. BEEG: Would you explain the points?

MS. GRAVES: Definitely.

Just like you all might have an individual frequent flyer account with all of the airlines and earn points and earn rewards, we as the organization have a corporate rewards program with each airline.

So when we book travel through the travel agency, and we book with an airline, we're earning points as an organization, so that we can get frequent flyer tickets that we can send National President on travel when she goes to her department visits, it can be free. We can send people to conventions for free. It's just an added extra cost saver for us. And we don't earn points quite as quickly as you do when you have an individual and frequent flyer account, but we do earn them. And the more tickets that we purchase and get put on into these programs, the faster we'll earn the rewards.

So the more we'll have the more we buy with it, the more rewards we'll have.

And yes, definitely don't worry about, you know, we're not as an organization going to take your frequent flyer points away from you. You're going to earn them and the ALA is going to earn them.

So it's like double dipping. Everyone gets a little bit.

PRESIDENT NAVARRETÉ: Okay. Thank you, Liz.

MS. GRAVES: Thanks.

PRESIDENT NAVARRETÉ: Did you have a question?

MS. FOURNIER: Ann Fournier, Department of Massachusetts. May I have permission to speak?

PRESIDENT NAVARRETÉ: Yes.

MS. FOURNIER: I have a question. Why don't we use the YTB that we advertise through our magazines and on the website? That way we would be earning the money for every flight that we go out with.

I, myself, at one time did YTB Travel and in a three-month period I made \$5,000--almost \$5,000 doing that. And since then, when I found that you were doing it, I cut doing it, and I booked all of my people that I have for the YTB at the American Legion Auxiliary.

We would be making money that way for added -- and it added benefit and we should be doing it for ourselves. Because for every fee that you pay, a travel agent gets \$10 to \$15. For every fee back you'd be getting at least \$5 or \$10 of that money coming in, and if you had every member that went to National Convention going through them, you'd be making close to \$50,000 a year.

PRESIDENT NAVARRETÉ: If I may address the last comment.

We'd be very happy to look into that further. The YTB is a membership benefit. You cannot easily access it on our webpage right now. You have to go through the membership category and link it down. I found that out.

Yes, thank you.

MS. BACHMAN: Phyllis Bachman, Department of New York.

I move to amend Section 4, Item A, of the Travel Reimbursement Policy by substituting the word "may" for the word "must."

The proposed reading is, quote: “Volunteers must book authorized travel through the American Legion Auxiliary’s contractual travel agency.”

The amended wording: “Volunteers may book authorized travel through the American Legion Auxiliary’s contractual travel agency.”

(Whereupon, an unidentified female seconded the motion.)

PRESIDENT NAVARRETÉ: There’s been a motion to amend Section 4, Transportation A. “Volunteers may book authorized travel through the American Legion Auxiliary’s contractual travel agency” in lieu of “must.”

And there was a second to that?

(Whereupon, an unidentified female said, yes.)

PRESIDENT NAVARRETÉ: Is there further discussion on this?

MS. BACHMAN: As the person who moved this action, I would like to speak first.

PRESIDENT NAVARRETÉ: Okay.

MS. BACHMAN: I see this requirement as being a very difficult problem for our up and coming leaders, many of whom are career people. They have jobs and it reduces the flexibility. They need the flexibility to book travel at times most convenient for their work schedules, and if it isn’t the lowest price, I feel as though requiring them to book it through the travel agency will put pressure on them to go on what airline or go out what flight they feel is most important and cheapest for the Auxiliary. And I don’t think that’s necessarily true.

I also want to point out that many of our members book directly with the airlines now, myself included. If I book through the travel agency, I understand the current rate for booking through was \$35. It would cost them just for me alone, \$35 for that. If I was forced onto — I only have two airlines available to me in my small city: USA Airways and Delta. If I’m forced to travel Delta — right now I just made the Silver Elite Membership. The Silver Preferred. That allows me free baggage. So I save \$50 for the organization for two bags, plus the \$35 because I do not book through a travel agency at all.

So for me alone it would be \$85 right off the bat and I’ll bet there are tons of other members out here who have the same options.

So I feel — I also — it doesn’t encourage any kind of — what do I want to say — between companies, we’re giving everything to one company and there’s no competition between companies.

PRESIDENT NAVARRETÉ: Thank you.

UNIDENTIFIED FEMALE: I’m also speaking in favor of Phyllis’ amendment. For the last two years we’ve actually flown out here on Alaska Airlines and my fare which has only been charged to the Auxiliary has been a companion fare. I think this year it’s about \$140 for round-trip from Seattle. I don’t think the travel agencies can beat that. And I’m not discounting, because I know we use the travel agency a lot for my husband’s travel, but I think we do need the flexibility to be able to use some of these other rewards that we’ve earned through the airlines.

PRESIDENT NAVARRETÉ: Kris?

MS. OWENS: Madam President, Krisann Owens, Department of Oregon. I've been using redeye flights to get back East because of my job, and where I live. I was on the Oregon coast. And if anybody has been there you know how difficult it can be to get out of there. And just as a point of information the last time I did this, the travel agent gave me seven different options to take from my town, from Eugene or from Portland. I worked it out to where it coincided with my job, and the time I needed to leave, and then I looked at price points, too. And I was able to do that and I saved the Auxiliary quite a bit of money with the one that I took and it was very convenient for me.

So I don't mean to be contrary or throw anything out there, but extra information is a good thing. She does provide options if you ask. Thank you.

CHAIRMAN NELSON: Madam President, Kris Nelson, VA&R Chairman.

You also have the option to go on every airline and verify it yourself, and then book the travel.

So you can look at every airline and compare the prices and get the most economic price. We do have that option. And Liz is available to help you. She's the one who helped set it up, so she has the research that would have us do that.

MS. HOBBS: Madam President, Virginia Hobbs, Department of Kentucky.

I join in speaking in favor of the amendment. One of the things that I think that we're failing to consider here is the fact that when we attend meetings many times we're not coming alone. We'll have a spouse or a traveling companion that we may book on the same itinerary, and when we do that that would, as I see this policy, it would prohibit that because the billing would be direct to our National Headquarters. We would still have the costs of our companion that we would have to cover, plus, as Phyllis has already stated, some of us have benefits where we do not have to pay for the booking fees. By booking our friends or our spouses on the same itinerary, we minimize the cost to the individuals because they can have two people on an itinerary and not have to pay luggage fees.

So I also speak in favor of the amendment.

PRESIDENT NAVARRETÉ: Okay.

Madam President, Nancy "Shorty" Followell from the Department of Arkansas.

I'm sorry I'm not an NEC Member at this time; I will be next year.

How many of you ladies have one of these cards? It's called a Military ID Card.

(Whereupon, a verbal response is heard.)

MS. FOLLOWELL: I have one. I booked my flight out here through a travel agency. I walked up to receive my boarding pass, and I showed this to the representative on American Airlines, and I asked if military retirees or military service personnel received discounts on checking their luggage. And I want you to know that American Airlines took two bags from me on the flight and charged me nothing, because I carry this brown card.

PRESIDENT NAVARRETÉ: Ann?

MS. ANN: Madam President, just for informational purposes to respond to the previous information about booking for your spouse.

I've done it regularly. What I have done is then use my husband's credit card and they bill his part of trip to that. I have no interest one way or the other how this is going but I just think for informational purposes to understand you can do that through the travel agency and they will bill it to another account card, so that you don't have it billed to the national organization with the one fee.

PRESIDENT NAVARRETÉ: Yes, Rosemarie?

MS. ROSEMARIE: I call for the vote.

PRESIDENT NAVARRETÉ: Okay.

MS. ROSEMARIE: That's what I'm going to do.

PRESIDENT NAVARRETÉ: We have the discussion to amend the policy as presented. Are you ready for the vote?

I will entertain a motion to stop debate and discussion.

(Whereupon an unidentified female reported she had made the motion.)

PRESIDENT NAVARRETÉ: That's what you did? Okay. Then I didn't — okay.

All in favor of cutting the debate or closing the debate say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All apposed?

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: Okay. The discussion is closed.

Now are you ready to vote on the amendment?

All in favor say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All apposed?

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: The amendment is passed.

Now it's time to vote on the policy as amended.

We'll entertain a motion.

(Whereupon an unidentified female reported a motion had already been made.)

PRESIDENT NAVARRETÉ: We have the motion.

(Whereupon, there are several people talking at once.)

PRESIDENT NAVARRETÉ: Somehow I just am not flowing that for some reason.

You're testing you. You're testing me and thank goodness for the wisdom that we have in front of us. Okay.

So all in favor say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All opposed say, no.

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: Okay. The policy as amended has passed.

You got me?

(Laughter)

CHAIRMAN BOONE: All right. The next piece is the investment policy for the National President's Scholarship Endowment Fund. It's the eight-page, eight pages that you got in your meeting packet.

This is the test to see if you read it. Okay.

Just to give you a little bit of background, because we're not reading through this, our auditing firm has reviewed this to make sure that there weren't any problems. We've had other reviews, the Finance Committee has reviewed it, and are recommending its adoption.

And so this is specifically about the National President's Fund and it's intended to minimize our risks in terms of our investments and have diversity in the way we invest the fund.

So hopefully we would be lowering our risks.

Are there any questions?

(Whereupon no verbal response is heard.)

CHAIRMAN BOONE: Okay.

So if someone would like to move to adopt or not?

(Laughter)

MS. ZWALL: Vickey Zwall, NEC, Department of Arizona.

I move that we adopt the National President's Scholarship Endowment Fund Investment Policy.

(Whereupon a female voice was heard to second the motion.)

PRESIDENT NAVARRETÉ: There's a motion on the floor to adopt the National President's Scholarship Endowment Fund Investment Policy statement and there's a second.

Is there a discussion?

(Whereupon no verbal response heard.)

PRESIDENT NAVARRETÉ: All in favor say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All opposed say, no.

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: The Investment Policy as distributed is approved.

CHAIRMAN BOONE: The next one is the Spending Policy, which is one page and then it has an example. So you have two pages with it.

Okay.

So once we have profit, investment income from the endowment fund, that is what's going to be used to provide scholarships. And the idea of establishing the endowment fund was to have a way other than our annual budget to fund scholarships and the hope was that the investments would grow and that over time we will be able to give higher amounts or more scholarships. We would be able to spend more on scholarships. So that's the intent. So this is the spending policy and it's also been reviewed by our auditing firm to make sure that it falls into legal and appropriate policy.

So for instance, do you want to walk through how it will be decided?

On the example it shows this is the value of the funds over time.

So we have the fair market value and the policy states that it will be divided by the last three-year average market value.

So that's where that number comes from. And then that we would spend 5 percent.

So then five percent would be \$46,000. And then you would take the calculations of the earnings to make sure and then whichever is the lesser amount is the amount that you would be able to give out in grants. Okay.

So what the heck does \$30,000 mean, right?

That's how much we have budgeted actually this year. That was sort of like a footnote. And this is the last year it's intended to be in the budget. And from the future it will from our investments.

So if this is the year that we were going to go off the investment level, we would be able to have \$46,000. So we would be able to increase it.

So do you sort of get the arithmetic?

PRESIDENT NAVARRETÉ: You have heard the Spending Policy. I will entertain a motion.

MS. WILLIAMSON: Yes, ma'am, I am. Lisa Williamson, Department of Alaska.

I move that we adopt the Spending Policy for the National President's Scholarship Endowment Fund.

PRESIDENT NAVARRETÉ: Is there a second?

(Whereupon a female voice was heard to second the motion.)

PRESIDENT NAVARRETÉ: The motion to approve the National President's Scholarship Endowment Fund Spending Policy has been moved and seconded. Any discussion?

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: Hearing none. All in favor say, aye.

(Whereupon a chorus of aye is heard.)

PRESIDENT NAVARRETÉ: All opposed say, no.

(Whereupon no verbal response is heard.)

PRESIDENT NAVARRETÉ: The Spending Police as presented is approved.

MS. BOONE: Okay. Thank you, Madam President. That concludes my report for this evening.

PRESIDENT NAVARRETÉ: We got through that ladies.

The Chair calls upon Strategic Planning Co-chair Jan Pulvermacher-Ryan for the update.

CO-CHAIRMAN PULVERMACHER-RYAN: All right. Madam President. Good evening.

(Whereupon a chorus of good evening is heard.)

CO-CHAIRMAN PULVERMACHER-RYAN: The Long-Range Strategic Planning Committee has outstanding news to report at this time. Of the three initiatives approved at the Awareness Assembly 2008 by the NEC, two of them will be completed this year, with one of the two already completed, say for a few minor enhancement details to be finalized.

Of the three initiatives, one was to improve the ALA's technology in exciting innovative initiatives have been underway. The technology team has been working with national staff on two areas of emphasis for the national organization as well as for help to departments, units and our members.

The first is regarding the web redesign and the second a new membership processing system called, iMIS.

The web redesign is targeting to have a beta version available for rollout by late summer. The plan is to have a beta site live prior to launch for review by a variety of people both inside and outside the organization.

As we speak, progress has been made with a finalized homepage designed with eight navigation tabs. A site map, and seven different page templates have also been finalized. Approximately 180 pages of static content have been uploaded. Things like applications, forms, Plan of Action, Unit Handbook, and Constitution & Bylaws.

Creative content pages are about 20 percent complete. This is text that tells readers about the ALA, information on programs, committees, awards, scholarships, statistics of veterans served, hours volunteered, value of membership and more.

The site also has a member portal. This is a tie-in with the ALA's information management system or iMIS.

Training for staff on how to change content and photos and add or delete pages once the site is live began on February 25, this past week. This will also allow present content to go live at a selective date in the future, and can be entered ahead of time and scheduled to go live. For instance, on the last day of the National Convention listing the new national president and officers.

The second technology piece, ALA MIS is entirely web-based for departments and units. Plans are for the system to move from the beta phase for departments by June 2010.

As you can expect with a project of this magnitude, there are bound to be some unforeseen events that impact the timeline. The vendor just last week determined that they will not be able to begin the beta site conversion for all departments in May according to the original timeline established a year and a half ago. This is just a huge project with many, many components and there is so much complexity with the ALA data that it is taking longer to get the new servers loaded which in time pushes back the rest of the time line by about a month.

So instead of May of 2010, we are hopeful and optimistic it will be June 2010.

The silver lining in all of this is that it allows the ALA additional time for training and more time for the ALA National Headquarters to test the back office system and the tests departments to test the system.

So with the delay any refinements to training can be worked out before all the departments convert to the new system.

National Headquarters will work with departments to determine the rollout time line for their units. Departments were given an estimated timeline

for training and implementation at the 2009 National Presidents & Secretaries Conference.

That timeline, as I said, we are learning, must now be pushed back which means the cutoff time for those using The American Legion's AIM System, will be receiving a bulletin that fully describes the current situation along with the changes and the cutoff and the beta testing date.

Departments will have full control of which units go live and when this happens. This spring, 2010, National Headquarters will begin conducting departmental training sessions on the new system. These sessions will be delivered to departments via several webinars and also hands-on training sessions in conjunction with the National Membership Workshop in May 2010.

Please encourage your departments to send at least one person who will be responsible for processing membership in the ALA MIS Program.

We encourage you to have your department secretary and other department staff become trained on the new system as well.

This is going to be a big change and departments need to take every advantage of the training that will be offered.

Departments will also receive a written training guide, have access to online help tools, and will be able to obtain help from the membership staff at National Headquarters.

For units and members without computer access although available at most public libraries, the department will have the ability to easily access forms to send to those units and members which can then be returned to the departments and entered directly into the ALA MIS Program.

All of the data in this system is real-time, meaning that information and reports can be accessed by department and/or units, hourly, daily, weekly, or monthly each time with the current most up-to-date information available.

There will be many different types of reports available and if these do not meet your needs you can download your department membership data into an Excel spreadsheet or text files that can be sorted, filtered, or manipulated according to your needs.

Departments can access live activity reports as often as they wish. These reports will clearly identify each and every change that was made to each unit and/or member in their state within whatever time period they chose.

There will also be levels of security and controls in place whereby a unit can enter certain data such as when a member is deceased or when a member makes a donation, but that data will not be updated to the ALA MIS System until the department approves the change.

Surveys were done at the fall P&S meeting, gathering information to determine which data can be entered by units within the department and the department would receive a notice of activity and which data can be updated — I'm sorry, cannot be updated until the department authorizes the update.

As a result of these surveys better security controls are being put in place. Also the security in place will only allow a department to view and change member and unit information within their own departments.

A unit leader can only view information specific to their unit and unit members, and cannot make any other changes.

For the 2010 Membership Year, members will receive a membership card provided by National Headquarters. However in the future the ALA MIS System offers an opportunity to explore alternatives to reduce the cost of the current process which is more than \$100,000 annually to print and ship membership cards.

The second initiative called the “Clearinghouse,” is quite a success story. The team members, one of our National Headquarter VISTA Volunteers, and other National Staff, have implemented what we now call our “Gateway to Services,” on the Auxiliary website, so that our veterans and the military will have a one-stop shopping option to help them find the help they need for a variety of concerns.

Do you know a military family in need of free lawn care and landscaping? How about a deployed service member who could use temporary foster care for their pet? Looking for ways to help military children cope with a parent’s deployment? Wondering whether to find or where you can find scholarships for military spouses or pro bono legal-aide for veterans?

These are just a few of the more than 100 resources you’ll find on the brand-new Gateway to Services on The American Legion Auxiliary’s national website.

We are also grateful to The American Legion for posting the news about The ALA Gateway to Services on their Burn Pit. And if you haven’t visited the Legion’s website lately, you might take a look because they recently rolled out their newly updated site.

We are thrilled that the ALA’s investment in this strategic plan has visibly paid off with this beta version of Gateway to Services, the first launch of an ALA initiative that will certainly grow and change with new technology.

We invite you to check it out. Resources such as family, community and social support, health and wellness, career training and education, financial and legal support, are those that are located on the website.

If you know of a good resource to include please notify the national staff to add it. This will continue to be an evolving line of support into the future.

These two strategic planning teams composed of volunteers and national staff is to be congratulated on the positive work they have been able to accomplish these past two years. Our thanks go to them for a job well done. Some involvement from volunteers will continue to be a part of the ongoing process but the bulk of the responsibility will fall to staff to continuously monitor the effectiveness of these programs.

Available at this meeting, on your chairs, you had an updated mission and vision statement along with the purposes of the organization. These were developed by the Long-Range Strategic Planning team at a meeting held last November.

We are aware that many of our members did not feel that our previous mission defined us appropriately. And the vision did not really speak to what it was we intended to be. This is given to you today for your information and it is the National President's intention to have the delegates vote on this at the upcoming National Convention.

Thank you, Madam President.

(Applause)

PRESIDENT NAVARRETÉ: Thank you, Jan, for a very thorough report and I would like to, at this time, have a few minutes to see if there are any questions or a comment that you would like for Jan to record to take back to the group.

MS. COUGHLIN: Madam President, Kathee Coughlin, Department of Florida.

I would like to commend the committee. I have been sitting in meetings for many, many years and this Gateway portal thing we have talked and talked and talked and I am just so happy to see it because I have people calling me and say, hey, where can I find this, where can I find that and now all I've got to do is one-stop shopping. And for that I thank you, thank you, thank you.

CO-CHAIRMAN PULVERMACHER-RYAN: You're very welcome. Thank you. That will be expressed.

(Applause)

PRESIDENT NAVARRETÉ: Thank you, Jan, so much.

The Chair calls upon Bob Reeg, Director of Government Relations and Project Director of the American Legion Auxiliary Call to Service Corps VISTA Project update.

For many of you who may not know, Bob is in our Washington office here in D.C. Bob?

Let's give him a nice welcome.

(Applause)

MR. REEG: Hello. I don't get to see everyone every day that they're in Indianapolis. So hello.

We're going to spend about 15 minutes talking about the American Legion Auxiliary Call to Service Corps VISTA Project. And they'll be a repeat of this presentation for the full Awareness Assembly on Wednesday morning.

So if you feel on Wednesday I've heard this before, it's because you will have.

Where do I need to point it to make it happen? Oh, there we go. Woo.

For being young, I feel really old when it comes to technology.

(Laughter)

MR. REEG: So Gateway to Services, what's that all about?

(Laughter)

MR. REEG: In the outline of today's presentation, we're going to cover some fast facts about the project...get you a progress report of activities that are happening both at the National Headquarters level and in our participating field sites.

I'll tease you on about some future plans for the project and some related activity. And there's (indicating) my phone number and email address for people who want a dialog with a headquarters staff member after this presentation. You're certainly free, also, to speak to one of the leaders or to Dubbie as well. So many people with knowledge about the project to access.

I don't trust it yet.

(Laughter)

MR. REEG: So in terms of just some of reminders.

The project was launched at convention and the formal name is the American Legion Auxiliary Call to Service Corps VISTA Project. That's a lot of words, but we wanted to make sure the word American Legion Auxiliary was implanted in it, so that people understood it as a branded activity of the Auxiliary. And VISTA Project is there because we wanted to make sure that there was an identity connected to the federal program which supports this activity.

VISTA stands for Volunteers In Service to America and was a program first enacted by Congress in 1965 as part of the war on poverty, and has persisted to this day.

So the purpose of the project — because the VISTA Program is about poverty alleviation, we needed to craft a project purpose that included a poverty focus.

And also the VISTA Program is about capacity building of organizations to do good work. Rather than paying or help supporting organizations to do good work itself is helping — anybody receives VISTA funds to build their capacity for their own memberships and the general public to do the good work.

So you'll see later when we talk about some of the things going on, they're not going to be, oh, wow, you fed 100 homeless veterans. No, we actually didn't apply for this to feed them ourselves, it's to help you all feed them. So that's what we mean by the capacity building.

But anyway the official purpose in our project statement to the federal government is to enhance the capacity of the American Legion Auxiliary to generate volunteer service targeted toward poverty alleviation by and for veterans, military service members and their families.

And who is the end user of our great work? Our military veterans in poverty or at risks of poverty. Military service members in poverty or at risks of poverty. Relatives of veterans or military service members in poverty or at risk of poverty and the general population in poverty or at risk of poverty.

These (indicating) are our numeric outcomes that we're striving for this year.

100 additional volunteers recruited into the Department of Veterans Affairs Voluntary Service.

120 military families living in or near poverty receiving practical support from the Auxiliary.

1,920 additional veteran families engaged in poverty-related community service projects.

Now you may say that some of those numbers are still kind of low, but we actually don't think so. We wanted to and actually we were counseled by our federal advisor to set outcome targets that we could meet as opposed to promising we're going to change the world, and oops we didn't quite get there.

So we feel very confident about the VAVS number because that's part of our organization's longstanding history and everyone is familiar with who VAVS is and how we promote volunteerism and motivating our own members. You'll see we're actually focusing our project on putting us in a leadership role of attracting nonmembers into VAVS service. But we felt very good about that number.

The 120 military families is a low number for us because we're trying to do some things different than what we do already in terms of how the Auxiliary supports military families. And what we're hoping to get out of this project is some more long-term continuous support to some families with serious struggles as opposed to onetime, we love you, welcome home and good luck. We're really trying to build a culture of finding the families that have some particular struggle that merits Auxiliary partnering with them over a longer period of time.

And then the 1,920 additional veteran families in poverty like community service project has turned out to be pretty ambitious. We're really trying to count how our VISTAs are contributing to the generation of some larger-scale community service projects, that can help the general community but really need to have the veteran or relative of a veteran as the provider of service.

I still don't trust it.

(Laughter)

MR. REEG: So we have a staffing pattern. We received an assignment of 19 AmeriCorps VISTA members. Those are full-time, full-year positions. They are volunteer positions; they are not paid employees of the organization. They are volunteers. They do receive a poverty-level living allowance in order for them to give a year of full-time service. But it's not a salary and they are volunteers and have different coverage under federal law than an employee does.

We received an allocation from the federal government of 19 of them. We had two exit early. They call it early termination. It sounds like such a scary way, you say, early terminate, my goodness. But two have left due to some personal circumstances in their life. We have 17 remaining, of that, 10 are assigned to field sites and their primary activities are recruiting, retaining and engaging volunteers. And they're also designing and implementing community service projects. And then we have a team of seven VISTA members at Headquarters, and they're focused in the areas of volunteer development, program development, communication, and partnership and fund development.

The participating sites are listed here (indicating). Connecticut and Washington are the two states where we've had a loss of a VISTA member due

to their needing to move on for a personal reason. But those are the ones who remain, and we're so excited everyone is still hanging on.

And we also have — two of the VISTAs went to The American Legion, Department of California, which is turning out to be a wonderful addition for us as we learn about how this project can work in the future, because what I'm finding when I talk to some of the Auxiliary field sites is that VISTA is ending up doing a lot of partnership work with their Legion Department and so we're finding a little different ways to get Legions served as well as Auxiliary served through our leadership.

So a couple of quick facts points here. Again we are a project under the AmeriCorps VISTA Program, and AmeriCorps VISTA is administered by a federal agency called the Corporation for National and Community Service. We're a project supported through the American Recovery and Reinvestment Act.

So we don't have one of those big signs like what are on the highways these days they say they are built by the Recovery Act, but we could kind of have one hanging over us right now, because we are an organization benefitting from the Recovery Act this year.

We do have a one-year project. Because it's recovery funding, it's a one-year project period that ends about September 30, where under a normal VISTA Program it would be a three-year program, but due to the recovery nature of our project, we do have an official end date that comes up in September.

But I'll tell you about optimism and hopefulness for moving forward, but just so you know for the record, we have until September to pull this all off.

(Laughter)

MR. REEG: So to give you some sense of things that are happening because of the VISTA Project. There's more words on the PowerPoint than I'll go through, so I'll just hit some key top-level points and the PowerPoint will be posted on the American Legion Auxiliary website with the other Awareness Assembly material.

So at National Headquarters I said our team is scattered across our programmatic areas and we have three assigned to the area of Volunteer Development and they're doing some pretty impressive work.

One area of work for them is around VAVS Recruitment. And again what we decided to do with this was not contemplate about how to get more Auxiliary members in the VAVS service. We feel like as an organization we know that pretty well. What we don't know is what role we could play in helping invite non-Auxiliary members into the VA Voluntary Service.

So students, is an example. People with professional backgrounds that are in shortage in the VA system. So people with physical capabilities and just stuff that's not necessarily direct care of a veteran, but the infrastructure pieces for example.

So we've set up a task force that involved Auxiliary members, the VISTA members, some program staff, some field people, headquarters people. It's been a lovely interactive team to identify who were these target groups.

And now we're in the process of researching what messages would appeal to a student to come to do volunteer work at the VA on a regular basis as an example.

We're developing a recruitment campaign for those target groups, and then our field sites will be testing those campaigns and materials the remaining six months of the year, so that we learn what works and what doesn't from the thinking effort that's going on now.

So another area that they're working on is online volunteer recruitment. A number of people are accessing volunteer opportunities by looking for them online and we're positioning the Auxiliary to be relevant in that mode of looking for volunteer opportunities.

We have something on our website now that allows people to visit and say, hey, I want to volunteer. You can be an Auxiliary member and say that or you can be just a member of the general public who has heard about us and that triggers email that comes into our VISTA member whose screening those and sending them out to the department's VA&R Chair to do some further analysis of what that person interest is and place them in a service activity in their state.

So that's a VISTA member innovation that occurred because they heard about some really cool thing that came out around November 2009, called the iParticipate Campaign. And because we were a VISTA grantee the — that's a federally funded or federally encouraged activity this iParticipate. And then like well we've got to have something on this about veterans. Well who is the grantee for veterans work at as corporation? Well, it's the American Legion Auxiliary, so well, I guess we'll list them in this iParticipate campaign. So our VISTAs said, I guess we ought to participate and developed it.

(Laughter)

MR. REEG: It's really exciting because it was them figuring it out. And it's something now. It's a permanent part of our organization to have that capability for someone to look at our website, say I want to volunteer, help me connect to you to do that.

The other things that we've done in this area are listing ourselves on all the other gazillion website that are out there for people who look for volunteer opportunities. So that's just low hanging fruit that we took advantage of.

And the third is around we're helping our field sites generate volunteer interest by linking to some existing programs that create incentives for people who want to volunteer. This is referring to a program. The Disney Corporation has a incentive program to reward people that do volunteering and we were able to list field site volunteer projects in the Disney Grant Program and we got a ton of nonmembers doing volunteer work in some of our field sites because they saw that as a way to get some free admission to a Disney property this year.

(Laughter)

MR. REEG: Easy. But easy because we had an extra human being to figure it out and set it up.

The other area that the volunteer development team is working on is building on a leadership support system. That will be an online toolbox with some associated training to help department and unit officers and leaders have

more tools at their disposal to do the work that they need to get their committees operating successful each year. And as part of the steps they conducted a membership survey. It was pretty detailed and actually got quite a bit of response most from field sites doing outreach, but there was an opportunity for any member to respond based on something that was in the magazine. They're using that information in the form that's about what do our members like to do? What don't they want to do? What do they need to know more about? What do they wish we had never heard about again?

(Laughter)

MR. REEG: I can think of few things right now.

(Laughter)

MR. REEG: They also are now developing a list of topics and tools and are starting to develop modules.

So this is something that will be available in August. There will be parts of it. We're really focusing this year on the building up of tools and some training additions around membership recruitment and retention as an example.

Now switching over to the program development stream of our work.

I will not belabor this because the last presenter spoke about it so eloquently. But the Gateway to Service project of our strategic plan took life because of the VISTA support in our organization to just have the extra human resource capacity to bring it to life.

We're also in the program development area building out tools for various Auxiliary programs. Again to get more guts to the bones so that folks can make our programs really popup and come to life more fully.

There's some examples here (indicating). Just a simple thing we did right away. When I say we, I'm talking about the enterprise. All I did was type the PowerPoint.

(Laughter)

MR. REEG: And not a spelling error yet.

(Laughter)

MR. REEG: I know, I'm like, oh, I always find one afterwards.

(Laughter)

MR. REEG: But I know one of you will. I know one of you will.

(Laughter)

MR. REEG: Anyway as an example the emergency fund. What was told to our staff was so many questions that come to us on the form that stopped people from moving it forward successfully because they haven't filled it out completely. So a simple thing to help people complete the form properly.

Some work went out about how to better utilize like the Poppy Program. For our Martin Luther King Day of Service we developed a whole set of material this year to help units execute MLK Day of Service projects.

So those are examples (indicating).

We're also really spending a lot of energy this year on building our capacity to support military families.

Some activities going on under this project. To do that we launched a project as pilot called ALA KIDDSS. Kids In Danger of Depression and Suicide and it's put the Auxiliary in a leadership role in communities to develop awareness and service activities around the mental health needs of military children.

And that again we're doing on a pilot basis with a few of the sites so that we can learn whether its worth pursuing nationally before we roll it out in the plan of action and have it be a flop. We want to actually test some things before we go big.

We've also entered a collaboration with Operation Homefront which is a primary provider of support to military families both on economic assistance and morale support. And we're contemplating how we interact with activity expected for Memorial Day or around Memorial Day this year organized by giving our — some are calling that the National Day of Awakening. And that's again public awareness about the reality that military families are throughout our communities and have some needs that differ from the civilian population.

In the area of communication a lot of writing and designing desktopping starting but at the end of project period we're expecting some new material in terms of our general presentation of who we are or a PowerPoint about who we are, so maybe the National President can use that at future meetings. A membership brochure. Fact sheets on our programs so that if somebody doesn't know by memory what Girls State and Girls Nation is, could actually have that available to them. The communication. This is spending a lot of time in a writing content for the website.

In the area of Partnership and Fund Development, our VISTA heading these efforts is working with the staff to develop an actual fund development plan.

We're also doing a pretty big project around assessing the capacity and needs in terms of volunteer management of other veteran service organizations. Putting us in a real leadership position among the veteran and military service sector that we know enough about ourselves to know that we don't do it all ourselves. We know there's other groups like us, well what are their weaknesses and strengths. Maybe if we all knew this as a sector we could lift the boat for all of us.

So on the field sites I'm just going to hit one on each. But I tried to summarize some of it. This is an example of what they're doing (indicating). I couldn't possibly list all of their activities, so I just put some teasers out here for you.

I think Arkansas is fun. They decided to try to experiment on how to tie membership drive with duck hunting registration.

(Laughter)

MR. REEG: Why not? I mean, that's innovation. Innovation is happening though this project.

(Whereupon a female voice is heard faintly off microphone saying buck.)

MR. REEG: Oh, Buck. Buck.

(Laughter)

MR. REEG: Well thank you. Thank you. Well the second point of order, I think there's ducks in Arkansas too.

(Laughter)

MR. REEG: Okay. There's other permutation. We'll stay with duck and buck.

(Laughter)

MR. REEG: Okay. California did a really nice intro to the VA Voluntary Service System for public officials and community leaders.

Florida organized a 5K race to raise money for the Domiciliary Program in Orlando.

Michigan is integrating a Poppy Program into a homeless veteran residence to create a small income stream for disabled veterans in homeless veterans facilities.

New York had a warrior assist —

(Whereupon several female voices are heard talking at once.)

(Laughter)

MR. REEG: Oh, I went — yes, New Mexico wonderful. They took the Martin Luther King Day of Service moment and created 1,000 points of light approach where various units were organizing their own respective projects and this supported those units in getting their grassroots projects off the ground.

New Mexico had a warrior —

(Laughter)

MR. REEG: Oh, it's late. It's late.

New York had the beginnings of a Warrior Assistance Fund and this VISTA member has worked with the Chair of that activity to revitalize it, expand it. It's raising more money and they're able to help more people in the State accordingly.

Ohio. This is an example where they're doing a lot of work with the young members in their organization. And they also — some of our departments don't even have a web presence and several of the field types are developing web pages, which is a great starter place to connect to the Auxiliary's online resources.

In Oregon they have done a lot of work around military families including working with corporations to put together holiday baskets at Christmastime and they're now doing a school supply drive.

Washington, as I said, their VISTA left a few months ago, so they haven't had a full year of service but even in the several months she was with us they worked on organizing regional trainings for the VA Voluntary Service.

Wisconsin is organizing a statewide series of veteran and family member job fairs. And they're doing that in partnership with The American Legion and by the end of the project period they're likely to have 18 different job fairs that have Legion and Auxiliary branding on them.

So as you can see a lot of different things are happening right now at the field sites and what will happen in the next six months of the year as some

of the national material unfolds around them. For example the VA Recruitment Campaign, the field sites will start executing some of these national pilots. But right now they've kind of had their creative six months, take advantage and get some stuff off your to do list. And honestly what we're discovering is a lot of VISTAs' own passion is coming forward in these projects and really taking the states in directions they didn't know they would be going in when they started this activity.

So in terms of the future the current project does continue through September. We're hoping to get the project renewed for a three-year period. An invitation to resubmit is being anticipated and we're also anticipating an increased number of VISTA members being assigned to us if we want that.

So stay tuned for information from Auxiliary leaders in the springtime about where we plan on going with that and whether there will be opportunities for other states to join into this project.

So I don't have more specifics that that right now, but you'll all be notified through our channels about how a state could join on.

And then another direction for us that's very exciting is we submitted an additional application under a companion program that's just called AmeriCorps. We're AmeriCorps VISTA. But there's a companion program that's larger that's called AmeriCorps. It's received quite a big increase by Congress in the appropriations, so they have a large expansion effort going on under regular AmeriCorps including a priority for projects related to veterans.

And in response to that we've organized and submitted an application to Form A Call to Service Corp Consortium where the Auxiliary would serve as an intermediary and then assign AmeriCorps members both to ourselves but to other national collaborators that want to get an AmeriCorps asset, but don't want to handle the application elements. And so the application we submitted included National Paternal Congress of America, the Ride 2 Recovery, Operation Homefront and the National Military Family Association. And those are — now those are all organizations working at different levels of capacity, but they basically were thrilled to pieces that the Auxiliary would take the leadership to help them also get an AmeriCorps member to enhance their works.

So that decision will come out in the summer. And we're excited and hopeful.

So a couple of key learning to date. As the Gateway to Services demonstrated, those additional human resources in our organization are enabling us to fulfill our strategic plan. It's generating additional activities that support the plan of action objectives.

Every one of these things on here I can find a plan of action objective that matches it. It's really fostering department level program development and innovation.

One of our state supervisors said to me, we've never had that ability to actually have somebody on our staff that develops programs. We're running the membership and the meetings and gosh someone actually just run with the

project idea and take it statewide hasn't been something they've been able to do before.

An example of the consortium approach I mentioned but some of the things going on at VISTA itself is new collaborations. I say, because we're now a federal grantee, I get a call probably once every two weeks from another national group that wants to know what we're up to.

And that's a place we haven't been before as an organization to be called by the National Military Family Association. And she'll say should we be doing something together.

So it's an open conversation with some specific ability to work rather than just say, well, let's be nice to each other.

And finally it is raising a visibility within the civilian sector. I've gotten calls from Big Brothers, Big Sisters, saying what could we do together? Boy and Girls Club of American, what can we do together? Those are really big national institutions in our country, and this is creating a forum for them to engage with us. And I would say those activities I talked about getting our presence known in volunteer general websites and places, is helping the general public. They say, who is the American Legion Auxiliary and what are they up to?

So those are some benefits I'm seeing that don't tie specifically to the project outcomes, but are definitely positioning us to be a continued and expanded leader in our Nation around veterans and their families.

There we go. I'm probably over time but I assume they knew that would happen.

(Laughter)

MR. REEG: And if a state would like to sign up to do duck hunting registration I want to know about you.

(Laughter)

PRESIDENT NAVARRETÉ: Okay.

MR. REEG: Thank you.

PRESIDENT NAVARRETÉ: Bob, just stay right there for a minute.

We've had a lot of questions about our volunteers working, and so Bob, I want to thank you for taking the time and doing the PowerPoint because I think it was really good information that has been communicated and if there's more questions or concerns. Those departments that are participating would you please stand.

(Whereupon members stand to be recognized.)

(Applause)

PRESIDENT NAVARRETÉ: So while you're here these next few days, you've seen who has stood up, please talk to them. Ask them questions and get more information. I have seen those in action.

In Ohio I saw, oh, wow, he was just so excited. The room they had designated was standing-room only and he was working with the Junior group and the National Commander was there also and he took time to go visit. And it was the first, they said, in Ohio that the National Commander and the Sons of

The American Legion Commander was there and then I was there. And we each were given an opportunity to bring greetings. But that room was not only filled with youth, but it was filled with their parents, with uncles and we had folks coming out and asking, I want to join.

So thank you, Bob, for leading the effort. For being with us and your presentation was most enlightening.

(Applause)

(Whereupon comments are being made off microphone which are inaudible.)

PRESIDENT NAVARRETÉ: You need to know that if there were any documents left on the chair, you need to take them because they'll be discussed tomorrow. If they're not on the chair, they'll be there in the morning. I think we have one resolution.

The Chair calls upon National Secretary for announcements.

SECRETARY BUCKLER: Thank you, Madam President.

Actually there are no -- no one handed me any real announcements by

—
(Laughter)

SECRETARY BUCKLER: I stand corrected.

(Laughter)

SECRETARY BUCKLER: Breaking news. Oh, how many of you -- hopefully you have. How many know about The American Legion's Operation Comfort Warriors Pepsi Challenge?

(Whereupon hands are raised.)

SECRETARY BUCKLER: Oh, cool. Okay. How many of you don't?

(Whereupon hands are raised.)

SECRETARY BUCKLER: Somebody sitting nearby them would you grab them and explain it to them?

The American Legion is in the running -- now this is important. What is today's date?

(Whereupon a chorus of February 27.)

SECRETARY BUCKLER: Okay. Today's date is, that was the question.

(Whereupon a chorus of February 27.)

SECRETARY BUCKLER: You're getting ahead. Okay. Tomorrow's date is the 28th, that's the last date to vote. If you have access to the Internet anytime between now and tomorrow, or you can call people who do. Tomorrow is the last day of voting. If you haven't voted today, vote today, and please vote tomorrow because somebody just checked and The American Legion is in first place.

(Whereupon there was a roar of cheers and applause.)

SECRETARY BUCKLER: And if they win, if we can sustain this through tomorrow The American Legion will win a \$250,000, as in a quarter million dollar grant, for its Operation Comfort Warriors. All that money will go directly to wounded and rehabilitated warriors.

(Applause)

SECRETARY BUCKLER: We've already let the Legion know what we've been doing to try to promote this, so we'll continue to let them know. Thank you, Madam President.

Minnesota has one ticket for the Sunday night reception, so that would be see Kris Nelson? Marsha? Okay.

This is not necessarily an announcement but if Catherine Gibbs, are you here with us this evening? Well I just wanted to say that some of you came by way of bad weather. Some of you came by way of waddle airplanes; she came by way of the emergency room at a hospital in Arlington because she fell at the airport. So we're glad that -- I'm glad to see that you're here.

(Applause)

SECRETARY BUCKLER: And finally Madam President, just as a point of personal privilege I would like to thank the staff that are here at Awareness Assembly. I'd like to thank them on multiple levels. Everyone is pitching in and doing more for a variety of reasons including -- I hope some of you paid attention to the presentation by the auditor. It has been very tough trying to operate within the financial means that we have right now, and it's going to be even tougher to continue to do it.

Recently, very recently just before this convention, the executive assistant to the National President resigned to take a better position. People don't realize how much everyone does until that one is not here. So we have a lot of people who are pitching in doing double and triple duty trying to get everything running smoothly for you here to where at Awareness Assembly and I would just like to thank the staff, who are stepping in and doing way more than they would have anticipated they would be.

(Applause)

SECRETARY BUCKLER: Thank you on their behalf and I thank you because that was music to my eyes to see you do that. Thank you.

PRESIDENT NAVARRETÉ: She stole some of my words, so the sentiment is here, and so I truly appreciate everybody stepping in.

Past National Presidents, you know how crucial a script is and getting things coordinated, so we owe it to the multitude of staff, who have done their best for the meeting and tomorrow and the Assembly to go well.

The National Executive Committee will recess until 8:30 a.m. tomorrow. Thank you so much.

(Applause)

(Whereupon, the meeting was adjourned at 9:05 p.m.)

SUNDAY, FEBRUARY 28, 2010
PROCEEDINGS

PRESIDENT NAVARRETÉ: The National Executive Committee Meeting will now come to order.

(Ringing of the bell.)

PRESIDENT NAVARRETÉ: Please rise for the invocation by the National Chaplain Beverly Wolff.

CHAPLAIN WOLFF: Let us follow our heads and hearts in prayer each in our own faith.

Good morning, Father God. Be with us as we gather together this morning. Let us remember that we are sisters in the American Legion Auxiliary working together for the good of the American Legion family. Help us to reconnect and energize. Guide us this morning that we may accomplish all that is placed before us in an orderly manner. Bless and protect our troops and this great nation. In Your Name we pray. Amen.

VOICES: Amen.

PRESIDENT NAVARRETÉ: And would you please remain standing, and in honor of Old Glory, I would like for all of us to sing the National Anthem.

VOICES: “Oh, say can you see, by the dawn’s early light, what so proudly we hail’d as the twilight’s last gleaming? Whose bright stripes and bright stars, thro’ the perilous fight, o’er the ramparts we watch’d, were so gallantly streaming? And the rockets’ red glare, the bombs bursting in air, gave proof thro’ the night that our flag was still there. Oh, say, does that star-spangled banner yet wave o’er the land of the free and the home of the brave?”

PRESIDENT NAVARRETÉ: Thank you so much. You may be seated.

(Ringing of the bell.)

PRESIDENT NAVARRETÉ: Right to business. The Chair calls upon Linda Boone for a report from the Finance Committee.

CHAIRMAN BOONE: Good morning, everyone. If you would pull out your quarterly -- it’s FY10 Q1 Report. It’s the spreadsheet. We’re going to be going over that this morning. Okay.

This is a new report. So it’s going to -- this will be the first time that you’ve seen this in this format. Normally, I just sort of give you the totals of where we are year-to-date on the budget to actual.

What has been a long desire of mine is to make sure that the governing body of this organization receives this report on a quarterly basis. So that’s what’s started. So this is the first time.

You will -- for the rest of the year, you will get at the month -- two to three weeks following the close of the quarter, you will get emailed to you the quarterly report that will look similar to this. So it will give you the information of the budget that you adopted, where we are year-to-date. So this is the first quarter, and we’ll be going over that.

If you have any questions, we can take a couple at the end, but if you have anything that you think of, or whatever, I would ask that you email

those questions to myself and to Tim, who I'm going to introduce you to here officially in a moment. So, you know, if you have any questions and you don't think of it today or whatever, you're more than welcome to do that later.

One of the things that -- that -- I think that you need to get familiar with some of your staff. And Tim is not new to the American Legion Auxiliary. He's been with the American Legion Auxiliary since he was hired in November of 2006. But he hasn't always been around where -- that you could see him. So today, Tim's going to go through this information for you.

Tim is the Controller -- Comptroller. They are the same term. And that means -- the definition of that is "an officer who audits the accounts and supervises the financial affairs of a corporation". And that's Tim's job. And he's the big pencil guy.

But I wanted to tell you a little bit about Tim. He is a certified -- CPA -- Certified Public Accountant. As I said, he was hired in November of 2006. And in July of this last year, he was promoted to the Controller.

Tim has held a variety of accounting -- increasing in responsibilities in the accounting positions and finance since graduating from Ohio State University and receiving his CPA certification.

Prior to coming to the American Legion Auxiliary, he worked 11 years as Director of Finance for Traders Point Christian Church in Indianapolis with a membership of 1,500 and 40 staff. And he has great qualifications. And we've come to enjoy Tim. You know, he is an accountant, so --

(Laughter.)

CHAIRMAN BOONE: But what keeps him real, he's married, and he has a 16-year old daughter that he's teaching how to drive. So --

(Laughter.)

CHAIRMAN BOONE: So I'd like to welcome Tim and get familiar with our Controller Tim Bresnahan.

(Applause.)

MR. BRESNAHAN: Thank you, Linda. First, I just wanted to thank everybody for being here this morning. How are you? Good. Good.

Also, I -- before I get started, I just want to insure -- or make sure all the duck lovers in the room --

(Laughter.)

MR. BRESNAHAN: I just want to make sure that you know that there won't -- in my presentation, there won't be any mentioning of harming ducks in any way. And for those of you that weren't here last night or for those of you that were here last night, if you could get with the people that weren't here last night and tell them what that means. And they won't know. They won't think that, "What in the world is he talking about?" So --

Okay. First, I wanted to look at the Page 1 of your summary. And I wanted to look first at the -- it's called the American Legion Auxiliary -- it's "ALA NHQ First Quarter At a Glance." And I just wanted to briefly go through that box. Does everybody -- okay.

As you can see by that first box, the ALA NHQ revenue was less than projected by \$530,000, as of 12/31/09. The ALA National Headquarters first quarter actual expenses were actually less by \$230,000. So we came under budget on that.

The ALA National Headquarters first quarter projected net income was \$1.3 million. And we actually ended up at \$1 million in actual net income. So we're below -- or behind our projections by \$300,000.

On Page 2 of the quarter summary, this lists out in detail by each activity. But one of the things I wanted to point out here was that our National Headquarters staff -- for the past couple of years, we've started having them allocate their time by the programs that they work in. And we do this to get a true cost and capture the true cost for our programs, our fund-raising, and our admin costs.

So there may be some -- the budget was based on two years of actual -- we started two years ago. So we have two years of actual historical numbers that we base the budget on.

But one of the things I wanted to point out here, too, was that the personnel budget in total for the first quarter was less than the budget for the first quarter.

On Page 3, this page reflects other unbudgeted revenue and other unbudgeted expenses. And these would be such as unrealized gains and losses. And you can see we had an unrealized gain here of \$409,000 for the first quarter.

But one of the things I wanted to point out here was we had \$400,000 in unrealized gains for the first quarter, but those -- in January that got all wiped out. So we're back to zero. And I just point that out, 'cause it's an unstable investment environment right now.

And then also on Page 3, we -- are the additional notes. There's certain -- for certain variances in the certain activities that had variances. We try to provide a narrative for you. And, again, like Linda said, each quarter when you get this, this will be the format you get it in. And I will do my best to explain any variances to you.

That actually concludes my review. I did want to reiterate what Linda said. Just don't hesitate -- if you have questions, don't hesitate to email me or Linda, and we'll get back with you and answer your questions as best we can.

Again, I just wanted to thank you all for being here. And I really did want to take a couple of seconds here just to thank you all for what you do for this mission. And I enjoy working for the Auxiliary. So just thank you very much. It's nice to meet you.

(Applause.)

CHAIRMAN BOONE: And he didn't faint or anything.

(Laughter.)

CHAIRMAN BOONE: As you might be aware, you know, a lot of times accountants don't do a lot of public speaking. So it's a new territory. But --

Okay. A couple of other things that you need to be aware of. The Finance Committee did meet for two and a half days prior to today. And so we have a few things to report to you.

One is VIM Program, Very Important Member, the paid-up-for-life program. There is going to be some rate changes. And those rate changes will be effective July of this year, 2010. And you will be getting a letter from the National Headquarters explaining all that in detail. And so, as you can imagine, rates need to go up.

But just as a side note, one of the things that I thought was interesting is the category that went up the highest -- the highest dollar increase, is \$112 for a unit that has \$50 in dues. And so many of you don't think that you can charge that much and have membership, but evidently you can.

So I thought that was interesting for the -- and that was for the age group 70 to 79. But I just thought that was an interesting sidenote that we do have units that have big dues amounts.

So anyway, that letter will be going out and that'll be all detailed for all the rate changes.

All right. The other -- in terms of affinity programs -- the other affinity programs -- we get a -- we had a report about some of the affinity programs. And one that is -- we agreed on a change in process was something we talked about last night a little bit. It was the Collette Tours. And now -- 60 percent of the revenue -- the proceeds have been coming -- the royalty fee have been coming to the American Legion Auxiliary National Headquarters. And those now -- if a department books directly and works with Collette Tours directly, the national organization will not -- will just pass that through to the departments. And the departments will get that 60 percent royalty fee instead of having to share with National or not getting any at all. So we're going to pass those on to you. So that's a new opportunity for the departments.

We just thought we would give you a -- sort of a quick update on the fund-raising activities that we're in the middle of. We have -- several campaigns have been going on with cards and labels and that sort of thing. And although those campaigns are not completed yet, and we don't have complete numbers to give you, but we do want to tell you that they're going very well and better than we expected. So we have some revenue coming in better than we anticipated.

Also the 90th Anniversary Campaign sent out to members to ask them to support our programs in the 90th year, that has gone exceptionally well. And so far we've \$148,000 net, you know, over cost for that. So that's been a really good campaign. And those funds are used for our programs. Nothing specific, but, in general, our programs. So we are working on the revenue side.

As we all know, the dues increase proposal for last year we not successful at the National Convention. And so the Finance Committee has had, as you can anticipate, lots of discussion, because we have a \$350,000 deficit budget this year, anticipated to be over 600,000 next year, and then growing each year.

So we are going to ask for a dues increase. But it will not come before this convention body. We were going to do it in 2012. Okay. So you need to warn your departments that we're going to heavily, you know, hopefully build a case for what needs to be a dues increase.

The proposal is for \$5. And it will -- and additionally, we are putting in a way to increase the dues every third year by fifty cents so that we don't have to come back and re-ask and have the battles, and just to do good planning. I mean, that's a good planning tool for all of us from the unit all the way up to the national level.

And so that will be -- right now, that's sort of the draft proposal. There may be some other tweaks to it between now and when it comes out at the, you know, the 2012 convention, but that's what our, sort of, draft looks like right now. And we're looking at -- you know, we are considering other options. So -- but that's what we've pretty much conceded right now. So we'd like you to take that back.

It might be interesting to note that 47 departments have raised their dues at least once and most multiple times since the National Organization has had a dues increase. So dues increases are going on, just not at the national level. And so we need to step up a little bit, especially from our auditors viewpoint that you saw last night that there is more than just one or two reasons for doing that.

Okay. That concludes our report. Is there any questions that you might have?

VOICE: Madame Chairman.

CHAIRMAN BOONE: Yes.

VOICE: They might be interested in knowing that we had an actuary done and that the increase in the rate was the result of their report.

CHAIRMAN BOONE: Thank you, Carol. Thank you.

PRESIDENT NAVARRETÉ: I wanted to make one note here. I believe it was the -- presented at the 2011 National Convention and not the 2012. So I just need to get that confirmed with the Finance Committee it was --

CHAIRMAN BOONE: Yeah. Thank you. Sorry.

PRESIDENT NAVARRETÉ: -- 2011. Okay.

CHAIRMAN BOONE: I'm skipping too many years.

PRESIDENT NAVARRETÉ: Right. And we're still counting the pennies. So it's 2011. Please take that back. And are there any questions or concerns or comments -- additional comments?

VOICE: I wanted to know if there had been any investigation on different ways of paying for that VIM. I know that had been under discussion before.

CHAIRMAN BOONE: Different ways of paying for VIM other than?

VOICE: Other than just, you know, like a payment plan.

CHAIRMAN BOONE: Oh, and I forgot to tell you, we are changing the name of it.

VOICE: Oh, okay.

CHAIRMAN BOONE: Paid Up For Life. We're going to go like the Legion does. So it better describes what it is -- Paid Up For Life. Yeah. Okay.

I don't know. Marta, you can answer that question.

TREASURER HEDDING: We just --

PRESIDENT NAVARRETÉ: Come to the mic.

TREASURER HEDDING: Several years ago, we were asked to explore that, and we did. And we presented it to the attendees of the Presidents & Secretaries Conference, and it was rejected. So we can certainly look at it again. And with the new system, it might be easier to manage at that time. So. Okay.

VOICE: Thank you.

CHAIRMAN BOONE: Yes.

MS. SANDERS: Nancy Sanders, Department of Mississippi. I was noticing we have in three places the membership renewal notices and then another one is membership card production and distribution. The other one is membership processing and circulation. Is that all three different things, or could it be put into one? And is it going to lessen now that we're changing our membership ways of -- our new program?

CHAIRMAN BOONE: Yeah. Those changes will be reflected in the next year's budget. And some of the finance -- but, Tim, maybe you can answer that? She's asking about the three different categories on the --

MS. SANDERS: But they're overlapping. I mean, it seems like they're overlapping.

CHAIRMAN BOONE: So she's -- okay.

MR. BRESNAHAN: Yeah. They're --

MS. SANDERS: 121, 122, and 134.

MR. BRESNAHAN: 134. Yes. We are going to be looking at those activities. And it's one of my goals in the next couple of years is to, where we have some redundancy or we can -- where we can simplify it and group them together, we are going to do so. So.

MS. SANDERS: Okay. And I have one more question. We have a lot of deficit so far in the staff part of this already in this quarter. We're going into the hole on, I guess, what we would call overtime. And this is just the first quarter. Is it going to be like that the rest of the --

MR. BRESNAHAN: That's -- I'm sorry. Keep -- I'm sorry.

MS. SANDERS: Is it going to be like that the rest of the year? Are we going to look to see that that's going to continuously --

MR. BRESNAHAN: Staff is spread out amongst all those activities.

MS. SANDERS: There's several. You know, we had deficits in several of them.

MR. BRESNAHAN: Right, but some of that --

MS. SANDERS: And that concerns me.

MR. BRESNAHAN: That's why I talked about how we had the staff allocate their time. And that's why I also -- they allocate their time based on what they worked on. And we have, I think, two years of actual numbers to budget by that. So that's how we budgeted.

MS. SANDERS: Historical?

MR. BRESNAHAN: Historical. But that's why I said in total, we're getting all the allocations. There's total salary and wages, actual versus total budget to date, salary and wages were under. So I would expect that we'll be under for the year.

MS. SANDERS: Okay.

MR. BRESNAHAN: Or right at budget.

MS. SANDERS: All right. Thank you.

PRESIDENT NAVARRETÉ: While you're still up there, Nancy, Tim, would you address her comment that said "overtime?"

MS. SANDERS: They are the salaried. They're not --

PRESIDENT NAVARRETÉ: It's not. That's right. I just wanted to --

MS. SANDERS: I understood what he was talking about.

PRESIDENT NAVARRETÉ: Well, there is some overtime --

MR. BRESNAHAN: There is --

PRESIDENT NAVARRETÉ: -- but that's not the complete deficit.

MR. BRESNAHAN: And --

PRESIDENT NAVARRETÉ: And I've been given a note that any comments need to come to the microphone, okay, so that it's heard by our official recorder.

MR. BRESNAHAN: And I just want to clarify. During our budget process, we do budget for overtime. So that's included in there.

PRESIDENT NAVARRETÉ: Those are good questions -- good review, because we want you to fully understand it so when you go back home you can explain it to the leadership in your department.

CHAIRMAN BOONE: Our auditor for several years has reported that we have too many line items in our budget. We have over a thousand line items in our detailed budget that we track separately.

And that came over time out of necessity, 'cause somebody would ask the staff, "Well, how much do we spend on poppy corsages," or, you know, corsages for Past National Presidents or this or this. And so they would have to go do -- dig through that information. And so they built a thousand line-item budget.

So we need to collapse that and get out of the minutiae of detail. So that's something that -- like Tim said that he's going to be working on.

Okay. Any other questions?

PRESIDENT NAVARRETÉ: Thank you, Linda.

CHAIRMAN BOONE: All right. Thank you.

PRESIDENT NAVARRETÉ: And thank you, Tim. And it's good that we see Tim, and that you get to know him.

(Applause.)

PRESIDENT NAVARRETÉ: I have asked all of the National Officers and National Committee Chairmen to prepare a written report for you. Copies were provided on your chairs, I believe, yesterday, or in your packets. And they are also available on the National Organization's website. I encourage you to promote this information to your departments back home.

Would all the National Chairmen please stand, and National Officers? You're at the head table. Thank you. These -- this is the team. This is the team that's complying and getting the information out.

(Applause.)

PRESIDENT NAVARRETÉ: Thank you. As you know, this is a special time for all of us -- the 90th anniversary of the organization. I have asked the National Historian to provide an update on the 90th Anniversary Special Project -- Milestones Over the Years Project.

I now ask Joyce Arent to come to the podium to present an update on this 90th Anniversary Project.

HISTORIAN ARENT: Thank you, Madam President.

As most of you have, hopefully, received this flyer in your packet. These were sent out last year also to every department. It's the Milestone Over the Years Project.

Unfortunately to date, I have only received three submissions from the entire country. And we're very disappointed in that. And we'd like to call it to your attention.

We need -- we would like to just see a little -- it doesn't have to be a long essay. Now, one of the ones I got is in a folder, and it's about that thick, and the whole history of that unit from when it was chartered 'til now.

This is not what we're looking for. We're looking for special things that may have happened in your unit, department, district, such as if you named your post after a special -- that special veteran that your post was named after, maybe write a little something about what that person did and when he served in World War II or World War I or whenever you named it.

Also, renaming of a post -- you added someone else's name to the post. Why did you do that, you know, after that veteran maybe passed away. We've had that happen several times in our department where it's named after one veteran, and then they had another man that died that was equally as -- or woman that was equally as important. And they add that name on.

So things like that. Who has served on the national level from your department, and those types of things. These are just accomplishments or even program activities that you had. So there's a wide variety of things you can write about.

And we would like to have this collection of milestones that we could put together. And it is not a contest. There's no grand prize winner or anything like that. So -- but it's just something that we would like to do for our organization so that we have some basis of history on some of these things that we have done in the past.

And I would really like to see -- and this is for everybody. You can do it as an individual. You don't have to do it, you know, as your post if you don't want to. So we expected to be flooded with things, and now I only have received three all year. So we'd like you to go back and visit this Milestone Over the Years Project and see what you can add. I'd like it to be a large book when we get finished at the end of the year.

So does anybody have any questions? Is it clear what we're doing, or I was afraid that maybe we weren't specific enough in our instructions. But -- **PRESIDENT NAVARRETÉ:** Many of you know that I enjoy the history and the grassroots history that's recorded. And in talking with the veterans across the country, they have a story to tell. And so you -- that's the importance.

It's under the role of the historian -- your department historian. So you take that back information and let your department presidents or the presidents that are here, just follow-up on that role of the department historian.

Thank you, Joyce.

HISTORIAN ARENT: Thank you.

VOICE: I just wanted to know what the dating was on that, and -- so we can find that.

PRESIDENT NAVARRETÉ: That was in the Plan of Action -- the original Plan of Action.

VOICE: Oh, okay. And so --

PRESIDENT NAVARRETÉ: And so it may have gone to the historian.

VOICE: All right. That's what we're trying to figure out, where we missed it.

PRESIDENT NAVARRETÉ: Yeah.

VOICE: Thank you.

PRESIDENT NAVARRETÉ: And again, it's that communication and following through that. So I charge you with that one follow-up on.

VOICE: Joyce, I'm the historian for the Department of Georgia. When are those due, because I have presented all that to our department and the districts, but I was under the impression that they were not due until, like, June.

HISTORIAN ARENT: June 30.

VOICE: June 1st.

HISTORIAN ARENT: June 30. It's just a reminder. This is mid-year, and so because there's still information that could still be recorded. So we'll take them any time, but --

VOICE: Well, we're working hard (unintelligible).

PRESIDENT NAVARRETÉ: Okay. Thank you.

The next item on the agenda is very crucial -- very crucial, very vital. And you're going to hear information twice while you're here in D.C. I am aware that many of the National Executive Committeewomen are not going to be here for the Awareness. And so I thought it was important that the American Legion Auxiliary Foundation have the presentations of Carol Moye -- the President of the Foundation from the Department of New Mexico was not able to be with us this period of time; however, she's entrusted in two officers to do this presentation. And if you haven't met these two individuals, please take the time to meet them while you're here.

Deborah McBride, would you please come forward? And Trish Ward, would you please come forward? Deborah McBride serves as the Foundation Treasurer. And Trish Ward, from the Department of Kansas -- and Deborah's from the Department of Colorado - serves as the Foundation's Secretary.

And they have given above what is expected -- a hundred -- if I could say 200 percent -- to make this presentation here. So I'm looking forward to hearing it and seeing the presentation. And I've already got my button of Ambassador. So I'm sure we'll -- you'll include that in your report.

TREASURER McBRIDE: Thank you, Madam President.

This morning we just have five minutes. So this is going to be short and sweet. And then, as Madam President said, we'll be presenting it again, actually Monday evening, which will be a 20-minute presentation.

We're very excited to be here. As Madam President said, I'm Deb McBride from the Department of Colorado, our treasurer. And my partner in developing this presentation is Trish Ward from Department of Kansas.

I just wanted to take a minute to acknowledge the Board, because all of the ladies who are on the Board have worked so hard. Madam President Rita is on the Board; National Vice President Carlene Ashworth; National VA&R Committee Chair Kris Nelson; National Children & Youth Committee Chair Peggy Thomas; National Secretary and Executive Director Dubbie Buckler; National Secretary -- I mean, I'm sorry, National Treasurer Marta Hedding; and then Carol Van Kirk who is our Past National President and on the Finance Committee.

And to bring you up to date, the American Legion Auxiliary Foundation has been active since its creation in 2007. By 2008, the full Board of Directors was in place. By 2009, we had policies, guidelines, and a work plan had been developed and adopted. And here we are in 2010. And we're ready to grow.

Just as you run your household working to make money, pay bills, take care of your day-to-day expenses, so does the Auxiliary. Your annual dues support the Auxiliary so it can take care of its day-to-day business, pay its rent, pay its utilities, pay its staff.

And all of us try to save a little extra money. Maybe we put it into a 401(k); maybe we put it into an IRA or a college account for our children or our grandchildren. And that is what your Foundation does for you. It works to earn that extra money so the Auxiliary can build long-term savings. And with the Foundation, we call it an endowment.

So what should you expect from your Foundation? Well, you should expect us to grow. You should expect us to save and to attract money from individuals and corporations to find, secure, and support grants at all levels of our organization. You should expect that as our endowment grows, we use that interest it earns to make grants -- make grants ourselves as a foundation, both at the National level and at the local level to support special projects of the American Legion Auxiliary at all levels.

So we say come grow with us.

That's our brief presentation since we only had five minutes. But we want to thank you for your time today.

Trish, Carol Van Kirk, and I will be presenting again on Monday. We've brought some brochures and some handouts that are around the room. And then we're also going to have a display up during Awareness, where we've

got some of our promotional materials, we have a DVD that we've produced that will be available, and you'll have the opportunity to see. And you'll also see our Board members. We all have our "We're Foundation Ambassadors" -- it's a campaign that we've developed and we're hoping will take off. So please come ask us about that.

And just thank you so much for supporting us and hope you'll come and find out more about us. Thank you so much.

PRESIDENT NAVARRETÉ: Okay. Before you leave the podium, I do not want to miss the opportunity for anyone in the room if you have a question -- a short question, I would like to hear your voices. I know we're going to have the full presentation at the Awareness, but many that are here may not be here for that. So I don't want to miss having someone ask a question.

(Whereupon, there was no response.)

PRESIDENT NAVARRETÉ: Does everyone know about our Foundation, that planned giving that we heard about yesterday?

(Whereupon, there was no response.)

PRESIDENT NAVARRETÉ: Okay. This is the way that we can really entice our members to know that the money that they give is going to be endowed. Okay. And hopefully, we'll reach those years where we can just enjoy the interest off that endowment. That will really help us grow. Okay.

Trish, do you want to say a word or two, please? You worked so hard, and I know you're not the shy one.

SECRETARY WARD: Well, I was up here trying to remember to smile, you know.

(Laughter.)

SECRETARY WARD: So we're very excited about the -- some of the materials that Deb and I and the rest of the Board have created on behalf of the Foundation. We have a DVD that we're looking forward to presenting, and we do have some packets. So if any of the NEC members who are unable to stay for the presentation and would like to see Deb or I, we have a copy of the DVD that you could take home to your departments and possibly show your membership. So please come and engage us on that before you depart, because we definitely want to get that out to our membership.

But it's very simple, and it's very explanatory. And hopefully it will engage our members to ask questions, because once they ask questions, then we'll be able to answer them and provide direction on what we believe is our future. And this Foundation is your Foundation, and it's our opportunity to grow for the future.

So we definitely want to make sure that everybody has opportunity to engage us, and together we'll go forward and look for great things in the coming year. So please come and find us and get a copy of that DVD. Thank you.

PRESIDENT NAVARRETÉ: And if you recall at our last NEC meeting, it was the request to Carol that the NEC be kept abreast and have an update of the Foundation. So I truly appreciate Carol having that on the agenda and insuring that we do this at this one and also at the Awareness.

So thank you, and we're looking forward to seeing the rest of the show.

(Applause.)

PRESIDENT NAVARRETÉ: At this time, I would like to present a resolution titled, "Conflict of Interest." And I've asked Co-Chair of the Long-Range Strategic Planning Committee, Jan, to present it, please. I believe that was in your packet also.

CO-CHAIRMAN PULVERMACHER-RYAN: Good morning, everyone.

VOICES: Good morning.

CO-CHAIRMAN PULVERMACHER-RYAN: I am optimistic that you do not want me to read this in its entirety to you.

(Laughter.)

CO-CHAIRMAN PULVERMACHER-RYAN: Okay. I'll take that as an assent that it's what we want to do. But just so that you have it, so if there are some questions, but we do need a motion to adapt the policy as it's written and delivered to you.

VOICE: (Unintelligible.)

PRESIDENT NAVARRETÉ: I would, for the record of the minutes, if you would read the result, and then we'll entertain the motion.

VOICE: Okay. All right. Madam President, I don't have the results.

PRESIDENT NAVARRETÉ: We will entertain a motion on the Conflict of Interest Policy. It's not a resolution, it's a policy.

Recognized.

MS. HARVEY: Madam Chairman, Department of Colorado, NEC. I would like to make a motion that we pass this recommendation.

PRESIDENT NAVARRETÉ: Okay. There is a motion on the floor to approve the Conflict of Interest Policy as distributed.

VOICE: I'll second.

PRESIDENT NAVARRETÉ: Any discussion?

(Whereupon, there was no response.)

PRESIDENT NAVARRETÉ: All in favor say, "Aye."

VOICES: Aye.

PRESIDENT NAVARRETÉ: All opposed say, "No."

(Whereupon, there was no response.)

PRESIDENT NAVARRETÉ: The Conflict of Interest Policy is approved. Thank you. Have a great day.

In an effort to provide Department training by your national organization and also recognizing the deficit budget this year, I asked the National Chairmen to consider volunteering their time and talent in presenting a training opportunity in their own departments at no cost. An idea to, once again, reconnect and energize using available resources. I asked the Leadership Chairman Sharon Conatser and last year's Leadership Chairman Diane Duscheck and this year -- who serves as this year's National Security Chairman, to lead the effort and work out as a team to get the project implemented.

You talk about a team working together and utilizing their talent to get this done. Thank you both for your willingness to assist in meeting my

expectations. I would like for Sharon Conatser to come to the podium please and give a brief report.

And as she's walking up, Diane, would you please stand? First off, we have received a hundred percent response from the National Chairmen -- also please stand -- because you deserve a recognition for taking on this project.

(Applause.)

PRESIDENT NAVARRETÉ: Proceed.

CHAIRMAN CONATSER: Madam President. Eleven departments stepped forward in support of our goal to reconnect with unit members by asking their National Chairmen to present one of the six leadership modules in their own department or a nearby department. Seven have had the presentation, and four are scheduled in the next five months.

At our discussion at Presidents & Secretaries Conference, these ideas were shared: That the presentations, since they were uniform, should show that everyone shares the same challenges; that visuals stick with members better than written reports; and that this would be an opportunity to share knowledge; and that it allows members to see their National Chairmen are members of their unit and their department and that national and units can mesh together.

Across the nation our Chairmen shared presentations on how to conduct meetings, on our image, leadership, listening, ripple versus tsunami, and team building. This national chairman has received positive feedback on the presentations and from unit members that enjoyed participating and having a question/answer time.

Department presidents and National Executive Committeewomen, give your unit members the opportunity to learn and see their National Chairmen in action. Our goal is not numbers, but we want to help develop leaders beginning at the unit level in your departments.

Were you one of the departments that benefitted or will benefit from inviting your national Chairman to present? If not, there's still time. The year does not end when you go home from this Awareness Assembly. You have five months. Please be part of this wonderful pilot program to benefit our unit members. I hope to hear from the other National Chairman that they've set a date in their departments. In closing, I would like to leave you with this, using the word "believe," that another member of the Leadership Committee shared with me. "Believe in them before they succeed. Emphasize their strengths. List their past successes. Instill confidence when they fail. Experience some wins together. Visualize their future success. And expect a new level of living."

Thank you, Madam President.

(Applause.)

PRESIDENT NAVARRETÉ: And I just want to echo that it's not too late to ask your Department National Chairman to offer this. And at this time, I want to just interject that in Minnesota -- Kris Nelson, please stand -- the VA&R chair, but she's from Minnesota. We did a co-team. And didn't it work lovely? Yes. Quite successful. And, you know what, it was work, but it was fun. And the National Sons of the American Legion Commander sat through the whole

presentation, and even asked Kris for a copy of the module to use. So it does work, ladies. And it does connect us to our unit member.

Also, would those departments that have participated so far, would your representative please stand, 'cause you deserve to let your president know. If the president is in the room, also stand. 'Cause it was a volunteer project. And if you took the time to accept the challenge, thank you so much for doing that. It's truly appreciated.

Yes.

(Applause.)

PRESIDENT NAVARRETÉ: At the post-NEC meeting in Kentucky, you were informed of a proposal from Black Horse Productions -- and that's on Page 302 and 303 of your -- of the minutes, in case you want to refer to those -- to do a documentary on the organization. The meeting with their representatives was held in Kentucky where Dubbie and I listened to the proposal. No commitments were made other than to state we would review the proposal.

The American Legion entered into an agreement with them to do their documentary. The review has been made and the Finance Committee has also been informed. As a result, a resolution has been prepared for your approval. I have asked Dubbie to present the resolution at this time.

SECRETARY BUCKLER: Thank you, Madam President.

Have you all found the resolution that was -- everybody have it? Okay.

I'll just -- I know you're intelligent women and can -- have read it already and probably many of you have it memorized. So I'll jump down to the resolved part.

“Resolved by the National Executive Committee of the American Legion Auxiliary at its regular meeting assembled in Washington, D.C., on February 27, 28, 2010, that the American Legion Auxiliary may enter into an agreement with Black Horse Productions to create and promote a historical documentary of the American Legion Auxiliary at no cost to the American Legion Auxiliary in exchange for 30 percent of the proceeds;

“And be it further resolved that other provisions of said agreement shall include mutual links between Black Horse Productions website and the American Legion Auxiliary's website, as well as support for this production” --

PRESIDENT NAVARRETÉ: Dubbie, if you would slow down a little.

(Laughter.)

SECRETARY BUCKLER: Thank you, Madam President.

On the second resolved, “That other provisions of said agreement shall include mutual links between Black Horse Productions website and the American Legion Auxiliary's website, as well as support for this production in the American Legion Auxiliary's publications as designated by the American Legion Auxiliary in its sole and unfettered judgment;

“And be it finally resolved that the National President and National Secretary/Executive Director are authorized to execute an agreement with Black Horse Productions on behalf of the American Legion Auxiliary for the production of a documentary on the American Legion Auxiliary.”

PRESIDENT NAVARRETÉ: The Chair will entertain a motion, please. Proceed. Yes.

MS. HAUCK: Rosemarie Hauck, Department of Missouri. I move that we accept the resolution with the agreement with Black Horse Productions to create documentary about the American Legion Auxiliary.

VOICE: Second.

PRESIDENT NAVARRETÉ: Motion has been made and has been seconded that an agreement be entered upon with Black Horse Productions for creating a documentary about the American Legion Auxiliary. Any discussion?

MS. COUGHLIN: Madame President, Kathee Coughlin, Department of Florida. Just a curiosity. Do we have any ballpark figure on this 30 percent?

PRESIDENT NAVARRETÉ: No.

MS. COUGHLIN: Okay.

PRESIDENT NAVARRETÉ: How's that?

MS. COUGHLIN: The more -- in other words, the more we buy, the more the more we make?

PRESIDENT NAVARRETÉ: Yes.

SECRETARY BUCKLER: And, if I may, Madam President?

PRESIDENT NAVARRETÉ: Okay.

SECRETARY BUCKLER: Just some additional information. I don't know how many of you are aware, The American Legion is already involved with this company. So there's a contract in place with The American Legion to produce a documentary on The American Legion.

In the process of them doing that documentary, Black Horse Productions learned about the American Legion Auxiliary, obviously, approached us about doing this. We entertained a proposal, went through the information with them, and here's how we clearly understand it.

They will front all the production costs, and that's huge for a project of this kind. They will front all the productions costs. Their expectation is that it will take about a year, and those -- thank you, Sue, sorry -- and those, you know, when you see me go like that, it'll take about year. It'll be done when it's done.

They've been fascinated already. They've -- at National Convention last year, they -- in the course of doing the video for the -- the documentary for the Legion, they've already interviewed some of our members, including Miriam Junge, who was made -- you know, set precedent being made the first Honorary Past National President of the organization. They interviewed Rita as part of the documentary for the Legion. So they're very intrigued and find that our history is very fascinating.

So some of the details that I can share -- we obviously have not sat down and executed an agreement with them until we have this resolution from this body, but the general premises would be that they would front all of the costs. It would take them about year to produce the video. At the time the video is produced, it will be a DVD. I can't tell you the exact cost. In general, the cost would be, ballpark, of \$20. So does \$20 become 25? I don't know, but you

know, in that ballpark. It's not in the hundred dollar ballpark. It's down in the \$20 ballpark.

I pushed back with some very straightforward questions -- how many videos would you need to sell, do you think, to hit a break-even point, and how many would you have to sell to reach, you know, a profit margin, because proceeds are proceeds above their cost. So the break-even point would be around 9,500 to 10,000. Well, we have how many units? If every unit bought one DVD, they would be at about their break-even point for production. And if there were two purchased per unit, then we might see some proceeds from this.

The goal, in my opinion, would not be to enter into this agreement as a money-maker for the organization. It -- I need to be very clear. There could be no proceeds shared with the organization based on the amount of sales. And that was one of the things I pushed back on. Is your expectation that we are going to be heavily marketing this and brow-beating our members to buy this in order for there to be a break-even point? And they said, "No. That's the risk that we assume. We assume that you will do general marketing of it" -- which you would all expect, but they said in all their nine years of being in this business doing documentaries for other organizations, including the United States Army, they have never been in a situation where they have not recovered their cost.

So having had those follow-up meetings with them and looking over the business proposal, we felt comfortable going forward, particularly since the Legion is already doing this. And I think it would be a wonderful thing for the Auxiliary to have a professionally produced documentary that could be used to promote the organization. So those are my comments, Madam President.

MS. JOHNSTON: Madame President, Gloria Johnston, Department of Georgia. Do we have any type of final review once the documentary has been done?

SECRETARY BUCKLER: Yes. We will, unlike -- that's actually a pretty good question. Unlike some of the Hollywood films that get produced about things that happen in history, yes, they will be working with us, and, yes, we will be working with them on content and making sure that it's an accurate portrayal of the history of this organization. Thank you. That's a very good question.

MS. WALLACE: Eva Wallace, Department of Washington. Would they also be putting together, like, a small clips section that we could use in public relations with our local TV broadcasting and stuff like that?

SECRETARY BUCKLER: Now, that's where they -- that's -- there's a fine line in there. One of the things that I particularly pushed back on is would we be able to use excerpts for promotional purposes. Yes. We would be able to use excerpts.

Now, the line that would be crossed is, do we want a promotional video about the Auxiliary produced? In other words, the PSA variety. That would be an additional cost. That's very separate from doing a documentary. That's a very separate type of production.

So, no. There would not be what you and I would call a professional PSA. Yes, we would be able to use excerpts from the documentary for purposes of promotional -- and it would be actual. So there's not going to be

any contracts with Meryl Streep to portray some of -- any of the Past National Presidents.

(Laughter.)

PRESIDENT NAVARRETÉ: Thank you. You'll have to be yourselves.

And to clarify during my interview, which I did not realize that's what was going to take place, and they allowed 30 minutes. And they say, "We allow this time, because with" -- they had interviewed already the National Commander and the Sons of the American Legion was just right before me.

And they were just amazed. They were just amazed, because when they were doing the documentary, and as the continued to do the documentary for the Legion, the Legion kept referring to the "Legion Family".

And they said, "Well, who is the 'Legion Family'?"

So when they explained that, they said, "Well, definitely, we need to get who's involved."

So they reached out to Marian the day before, then they reached out to me that morning. And I ran through every question that they had. Now, realize, 30 minutes, but they were only going to use, probably, three minutes of that. And they were in awe that -- what we do and how we serve that they didn't know about that.

So they said, "Well, we need a starting point. The Legion had to really decide how -- where we were going to go and reach that grassroots."

And I said, "We have it all here. Our last year" -- or this year's at that time when we spoke, the President's Excellence Award -- we have one in every division. That was a starting point.

So we talked about that. And they're just elated. So those that were recipients of that award, you're first on their list to do that contact. And I can see that this year's could be another. But they are going to go across the country to truly reflect a documentary.

And it isn't the 90th Anniversary documentary. It's the documentary of the American Legion Auxiliary through the decades.

So I did want to -- 'cause I think that's important for the membership to know that we will have that recorded as the documentary.

SECRETARY BUCKLER: Thank you, Madam President. I would just echo the last words. And that is before the question is it is not a documentary about the 90th anniversary. And I just want to emphasize what Madam President just said.

MS. PRENDERGAST: Madam President, Mickie Prendergast of Department of Texas. I did have a question or a clarification. Is this a documentary just of the American Legion Auxiliary or is it combined with The American Legion?

PRESIDENT NAVARRETÉ: It's a separate documentary.

MS. PRENDERGAST: It is just ours.

PRESIDENT NAVARRETÉ: Yes.

MS. PRENDERGAST: Okay. Thank you.

SECRETARY BUCKLER: And actually that begets one other question that was not asked. There will be, then, a documentary about The American Legion.

If this resolution is passed, there will be a documentary about the American Legion Auxiliary, and that presents all sorts of co-marketing opportunities for involvement in The Legion Family.

PRESIDENT NAVARRETÉ: And I'm sure during the interviews, there's going to be reference to the Legion Family, you know, but it's going to be in the terms of what is -- who is being interviewed and what is documented. Okay.

So we're off to a very good start, and I'm really looking to a good project here.

VOICE: Okay. Thank you. I think you need to take a vote on it.

PRESIDENT NAVARRETÉ: Okay. I thought we had -- we were concerns and discussions.

You have heard the resolution. And we'll entertain the motion. That's been done. The discussion? Okay. All in favor?

VOICES: Aye.

PRESIDENT NAVARRETÉ: All opposed?

(Whereupon, there was no response.)

PRESIDENT NAVARRETÉ: Then the resolution for the agreement with Black Horse Productions to create the documentary about the American Legion Auxiliary is passed. Thank you so much for the support of this.

Okay. I have my timekeeper back there. And we're closing remarks for me.

And you all know of those Department visits that I've made that I'm a storyteller. Okay. So they've limited my stories, and the story you'll hear at the end of the day -- at the end of the Awareness.

But I am going to ask Lynda, our Divisional Vice President from Texas to come forward real quickly, 'cause she's going to share -- because, you know, I'm not the only storyteller in this organization. There are many storytellers. Okay. I just have the opportunity to be at the Chair and probably be at the visits.

So Lynda, please come forward, because I think it's real important what we shared as we were coming out of a room this morning on your membership -- yes, go to the podium -- 'cause it relates back to that membership area.

DIVISION VICE PRESIDENT HORTON-TURK: Thank you, Madame President, I think. We were talking this morning. And I said, "Well, you know, during our visits, we always need to put a little personal input in with the membership." And so I told her the story about the fact that I almost didn't become an Auxiliary member.

My late husband, the Horton side of my name, served 28 and a half years in the Army. And when we retired, I went back to work.

And he came home one day, and he said, "Guess what? I joined The American Legion."

I said, "Great. What is that?"

And he said, "They have an Auxiliary."

I said, "Don't even go there. I've been in every Officers' Wives Club across the nation, and I do not want to be involved with a group of cliquy women." So, needless to say, he drug me out to some socials. And there was

this little group over here, and this little group over here, and another little group. And some would speak; some would not.

And he asked me later again, "Would you like to join the Auxiliary?"

I said, "Not on your life. Why in the world would I want to join that cliquy group?"

He said, very straightforward, "Two things need to happen. They either need new blood, or somebody needs to die."

So needless to say, I finally joined the Auxiliary. About a year later, he said, "I'm not sure that was a good idea."

And I said, "Why?"

He said, "I didn't expect you to spring your butt of that chair and volunteer for everything."

(Applause.)

PRESIDENT NAVARRETÉ: I just wanted to put a little bit of fun into -- and it all relates to the membership.

First of all, I want to express to the National Executive Committee that you have fully met the expectations of this National President to carry on the business of last night and today. You truly have looked at your documents. Please, at any time, get the message to Dubbie or myself to know that you can drop in a question or a concern at any time. Please, please know that you have that access to us. Okay.

We know -- we're hearing your voices that many of the departments operate a little bit different in sharing the information. So I leave it up to you to go back to your respective departments and ask those questions.

Say, "We were told that we're getting monthly bulletins. We were told that we're getting" this information. Make sure that all our department leadership knows so that it can filter down -- especially the National Chairmen information that is out every week.

And there's going to be some changes, too, on how we start to distribute our information once we get the technology up to where we're working towards.

So please even let us know along the way of what concerns that you have. I promised you at the last NEC that this would be a year of good communication. It's one thing sending out the information and talking about it, but if it's not understood, it's not been communicated.

And so that starts from even at your own department level. You know, don't assume that you're unit members fully are getting the information. We're putting a lot of information on the website. We're putting a lot of information on the different links.

But you know what the reality is back home. So start to implement how you're going to distribute your information, because we, in no way, at the National level can dictate how that goes. Or we are not going to tell you how to run your own business. But you as the leaders in your department know what you need to do to stay active.

We have six months to go with a lot of work to do. We're talking about the end of a year of new officers being elected at District Level. We're talking about year -- soon a month -- year of doing reports. Please do not stop your service to this organization. I don't really care that your accomplishments are going to count against this year, but they must be counted throughout the year.

You have a role throughout the year. As I have said, a veteran is a veteran every day. But the American Legion Auxiliary objectives and plans and activities are every year. So we get them counted in FY10 or 2010 or we get them counted next year. The important thing is that we continue to do what we have a passion for -- to continue to serve our organization. So you have met those fully expectations of performing and participating.

To the Finance Committee, would you please stand? You deserve to be recognized. Linda Boone, thank you for continuing to lead the group.

(Applause.)

PRESIDENT NAVARRETÉ: You need to know that we had a very productive -- a very productive session. And discussions were open and questions were asked and notes were taken, and we're hearing the voices. And, hopefully, we can work together and continue to work together to enhance what's presented to you.

Staff goes along with that. And the staff -- I know they like to be behind the scene, and so the staff -- Tim, please stand. The staff needs to know that the work that they've done to work with the Finance Committee is very important. Let's give them a round of applause.

(Applause.)

PRESIDENT NAVARRETÉ: The National Chairmen, your work and the bulletins that you prepare and the connections that you have made and what I have experienced and what I have seen is that you are connecting with each other in how you're carrying out the work.

We've got to start looking at how we even handle our programs and our activities. I am hearing from departments there are just so many programs. How do we handle what we can do? Well, the immediate thing that we've been doing is you handle what you can and what's going to be of interest. What you need to know that we are going to have to be looking at that whole process. Thank you so much for continuing to do what you're doing.

To the Divisional Vice Presidents, please stand. The role that you serve is that to represent the topics, the objectives that I outlined for you. And as you visit your departments, I appreciate the reports that I'm getting. I want to ask for an applause for the Divisional Vice Presidents.

(Applause.)

PRESIDENT NAVARRETÉ: You know, I said Dubbie's my partner, but the other partner -- and sometimes we say we're going to be partners in crime -- the National Vice President, Carlene, would you please stand?

(Applause.)

PRESIDENT NAVARRETÉ: And if any of you know me, I always believe in Plan B. Sometimes you need “C” and “D.” And it seems like we’ve done a lot of “C” and “D” and “E” here.

But, Carlene, thank you for being there. I believe in sharing what is on the agenda for the President, because Carlene has also stepped in and represented me at a Department visit that I was not able to make. And truly that’s what the Vice President should have knowledge of.

And so, Carlene, thank you for accepting some of the extra duties and listening to many phone calls of how we might proceed to work.

The other portion that I want you to know, we have been working on transition from leadership to leadership, because it’s not only my year, Carlene’s year, and the upcoming leadership. You need to know that the National Veterans Affairs Chairman and the Children & Youth Chairman, would you please stand, Kris and Peggy?

(Applause.)

PRESIDENT NAVARRETÉ: We are trying to continue with the resources that we have to share from one another. We all have different personalities, but what I want to ensure -- to tell you that we are all working for the mission of the organization -- to serving our veterans, their families and communities. And we are trying to streamline many activities, and we’re sharing that. And so I think you will see the results.

And so please know these individuals. They are the upcoming leadership, and we -- you need to know that we’re a team as we move forward.

So I’ve missed some of the nights this week, but when you’re serving this role, there is the other items that we need to take care of. So I thank you for that.

To the Past National Presidents -- and Elsie, she was assigned my mentor when I first got my tap of Children & Youth. And so I take this time to acknowledge what you have shared with me and what you shared with me when I visited Massachusetts. Because you were the individual who took the time to say, you know -- I’ve been re-energized, and you had so much enthusiasm that evening. And they paid me one of the biggest complements, too, that now she’s seen the role was reversed, that I became her mentor. But we’re doing that together.

And so many of you have come up -- I received emails from you -- and we may not agree on some of the issues, but let’s talk about it, because we’re here because we feel a passion for what we do.

So do not lose that excitement, because as I travel to the departments, they’re still asking about how you’re doing. They still are wearing the pins. And, of course, the hearts, Catherine, in Puerto Rico, in addition to the hope to all of the pins, they have them on their vests. And so they do remember the visits that you have. And they’re so appreciative of that.

So continue to be -- and I’m hoping to see more ambassador pins next meeting, because we’re tied into the Foundation for the planned giving.

I received a book -- it's a Poppy Book. And so you folks know who this is from. Thank you so much. It's these kind of items that reflect support and love, and I truly appreciate that.

And the story here -- this is my last story -- had this lobster brought up from Connecticut -- the ladies from Connecticut have said -- and you need to know that I had a beautiful time in their department, and I had never really had -- 'cause I didn't really know how to eat the whole lobster. Well, they had me on Facebook. They had me on -- and I did it.

And so Janet, where are you? Janet's right there. And so Janet says, "Sit down right there, Madam President. And we're going to begin."

And so I picked the little sucker out and had the bib put on. And so that was a moment to remember. So whoever placed this up here from Connecticut, that's the story that I will leave you with, okay, because it's those kinds of items that we need to -- as we work with our business, know that we reach out.

'Cause you've touched my heart, and you continue to do. And I look forward to the other departments that I'm visiting. And I truly hope that I'm meeting your expectations of representing everyone here, not only in our business, but as the leading veteran advocate so that organizations outside our organization know who we are, what we do, and how we serve.

And if you've looked at the Legion website, guess what's on their border? Who we are, what we do, and how we serve, 'cause, guess what, they came over and talked to our team and saw that that was going to be our banner. So they're beginning to realize that we are truly their troops, and that we have a lot to offer to them, too.

So with that, Madam Secretary, if you have any announcements?

SECRETARY BUCKLER: Thank you, Madam President. I do -- Madam President has indulged me a personal privilege. I do have a question to ask. Did you all receive your copy of the magazine prior to arriving?

(Applause.)

SECRETARY BUCKLER: Did you like it?

(Applause.)

SECRETARY BUCKLER: Thanks. It represents a lot of work.

Here -- for those of you who did not, here is a copy. Just real quickly. Obviously, I'm a little bit proud of it. So it represents a slicker-looking product. We now have entirely different relationships in place for printing and producing the production end of the magazine, saving a lot of money on production, which allows -- and yet still getting a better-looking product, from the design to the quality of the stock.

So these things don't just sort of mushroom up and go jump in your mailboxes. There was just an awful lot of work in the background. I think I shared with many of you before, when I first came to the Auxiliary and looked at the magazine, I had -- many of the comments that I started hearing from all of you and started hearing from a lot of people that I did not know. I just want you to know that it was our intent all along to improve the magazine. I hope

we've incorporated some of your expectations into it. And we will just continue -- there's improvements yet on the horizon.

So I just -- thank you, Madam President, for letting me ask that.

And obviously, I don't need to ask this crowd if you have any comments to let me know.

(Laughter.)

SECRETARY BUCKLER: Now, announcements. Tour tickets: Wanted one tour ticket, Cyndi Dahl from the Department of Oregon would love to buy your tour ticket. Oh, so that's already taken care of? Oh, we have two? Sharon has one. Okay. Sharon Conatser also has a ticket. You have one to sell, and somebody had one to buy. It looks like we've got Let's Make a Deal. Okay. Okay.

All right. The reception tonight: Pennsylvania has one ticket for sale. See Barbara Mills. Okay. So you want to stand up so that they can see you. Anybody needs a ticket for the reception tonight, we got one for sale. Anybody else have -- okay. Buying and selling. Okay. Who has one to sell, stand up. Stand up and be seen.

VOICE: Somebody from North Carolina has one to sell.

SECRETARY BUCKLER: Okay. Who has -- okay. Those of you who want to buy, have you all seen -- (unintelligible) North Carolina, did you all hear that "Ya'll" come out all of a sudden. My mother was from Tennessee. Every once and a while that just kind of -- her spirit comes through.

All right. Now, details about what's coming up. One, because everybody who was involved with the Poppy program is going on the Arlington tour, the drop-off time for the poppy corsages has been pushed back to approximately 2:30 p.m. Does that make everybody happy? Okay. We're all about making everybody happy.

You all know where that is? Back over by the registration area. Okay. So 2:30 poppy drop-off.

The Arlington trip: The buses will depart promptly at 11:30 a.m. You will be boarding at eleven o'clock. Please line up at the very top of the escalators at the K Street entrance. If I had my bearings, I would point. It's that way. That way. Okay.

So at -- once you get to the top of the elevators -- escalators or elevator, it's that way. Okay. All the Vannas in the background are going that way. So it's that entrance beyond the gift shop. Okay.

And we know that you all love Madam President. I just want you to know she needs to be on Bus 1. And if you have greetings or affection you want to bestow on her and she gets whisked away, just understand the buses don't pull out until we get her on Bus 1. Several of us are charged to make sure, Madam President, that your fan club lets that happen. Okay.

When boarding buses, make -- and the officers are on Bus 1. When boarding your buses, make sure you bring your ticket.

Now, 90th Anniversary: 90th Anniversary Celebration, featuring the Public Spirit Award, will start promptly at 6:30 p.m. in the Grand Ballroom.

And that is close to the registration area, down at this level. You will need your tickets for admission. So I'm just going to repeat that. You will need your tickets for admission.

Okay, Madam President, that's all the announcements that were handed to me. Thank you.

PRESIDENT NAVARRETÉ: And after the reception is the official opening of the Awareness Assembly. Okay.

Beverly Wolff, National Chaplain, will offer a benediction.

CHAPLAIN WOLFF: Let us bow our heads and hearts in prayer each in our own faith. God grant that the business that was conducted at this meeting might become the inspiration we need as we go forth in serving the American Legion Auxiliary and The American Legion Family.

May Your will be done in all of our efforts together. May the strength of God sustain us. May the power of God preserve us. May the hand of God protect us. May the way of God direct us. And may the shield of God defend us. Amen.

VOICES: Amen.

PRESIDENT NAVARRETÉ: Will our Pages please retire the colors? The meeting of the (unintelligible) National Executive Committee Meeting is now adjourned.

(Whereupon, at 9:47 a.m., the above-entitled meeting was adjourned.)

APPENDIX A

National Mid-Year Reports:

**National Officers
and
National Chairmen**

NATIONAL CENTRAL DIVISION VICE PRESIDENT: NORMA SWANSON

Number of Visits made as of February 1: 3; Missouri, Wisconsin, Kansas

Department Membership Activities:

In Missouri, each District dressed as a servicemember and each presented their plan for the year. Wisconsin is challenging Legionnaires to look at their own family and see who might be able to join the Auxiliary. Also encouraging Posts without an Auxiliary to establish a Unit. Kansas membership chairman has a Wheel of Fortune and members spin it to see how many new members they should recruit this year. She also assembled Membership Tool Kits and sent them to each Unit membership chairman. These kits were paid for with the \$100 for reaching 75%.

Activities Related to Reconnecting and Energizing:

All three Historians are working hard. Wisconsin is conducting a survey of both Auxiliary and Legion, SWOT. This is Strengths, Weaknesses, Opportunities and Threats. Participants are to list the three things they think are most important under each category, and then they are compiled. Kansas showed the members how to go to the Internet and find out about the person for whom their Unit is named. Missouri encouraged Units to participate in the writing of their histories and saving them for the future.

Focus given to National President's Projects: (NVCAF and R2R)

R2R was discussed at each meeting but it does not seem to be a main focus. Maybe because very little information has been available to the members and it is hard to imagine without personally seeing a bunch of pictures or participating. Wisconsin is working to get ready to host the 2010 Creative Arts Festival. Since they are also hosting the National Convention, they are very busy this year. Missouri is supportive of the Festival, since they have already hosted it once and know the amount of work it is. Kansas is gathering donations for homeless Veterans and Food Pantries.

Departments involved in recruiting VAVS volunteers are:

All three are trying to increase the number of volunteers.

Junior Group Activities:

Missouri had a Junior meeting at their conference. The girls worked on Valentines and quilt squares. Wisconsin Juniors are also making Valentines for Veterans. Kansas Juniors are collecting pop tops for Ronald McDonald, coupons to send to foreign commissaries and shredded paper for animal shelters to use for bedding. Junior convention will be in late March

Special Events and Activities held or planned to promote... 90 Years of Service:

Several Units in each Department talked of celebrating our 90 years at the Birthday parties they are planning for their Legion post.

**NATIONAL EASTERN DIVISION VICE PRESIDENT:
BARBARA GOLDE**

The Eastern Division has been hard hit with the economic recession this year. They are working very hard with their membership and are actively trying to better their Departments. . I keep in touch with several other states that I have not visited yet by Newsletter, CT and NY and a Unit in DE, send me their monthly newsletters. So does VT. I really appreciate their contact.

Number of Visits made 5/PA/MD/NJ/ME/VT as of February 1.

Department Membership Activities:

PA is a hard working very large membership department with a goal of over 66,000 members, when I was in their Dept. they had just mailed into Nat'l over 5000 membership cards, I was so excited. They have four very competitive regions that had very funny skits at the Fall Conference. Maryland, membership goal 26,689, their seven district President's presented the Membership chairman with renewals, new membership cards and junior membership renewals and new Jr. Members at the Fall Conference. The skit was great and the Dept of Maryland is looking forward to making goal this year! NJ goal 12, 228, NJ has loads of talent their membership chairman, a hard working youngster, presented certificates to the leading Units at their Annual Christmas Birthday Celebration. There is a membership workshop to be held in April, a group of 80 eligible new members are being invited to learn about the Auxiliary and hopefully revitalizing a failing unit. ME had a wonderful Mid Winter Conference, they are working together and gathering membership steadily, as of 1/26/10 they are number one in the Eastern Division and 16th. VT, I visited VT on Jan.22/23. I saw a very organized President working hard for her department. They invited a Nat'l Chairman to speak on leadership BASICS at their mid winter conference. Their membership goal is 9,297 and they are number two in the Eastern Division.

Activities Related to Reconnecting and Energizing:

PA is reconnecting and has energy galore. MD has two active PNP's to mentor their department; the AL Families are trying to work their Fundraisers /Events together. NJ is reaching out to all members and reminding them why we belong, to promote positive reinforcement to our programs to energize their members with the knowledge for positive energy and reconnecting their members to create a new mental outlook in gaining fresh ideas/new members with a young fresh attitude. ME Leadership/UD&R Chairmen have both worked with many Units. More Units slated for Leadership Program in spring. VT Fall & Mid Winter Conferences were done differently this year. Hopefully, demonstrating to the Units how units relate to departments and departments to National. VT is trying to demonstrate how we are reconnecting with our own organization.

Focus given to National President's Projects: (NVCAF and R2R):

PA is a BIG fan of the NVCAF, last year they had several winners. MD-Maryland has always been one to support the NVCAF. They had several volunteers to go to the State of TX to help in the effort. They also will support

R2R. NJ is planning a fund raiser in the spring early summer with proceeds going toward NVCAF. They are also supporting R2R among the Legion Family. ME Monies are now being collected for the Parade of Checks. VT The VA is using some of the funds the AL Family is raising so they can have their vets perform in the NVCAF. The dept is working with the VA with regards to R2R. VT has just deployed 1500 troops to Afghanistan. They are paying a great deal of attention to those Veterans, families & children.

Departments involved in recruiting VAVS volunteers are:

All five of the states I have visited are VERY involved with the VAVS volunteers. They are recruiting new volunteers in the Auxiliary and juniors. VT in conjunction with the Legion Family raised \$46,000.00 from October to January for 6 Blanket warming Units and blankets for the Soldiers Home. WOW! The Eastern Division is very VAVS oriented.

Junior Group Activities:

Four Departments, PA, MD, NJ, ME, were very active in Junior Membership. The juniors make things for the Veterans, visit the Veterans and some are volunteering their services with Military Family Programs. VT is trying to get two groups of juniors up and running by June '10.

Special Events and Activities held or planned to promote... 90 Years of Service:

PA had a Birthday Celebration and I stressed the importance of remembering our past and strengthening our future. MD A report was given by Cavalcade of Memory Chairman at the Conference – what better way to remember our past and plan for our future. NJ - The President is planning a special tribute at the Annual Convention. ME – Information has been put out in publications to the members and photos have been sent to National. VT – The department has been busy deploying troops and trying to build a monument to their fallen heroes. Even if it doesn't get built this year, this effort will make our 90th year even more memorable.

**NATIONAL NORTHWEST DIVISION VICE PRESIDENT:
JOYCE D. BABCOCK**

Number of Visits made as of February 1: 1; Montana

Department Membership Activities:

Activities Related to Reconnecting and Energizing:

Focus given to National President's Projects: (NVCAF and R2R)

Departments involved in recruiting VAVS volunteers are:

Junior Group Activities:

Special Events and Activities held or planned to promote... 90 Years of Service:
The Department of Montana plans to use the theme of 90 years of Service as the center of their Department Convention which will be held in June 2010. Also the Department President has asked all Districts (11) to include "90 Years of Service" in their planning for the Spring District meetings which will be held on weekends in March and April.

NATIONAL SOUTHERN DIVISION VICE PRESIDENT: LYNDA HORTON-TURK

Numbers of Visits made as of February 1: 6; Alabama, Virginia, Oklahoma, Arkansas, Texas and North Carolina.

Department Membership Activities:

Departments reported having dinners free to the membership if they were an early bird renewal. Inviting military families to the post for dinner then asking them to sign up as a member. They are busy working membership across the Southern Division with catchy themes like, "The Auxiliary Rocks", "Let's do it for them Children & Veterans", "Jockeying for Veterans and Volunteers", "Traveling the Bullet Train", making some "Buzz with the Do-Bee planting seeds for membership" to name a few.

Activities Related to Reconnecting and Energizing:

Several departments are using Reconnect & Energize Yesterday Today for a Better Tomorrow as themes. Everywhere I have traveled all the departments are using this in some manner.

Focus give to National President's Projects:

Ride to Recovery known as R2R, they reported donating funds to this special project. The Department of Florida presented a check for \$6,400.00 during the ride, they also held a 5K Run to help raise funds. The Department of Texas reported having units present checks along the ride and many preparations have been made to provide the Wounded Warriors with breakfast, lunch & dinners. The Creative Arts was a big success this past fall in San Antonio, Texas with the Department of Texas hosting the hospitality rooms with sixty three volunteers and over 675 hours donated to this awesome event.

Departments involved in recruiting VAVA volunteers are:

One Department reported placing an ad in the local newspaper to recruit volunteers. Other reported that they are having trouble with volunteers and their hospital reps are asking all of their friends for just one hour a week. In the Southern Division they reported over 27,800 hours of volunteer hours and over \$27,750.00 in gifts for the veterans.

Junior Group Activities:

Departments reported having the juniors prepare comfort items to be delivered to the VA Hospital with some junior members delivering the comfort items to the Veterans. What a joy to the Veterans to have young children visit them. Juniors also participated in the distributing the poppies on Veterans Day and helping with putting Christmas baskets together for the needy in their communities.

Special Events and Activities held or planned to promote ... 90 years of Service:

One Department reported they held a Dinner & Dance at the post home promoting 90 years of service. Others reported using this for their Valentine's Dinner & Dance with the theme, others just using it with special events they have going on.

NATIONAL WESTERN DIVISION VICE PRESIDENT: PEGGY BROWN

Number of Visits made as of February 1: 6; Washington, Arizona, New Mexico, Utah, California, and Idaho

Department Membership Activities:

Even though the numbers are down, Departments are working diligently on membership. At their fall DEC, one Department membership chairman, baked a cake with each section being a separate car for each District President. Most Departments are embracing the technology available to reach out and share the mission of the ALA. Departments are beginning to realize they need more flexibility, and are encouraging Units to possibly “rethink” meeting days and times. By working programs in the public arena, members are demonstrating the power and value of membership in the ALA.

Activities Related to Reconnecting and Energizing:

By using the tools available through the internet, Departments are putting a new twist on an old concept. Many have discovered there is nothing better than good old “one on one” contact. By reconnecting via the internet, Departments are reaching those “disconnected” members. Departments are also forming “call trees” to keep in touch with members, new and *seasoned*. Workshops are held at DEC's to energize members and inspire them anew in the mission of the ALA. Reconnecting and partnering with the rest of The American Legion Family and fostering the family relationship is helping to energize all involved.

Focus given to National President's Projects: (NVCAF and R2R):

The Departments in the Western Division are all working these programs. R2R is supported extremely well in California, as they have one of the scheduled rides, and besides the monetary donation, Arizona is working on a “Cyclefest”. In Oregon, the Juniors put on their own version of the NVCAF to raise awareness. Many members volunteer countless hours for both the NVCAF and R2R in all Departments.

Departments involved in recruiting VAVS volunteers are:

All Departments are actively recruiting new volunteers. California has a one day training session for volunteers before their Mid-Year DEC. As most of the Western Division is rural, much is done with Field Service and Home Service. Utah is beginning a program whereby rural Units will be making “clothing protectors” for residents at the VAMC in Salt Lake. Idaho has an annual “food drive” to supplement the 3 State Veterans Homes, with over \$17,000.00 in goods were collected. Departments are becoming aware that the CBOC clinics qualify for VAVS hours, and are actively becoming more involved in that area, and many Departments are volunteering hours, money and materials to homeless veteran shelters.

Junior Group Activities:

Oh my goodness, where to start. I'm proud to say the Departments in the Western Division really use and *mentor* their Juniors. California puts on a

Junior Leadership retreat one week-end for the Juniors. This was attended by over 20 this last year. Both California and Washington hold Jr. Conventions at camp grounds. Just some of the activities our WD Juniors are involved in are: Make a Difference Day, MLK Day, Jr. Patch Program, pop tops for Ronald MacDonal House, leading the Pledge and National Anthem at school functions, making pocket flags, Christmas and Valentines cards for veterans, volunteering at veteran's homeless shelters, Christmas gift shops, care packages to troops overseas.....the list goes on and on. WD Departments are keeping the Juniors engaged, encouraged and energized, to be the future of the ALA.

Special Events and Activities held or planned to promote... 90 Years of Service:

At this time I have had no report of special activities, nor heard anything discussed in my visits. Rest assured I will address this issue in my next memo to Department Presidents. As we celebrate the mission of TAL with every program we work, we may have lost sight of this 90th milestone in our history. My apologies, and this gap will be filled in by the year end report.

I would like to remark on the reported work of two of the VISTA workers. In Oregon a special project is making sure (through goods and money) the expectant wives of deployed troops have all they need. In New Mexico special emphasis is on the Veterans Integration Center, by making sure residents have what they need to begin to put their lives back together. This may include monetary donations, small appliances for the resident's rooms, or just moral support.

NATIONAL CHAPLAIN: BEVERLY WOLFF

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Reconnect with heart of God and Founding Fathers/one Nation under God.

Summarize what Departments have done: E-mail prayer chains, reconnect Heritage to Strengthen future outreach to Veterans of past, present and future, chaplains workshops, news articles, bulletins, Four Chaplains Services, working with American legion and SAL, spiritual support of members by sending cards, letters and flowers, answering prayer requests.

Highlights: Memorial Services and Dedication of Memorial Wreaths in Memory of a Past National Vice Commander, sending out greeting cards to keep the ALA in the public eye (over 300 mailed) and Department Chaplain Conferences/ National Chaplains Conference.

Objective # 2: Reconnect with Preamble and Emblem.

Summarize what Departments have done: Many Departments held workshops at Fall and Winter Conferences, detailing the meaning of the Preamble and the Emblem.

Highlights: The Chaplains included the Legion Family in these workshops, reviewing the Preamble and also the Auxiliary Emblem. Reviewed the wording of the U.S. Constitutions First Amendment.

Objective # 3: Reconnecting with the hearts within the Organization.

Summarize what Departments have done: The Department Chaplains worked with the American Legion and SAL at Unit, District and Department Levels, this contact with the members helped the awareness of those facing illnesses, deaths of family members or friends, and also contact with families of Service Men and Women.

Highlights: Leadership Seminars were held stressing the role of the Chaplain at all levels.

NATIONAL HISTORIAN: JOYCE ARENT

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Provide rules for writing a History for both Senior and Junior Historians.

Summarize what Departments have done: Many Departments have responded with questions and after receiving rules and the Plan of Action. All questions and concerns were answered individually to each Department Historian by this National Historian.

Highlights: Many Department Historians have responded in a positive manner and are excited about writing their Department's History and submitting same for competition for the National Toomey Trophy. They also are encouraging their Junior Historians to participate as well.

Objective # 2: Designed and produced a brochure entitled "Reconnect and Energize" with tips on how to write a history and direct mailed this pamphlet directly to each Department Historian at the beginning of the year.

Summarize what Departments have done: Department Historians were thankful and appreciated the tips in the brochure. Many Historians felt the brochure acted as a good starting point for beginning their History.

Objective # 3: To receive 100% Mid Year Reporting

Summarize what Departments have done: This National Historian has only received 15 Mid-Year reports from the Departments.

Highlights: The reports that have been received have been outstanding and show that Historians can play an important role in keeping of and recording the Histories for their respective Departments.

Objective # 4: To have 100% feedback on the National President's visits to the Departments.

Summarize what Departments have done: To date, President Rita has visited eighteen Departments and this National Historian is happy to report that I have received fifteen completed "National President's Visit" report forms back from Departments she has visited and the other three reports are on the way.

Note: This Historian has only received 3 entries for the "Milestones" Over the Years Project. Please encourage your Departments & Members to participate in this special program for our 90th Anniversary.

AMERICANISM: KRISANN OWENS

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Promoting Flag Protocol and education.

Summarize what Departments have done: Departments are providing information to units concerning Flag Etiquette which includes the Flag Code and are communicating with their Units with updates to the program via websites, Department Newspapers, bulletins and mailings.

Highlights: Donations of the DVD “For Which It Stands” and Flags for individual classrooms was a theme across the Auxiliary. The Pocket Flag Program is enjoying a surge of activity at deployment and reintegration ceremonies. Unserviceable Flags were collected and disposed of Honorably. Flags have been distributed throughout communities, schools and businesses. Flag folding demonstrations and instructions on the proper reciting of the Pledge of Allegiance were also given.

Objective # 2: Protecting Old Glory

Summarize what Departments have done: Departments have communicated their Senator and Congressman contact information to their units. They have posted information on Legislative Alerts on their websites and mailed information to units as well.

Highlights: Members have actively contacted their legislators through mail, email and personal phone calls to encourage them to promote and support flag protection.

Objective # 3: Americanism Youth Conference

Summarize what Departments have done: Department’s have increased their participation by adding five new Departments to those who already participate and they distributed information on AYC at all Department functions as well as including in Department, mailings, bulletins and newspapers.

Highlights: The addition of the five new Departments participating, we achieved one of the goals of the program. One Department reported increasing the participation by 200% and many Departments send more than one student. Unfortunately due to their own budget restraints, Operation Military Kids could not participate this year but will keep the option open for future attendance.

Objective # 4: Girl Scout Achievement Award

Summarize what Departments have done: Presentations have been given by Departments about the Girl Scout Achievement Award and information has been included in mailings, bulletins and newspapers.

Highlights: Presentations to local Girl Scout Councils have been given and advertising in local newspapers about the program will help bring awareness to the award and increase participation.

AUXILIARY EMERGENCY FUND: KATHY DUNGAN

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Educate members on the benefits and services of the Auxiliary Emergency Fund.

Summarize what Departments have done: Articles are printed in bulletins and newsletters. Chairmen promote the AEF at meetings and conferences. Workshops are held to inform members about AEF. The National website is promoted as a source of information.

Highlights: Florida performed a skit similar to the “60 Minutes” show demonstrating ways assistance is available to members from the Auxiliary Emergency Fund. Many departments, including New Jersey, Mississippi, Wisconsin, Texas, and New Hampshire sent bulletins and published articles in newsletters.

Objective # 2: Implement an AEF “Kickoff Campaign” on November 10, 2009, to increase level of funding by 20% over previous years during AEF’s 40th Anniversary year.

Summarize what Departments have done: Fundraisers include: an AEF jar at each meeting used to collect loose change, passing the hat, raffles, golf tournament, challenges of \$10 per unit and \$.40 per member, contests with awards, 50/50 drawings, bake sales, craft tables at flea markets, and much more.

Highlights: A special award was offered by National to one unit or department in each division contributing the largest amount by November 10, 2009. A citation plaque will be presented to the recipients at the Awareness Assembly. The recipients are Dept. of Indiana, Dept. of Minnesota, Dept. of Florida, Dept. of Alaska and Unit 329 of Pennsylvania. Wisconsin challenged each of its 438 units to donate \$10 each and are close to reaching that goal. New Mexico has held raffles. Arizona has held fundraisers including fashion shows, garage sales, car washes, and theme dances. Massachusetts is collecting change at each meeting, as well as many other states. New Hampshire held a contest at their Mid-Winter Conference. Mississippi is promoting the \$.40 per member in honor of the 40th Anniversary. A challenge was issued to National AEF committee members to donate \$25.00 each and were asked to challenge department chairmen in their division to do the same. Texas participated in a Golf Tournament to raise funds. Alabama had cake walks. As of February 3, 2010, 48 departments have donated \$74,223.15 to the Auxiliary Emergency Fund, and 55 grants have been given. This is a great accomplishment, but we must continue working to meet our goal of 20% over last year’s contributions of approximately \$200,000. It is during these difficult, economic times that our members need help, and we need to make sure funds are available to assist them. Many thanks for your continued support.

CAVALCADE OF MEMORIES: KENYA OSTERMEIER

Progress has been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: To preserve one new item of significance for display in the National Cavalcade of Memories museum and in each Department Headquarters/museum by August 2010.

Summarize what Departments have done: I have had replies from 11 Departments in answer to the survey challenge in my bulletin last October. These Chairmen have sent very creative ideas that I want to share in future bulletins. Departments responding were: AL, FL, IA, MS, NC, NE, OH, PR, TN, UT, and WY. They are working hard to acquire additional items for their Cavalcades.

Highlights: We have chosen to find a method of displaying the First National President's Inaugural gown (restored in 2008.) We need to protect it, yet find a way to display it to show its beauty. We are fortunate to have the oil painting portrait of Mrs. Hobart with her wearing that gown. I will consult with the Textile Conservator Gabby Kienitz from the Indiana State Museum in Indianapolis as well as the Textile Conservator Sara Park Evans, at the Smithsonian Museum of American History while in Washington, D.C. for the Awareness Assembly. We are fortunate to have two experts willing to assist with this project.

Project Objective: To collect, chronicle and preserve the history of the American Legion Auxiliary through photographs, documents, personal mementos and other artifacts.

Objective # 2: To create and maintain a database for all the artifacts at National Headquarters and departments that is operational and in use by August 2010.

Summarize what Departments have done: Most departments have records, but not all are on a computer.

Highlights: I have been able to locate old files, and unpack remaining unopened boxes from the move to new HQ so that the inventory can be complete. Pictures were taken of the artifacts and areas of the new office. These can be included in the future on the website and in the inventory.

Objective # 3: To devise a method of gauging interest in the established National Cavalcade of Memories Museum as a destination for members to view preserved historical items by August 2010.

Summarize what Departments have done: This is a work in progress for both National HQ and Departments. Under Action Steps, several Departments have had an Open House and invited the public to see their work. PNP and Vice Chairman Syble Deshotel and Committee Member Betty Turner have both done bulletins on how to display in small spaces. We want to share more information on this topic.

Highlights: We would like to design a new Guest Book that tells why the visitor is there and where they are from and periodically enter the numbers into our data base.

Objective # 4: To get the museum on list(s) of registered museums by August 2010.

Summarize what Departments have done: I don't know of any Departments working on this.

Highlights: Committee Member Pam Rice has done considerable research on this subject. The American Association of Museums has a very lengthy and complex application process which involves a completed inventory, a year of self study, a site visit, a lengthy application and a monetary cost/fee to be on their list. We will do further investigation on this objective.

Objective # 5: To create a virtual tour of the museum by August 2010.

Summarize what Departments have done: Nothing that I know of.

Highlights: We need to finish HQ displays, and then present ideas to the various staff and committees involved in order to complete this project.

CHILDREN & YOUTH: PEGGY THOMAS

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Promotion of Youth Hero Award and Good Deed Award

Summarize what Departments have done: Departments are doing a great job in submitting applicant's names for both the Youth Hero Award and the Good Deed Award.

Highlights: One Unit had 47 young people to receive the Youth Hero Award. A school bus carrying 70 children was hit by a pickup at an intersection causing a severe wreck. The bus driver was knocked unconscious and the pickup caught fire. The bus was carrying children ages 5 -17 years.. These 47 young people displayed great courage in pulling the injured to safety when some of them were also injured and in great danger.

Objective # 2: To provide direct aid, services and information where assistance can be found.

Summarize what Departments have done: Contributed funds to Operation Military Kids, Special Olympics, Child Welfare Foundation, COTA, Toy for Tots, bought school supplies, and distributed books to military kids that had to move.

Highlights: One Department has donated \$5900 in direct aid to needy children. Another Department gave \$3,000 in direct aid and \$4,600 to other Children & Youth projects. This is an example of what the Departments are doing

Objective # 3: To increase the number of Departments reporting the work they are doing and their contributions to the Children and Youth program.

Summarize what Departments have done: Departments have been busy communicating with their Districts, Counties, and Units via e-mail, bulletins and direct mail to encourage reporting of all their donations and work they are doing.

Highlights: Reports from many Departments come to this chairman on a regular basis. One Department reported each county had adopted one or more needy family for the holidays. It is amazing what these units are accomplishing.

COMMUNITY SERVICE: DENISE DELANEY-WROLEN

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Train members to act as emergency management resources by offering Community Emergency Response Team courses

Summarize what Departments have done: Departments promoted CERT training by encouraging units to arrange for training classes to better prepare members in case an emergency struck their community.

Highlights: Several unit members became CERT certified and were used to help give H1N1 vaccinations. One Department worked with the National Security Committee to schedule a training session. One district in California organized CERT teams in its units. Unit 1 in Denver hosted a CERT training session. The Department of Oklahoma participated and promoted community organizations involved in emergency management by identifying local emergency situations to establish public awareness through the media.

Objective # 2: Participation in MLK Day of Service pertaining to veterans and deployed family members

Summarize what Departments have done: Departments encouraged members to reach out to veterans in nursing homes, shelters, and VA facilities, as well as caring for the families of our military serving today.

Highlights: Units in Illinois got together to make items for Veterans Homes and nursing homes. They made it a day of fellowship as they did a lot of good for those in need. Many units in Central Division participated by donating clothes to shelters, fruit baskets to nursing homes, and personal items to the local VA. members in Texas also gave service to local nursing homes and shelters. In Florida a 5K Run was held to honor two Past Department Presidents.

CONSTITUTION & BYLAWS: CORAL MAY GROUT

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Collect copies of Department governance documents; serve as resource for Departments; develop and distribute document review and revision handout; communicate with Departments regarding rulings and available information

Summarize what Departments have done: 21 Departments have submitted governance documents to date.. The C&B Committee has worked with fourteen departments to assist them with updating of documents and by providing responses to questions as they arose.

Highlights: The District of Columbia is undertaking an entire rewriting of their governance documents. Many Departments are in the process of updating their documents. Reports indicate that Districts and Units are submitting their documents which are being reviewed by Department chairmen. Michigan's Department Chairman presented a program at their Fall Conference. Nine Departments provided copies of their Plan of Action to the National office.

Objective # 2: Educate members about C&B

Summarize what Departments have done: Departments have been using information sent through the weekly bulletin. Massachusetts has placed the draft of the C&B Powerpoint presentation on their website, following a presentation at a Department workshop.

Highlights: A Powerpoint presentation has been drafted and reviewed by members of the C&B Committee. It has been tested with one Department. Once the MARCOM staff has improved the presentation style (pictures, etc), it will be available for downloading by all Departments.

EDUCATION: MARY DAVIS

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1&4: Increase National Scholarship awareness and applications and increase contributions in support of the National President's Scholarship

Summarize what Departments have done: Almost every Department, who reported, expressed Units work in coordinating Scholarship information and distribution with local school counselors and administration. Illinois created an easy to read local and national scholarship matrix which gives deadlines, contacts etc.; then distributed to Units and the State Superintendent of Public Schools. Creative ideas to help increase donations for the National President's Scholarship include: a member in Connecticut making and selling scarves; Colorado requesting each member give \$10; Massachusetts donating \$10 per member in the name of a loved one; and California who, at Unit meetings, sets a jar of candy next to an empty donation jar then, when a piece of candy is taken, a contribution is made.

Objective # 2: Increase oral and written communications through mentoring and literacy for children and adults.

Summarize what Departments have done: Minnesota and Maryland report Unit members spending time tutoring students, and reading in after school programs. New York has amassed 366 hours tutoring students. Florida members participate in a Foster Grandparent program where, among other responsibilities, they teach a child to read a book; when proficient the child then takes the book home to read to the parents. After reading ten books the child is presented a book to keep. The Virginia Junior member program includes tutoring in sign language, math, science and reading. The "Give 10" is a favorite of every Department. South Dakota, and other Departments donate much needed school and personal supplies such as paper, books, pencils, crayons, glue, Kleenex, hand sanitizers, mittens, and other clothing and dictionaries.

Objective # 3: Increase participation in Educational programs of the Legion Family.

Summarize what Departments have done: Departments reported participation in a variety of activities honoring educators during National Education Week and inspiring students during "Veterans in the Classroom" programs. For American Education Week, appreciation post cards were sent to high schools. Apples, coffee, deserts, donuts, and other goodies were sent to teachers as well as support staff. Elementary Schools were adopted and monetary donations were made for purchasing much needed school supplies. One Unit presented an interactive program between students and veterans. Certificates were given students who made Veterans Day cards for local veterans. Many Departments reported their involvement supporting the American Legion Oratorical contest. And many more Departments reported preparations for local scholarship distribution.

GIRLS STATE: JANET JEFFORD

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: To utilize the Internet and social networking sites to increase the visibility and viability of the Girls State program and obtain 1,500 Girls State Page Face book fans.

Summarize what Departments have done: Many Departments have created new Girls State Face book pages. Most programs now have their own websites, many of them set-up and maintained by former Girls State Citizens. More and more programs have their applications and program materials on their websites for school counselors and prospective citizens to download. Many sights include pictures and videos of session highlights.

Highlights: South Dakota's "Where Are You Now" page and Arizona's new Face book page have resulted in numerous contacts with former citizens who appreciate being able to use the site to get back in touch with the program and with each other. Pennsylvania reports an increase in requests from schools and students since providing applications and pictures online.

Objective # 2: To instill in all Girls State citizens a commitment of volunteerism and an awareness of the mission of the American Legion Auxiliary.

Summarize what Departments have done: Many programs are incorporating a service project into their programs. Examples include: collecting items for VA residents in Idaho; a community service project in Alaska; and collecting comfort items in Michigan. The Poppy story and making Poppy wreaths continue to be the most popular programs used to educate students about the Mission of the Auxiliary. In Connecticut the President presents Auxiliary Facts every morning. Oregon holds a workshop explaining our Mission. California has a Blue Star Banner group composed of citizens who have a family member deployed. Many programs actively promote membership.

Highlights: Colorado invites the public to attend their Flag Day outdoor ceremony, using veterans and legionnaires to promote awareness of our military and fallen heroes. Arizona has collected over 980 pairs of socks for their VA Centers.

Objective # 3: Continue to attract participants and grow Girls State programs by keeping them relevant and current and by encouraging departments to increase scholarships for their Girls State programs.

Summarize what Departments have done: More programs are giving participants the opportunity to earn college credit and are awarding many scholarships to GS citizens. Many programs, such as Colorado, report using evaluations to review their programs and try-out new ideas.

Highlights: Minnesota gives preference to GS citizens when awarding scholarships. South Dakota offers 46 awards and scholarships. Wyoming is exploring dual college/high school history credit.

JUNIOR ACTIVITIES: MARTHA CORRIHER

The Junior Activities Committee has been busy sending letters, email and making phone calls to each department's Junior Activities Chairman with the national Plan of Action, encouragement, suggestions and requests. As of February 8, 2010, eighteen departments, Illinois, Iowa, Michigan, Ohio, Wisconsin, Maine, Maryland, New York, Montana, North Carolina, Louisiana, Mississippi, South Carolina, Virginia, Oklahoma, California and Washington, reported the following information to this committee:

Department Honorary Junior President's Projects:

Maryland – Special Olympics, Kimmel Comprehensive Cancer Center and the Casey Cares Foundation; funds were raised and donated to each.

North Carolina – Coins for Cards; funds are being raised to purchase phones cards send to soldiers overseas.

South Carolina – Outreach Bicycles – purchased bikes for needed children.

Mississippi – Cystic Fibrosis – holds bake sales to raise funds

Maine – Project Linus Program – tag quilts and afghans for distribution.

Iowa and Montana – Operation Military Kids – assemble Hero Packs for distribution.

Puerto Rico –Back to school Book Bags – each junior was urged to give another child a new book bag.

Some of the activities listed as ongoing activities consisted of:

Working with local USO's, making gifts bags for VAMC's and clinics, cooking and delivering meals to veterans in the community, distributed flags during Veteran Day Parades, held holiday parties for reserve units and their families and supplied arts and crafts for decorations, teaching Christmas carols, performing skits, holding Bingo Parties at VAMC's, held junior member Information Fairs, held Junior Leadership Correspondence Course workshops and basic leadership instruction, assembled Hero Packs for OMK, collecting cents off coupons and school supplies, folded Pocket Flags, collected toys for the Ronal McDonald House, collected shoes for Soles 4 Souls, held bake sales, held recycle Fashion Shows, delivered Christmas cards to VAMC's, walked for Diabetes, held ticket raffles, marched for world peace, held Flag etiquette workshops, participated in parades, collected box tops and Campbell soup labels, raised funds for Wreaths Across America, collected coats, mitten, hats and scarf's for the needy, held food drives for the homeless and food banks, collected and shipped items to troops overseas, held graduation ceremonies for Juniors to Senior programs, held Yellow Ribbon events for deployed soldiers, made care bags for VAMC's Emergency Rooms, collected toiletry items for veterans, collected socks for homeless, made no-sew pillows for veterans and the homeless, donated time and money to Children's Organ Transplant Association, helped with American Legion Baseball programs and collected art supplies for Art for the Heart Program.

As you can see, "OUR" juniors are very busy creating and implementing their activities and projects, but they could not have accomplished this without the support, guidance and leadership from "YOU", our senior members. As the old saying goes, "Children live what they learn" and they have learned from the best, the American Legion Auxiliary. You all should be proud of a job well done.

Another area this committee is proud to report about is membership. One of our goals was to have each junior recruit a new junior member and below you will find the totals reported to us to date:

Virginia reporting 4 new junior members;
New York reporting 15 new junior members;
North Carolina reporting 64 new junior members;
Mississippi reported 153 new junior members.

This committee hopes to get reports of more new junior members being recruited, thus helping the Auxiliary meet the national goal.

Now is the time to begin preparing your juniors for their National Junior Meeting to be held in August. We hope to increase participation and attendance from last year. Twenty eight departments were represented at last years National Junior Meeting with a total of 78 girls taking part. This is a great learning experience for our future leaders and a time for them to make lifelong friends.

LEADERSHIP: SHARON CONATSER

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Give ALA members tools to help them understand their roles, motivate them and give them information to help develop future leaders.

Summarize what Departments have done: The 30 mid-year updates all have workshops planned in the next few months or have already hosted one or more. Many Departments mentioned having training for their officers and chairmen as well as how important they feel mentoring is. Montana and Kentucky use their PDP as mentors.

Highlights: In Maine, the chairman helps to reorganize Units. California started the year quickly. In September and October, they held three workshops with more than 300 attendees; over 70 of those being first timers!! Leadership or ABC (Auxiliary Basic Concepts) Washington and Florida have returned to basics in their Departments; responsibilities, procedures, protocol, parliamentary procedure..... New York held an American Legion Auxiliary College. An Oregon Unit member will hold a "How to Write a Supplemental Report" at the next DEC. Mississippi puts a mini-leadership workshop in their department newsletter each month. Kentucky holds workshops after District meetings. Delaware is developing a leadership workshop for the spring. Puerto Rico distributed leadership information. Minnesota's presentation concerned trouble shooting the reasons for lack of member participation and willingness to serve as officers and chairmen. Illinois has hosted a leadership workshop, and a Leadership course will take place at their Junior Conference and Department Convention. Tennessee hosted a workshop with over 100 members in attendance. North Carolina has workshops planned for Midwinter conference and Units were urged to hold mini workshops. Alabama held workshops in all three divisions, with one hosting a junior workshop. Vermont held five District workshops. Hawaii is stressing parliamentary procedure. Idaho is trying to increase their membership through leadership.

Objective # 2: Evaluate the leadership guide for Juniors and Seniors

Summarize what Departments have done: At the National level we have reviewed the updated Junior Leadership book and hope to have it posted on the website. Several updates have been made to the correspondence course on the web. Several Departments including Wisconsin, New York, Missouri, Washington, West Virginia, and Alabama, reported preparing Leadership guides for their Department.

Objective # 3: National Chairman presenting workshops in their Departments.

Summarize what Departments have done: Thank you to the Departments that have had National Chairmen, present training modules. THANK YOU to Mississippi, South Carolina, California, Minnesota, Connecticut, Vermont, and Virginia. I know that at least four more Departments have them planned and they are Illinois, Washington, North Carolina, and Massachusetts. It is not too late and we hope that you will contact your National Chairman and ask her to present at an event you have coming up.

LEGISLATIVE: VICKIE KOUTZ

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Members were reminded of the basics-why we have Senators and Congressmen and to let them know they are working for us. Departments encouraged their members to subscribe to the Dispatch. Several members thanked their legislators for listening to their concerns on different issues. 185 letters were written to elected officials in one Department with 57 members personally visited their officials. A couple departments handed out sample letters and “How A Bill Becomes A Law” pamphlets and “How To Develop Relationships with Legislators”. Members wrote letters with concerns on the lack of jobs for returning servicemen and servicewomen, as well as our Veterans. Highlights: An exciting date, September 16, 2009 “American Legion Day”, was passed into law. _

Objective # 2: It was stated, it is your right to vote, but it is your responsibility to do so-be encouraged to let your voice be heard. Invitations were sent to State and Federal Officials to speak at their Legion Posts. Emails were sent to State Senators and State Representatives regarding opinions on issues that were pending. Clinics were held on how to vote and at the same time people were registered to vote. Breakfasts, Lunches and Dinners were held and Officials were invited to attend.

Legislators were encouraged to support The Flag Amendment.

Highlights: Several Departments are planning to visit with their legislators while in Washington, D. C. for the Awareness Assembly.

Objective # 3: Members were encouraged to add links to their web sites for the Legion Legislation Action, the Dispatch and the Congressional Yellow Pages. Others researched the internet on veteran’s issues.

Highlights: The E-Newsletter has become more prominent this year, with more new members signing up.

MEMBERSHIP: NANCY BROWN-PARK

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: To be consistent with the NEC approved Strategic Plan, the membership committee will work to Retain 95% of the most recent year's December 31st membership total.

Summarize what Departments have done: Departments held rallies, whistlestop tours, leadership conferences and created membership toolboxes to help units and their departments reach their membership goal. They have emphasized the value of working with all of the American Legion Auxiliary programs to create volunteer opportunities.

Highlights: The Department of Kansas Membership Chairman used the \$100.00 target award to create a Membership Toolbox for each of her units. The toolbox contained a custom 3" mini CD that contained National Membership information in addition to their own membership documents. She designed a label and burned a copy for all 257 units. A flyer was created to explain how to use the disk and what to do if they didn't have a computer. Each unit membership chairman also received a customized letter explaining how the unit was doing and offered suggestions and who to call for help.

Objective # 2: Continuing to model the NEC approved Strategic Plan the membership committee will work to increase the most recent year's December 31 membership by 38,000 new members.

Summarize what Departments have done: Departments report partnering with other non-profit organizations to create awareness of the American Legion Auxiliary. Units and Departments have embraced social networking many creating a Facebook page and Twittering "What's happening" at their post homes to engage new members.

Highlights: Today there are face book pages for most national programs including the Youth Conference, Girls State and Girls Nation, ALA involvement with the Ride 2 Recovery, National Creative Arts Festival, and the Membership Committee. Units and Departments are setting up their own Face book page to educate and invite new members. ie. Department of Oregon, Florida, Wisconsin and Unit 472 East Palo Alto.

Objective # 3: Educate Departments and Units on the advantages of promoting National member benefits and implementing member benefits of their own.

Summarize what Departments have done: Membership Chairmen report including benefit materials and information in their workshops and monthly bulletins.

Highlights: The Department of Arizona has been successful focusing on membership benefits as a way to recruit new members. To date it has resulted in 1179 new senior members and 80 new junior members. 10% of their current membership.

NATIONAL SECURITY: DIANE DUSCHECK

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: To work with the Community Service Committee to promote activity in CERT (Community Emergency Response Team) and to prepare our members to act as an emergency management resource.

Summarize what Departments have done: Being prepared for any disaster that may present itself has been a priority. Units have held CERT programs to prepare families for natural and man-made disasters, and worked closely with local emergency personnel. Several Post homes have been selected as emergency shelters in their communities.

Highlights: To prepare even the youngest community members for emergency situations, over 6,800 Ready Kids Activity Books were given to school children in the Western Division. Preparedness Worksheets and Home Emergency Evacuation Worksheets were also distributed to children. Juniors are preparing a Plan of Action for emergency preparedness in their own homes.

Objective # 2: To support active military and their families both during and after deployment.

Summarize what Departments have done: Soldiers and their families have been well taken care of. Coupons have been collected, many pocket flags have been folded and distributed, and both care and “fun” packages have been sent to deployed military. Homecoming events show returning military how appreciative we are for their service and how much we care for each of them.

Highlights: To support the military as they deploy, their families have been adopted: gift cards, dinners at the Post home, monetary donations, care packages, and offers for help with yard work and child care have been offered. Stand downs have been held for homeless veterans, giving them a place to shower and rest for the weekend, and clean clothes and a fresh haircut before they depart. As always, POW/MIA ceremonies honor the missing and captured military. They are not forgotten in their families or in their communities.

Objective # 3: To support additional military related initiatives.

Summarize what Departments have done: Military service is recognized via the Blue Star Banner and great sacrifice is honored with the Gold Star Banner. ROTC/JROTC and USO have received monetary donations. Many units have hosted and participated in blood drives to give the gift of life.

Highlights: An Ohio unit raised \$15,000.00 for the “Canine for Combat” program. Donations in both time and money have aided ROTC/JROTC to offset the costs of drill rifles, flags and equipment.

PAST PRESIDENTS PARLEY: ELSIE BAILEY

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Reconnect by organizing Parleys to discuss organization's strengths and weaknesses in order to enhance the knowledge of current and future leaders.

Summarize what Departments have done: Although it has not been reported that any new Parleys were organized, existing Parleys met and made great strides in strengthening our organization and current leadership. Outstanding achievements have been come to fruition. Past President's continue to mentor and to encourage all members but most especially, up-coming leaders. Special functions are being held in appreciation of and to honor Past Presidents.

Highlights: Past President's have assumed the responsibility of screening members to select one member who might need assistance to become a fine leader. They then become the mentor for that member with the goal of continued strong leadership and organization growth. Susan Britton, PPP Chairman, Department of New York, has assigned Past President's the task of helping members "BEEcome" spectacular because it is indeed crucial that their "hives" are packed with a fine selection of productive "WORKER BEES"! The Department of Illinois holds a joint Past Presidents/Gold Star dinner at their Department Convention where they honor all Past President's and Gold Star members. In Puerto Rico, Parley members donated toys for children at the "Three Wise Men's Holiday" in memory of all Past Auxiliary Presidents.

Objective # 2: Energize by providing scholarships, increasing the amount of money being provided and paying tribute to an outstanding "Unit Member of the Year".

Summarize what Departments have done: Past President's are raising money to increase the scholarships being awarded by increased dues and conducting fund raisers.

Units are in the process of making every member aware of the "Unit Member of the Year" opportunity. Plans are being made to select members deserving of the honor of being presented and honored during national convention.

Highlights: A "Cake Bingo" is being held at the state convention in the Department of Texas in order to increase scholarships. Members sell numbered paper plates. They then have a drawing of numbers and if the number drawn matches a numbered plate, the owner of that numbered plate receives a cake made and donated by members.

Objective # 3: Reach out by honoring past and present female warriors.

Summarize what Departments have done: Plans are currently being made to pay tribute to female warriors throughout our patriotic country. Dissemination of rules for entry is being done in a variety of ways. Hospitalized veterans are being shown our appreciation through gifts and visits in medical facilities.

Much good cheer is presently being provided and more activity will be reported at year-end.

Highlights: In the Department of Florida, one Unit is hoping to invite a local female veteran who recently had tea with First Lady Michele Obama to speak at their District Past President's Luncheon. The Chairman in the Department of New Jersey recognizes female veterans when attending any Department meeting or function.

Notes: Appreciation is extended to the PPP Chairmen in the following Departments who submitted mid-year activity reports to this chairman: Norma Wojack, Michigan, Carollee Junge, Illinois, Margaret "Bunnie" Jani, Florida, Dolores Gonzalez, New Jersey, Susan Britton, New York, Carol Robinson, Ohio, Gayle Simpson, Texas, Maria Montanez, Puerto Rico and Barbara Monroe, Idaho. Thank you sincerely!

REMINDER: PLEASE NOTE THE CHANGE IN NARRATIVE TITLE FOR ENTRIES BY THE MILITARY SERVICE NOMINEES. THE CORRECT TITLE IS "SERVICE IN THE U.S. ARMED FORCES: A SOURCE OF PERSONAL PRIDE"

**POPPY:
DIANE SPENCER**

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Reconnect with the poppy's significance by sharing the In Flanders Field story wherever possible.

Energizing and reconnecting that's what the five divisions, of 35 departments that have reported how they each promoted the Poppy Program, in many ways by sharing the significance of the Flanders Field story and by increasing the amount of Poppies. They have ordered over 1,546,625 poppies as of this reporting and each divisional chairman has been encouraging their departments to participate in the Poppy Corsage, Poppy Poster and Miss Poppy Contest.

Summarize what Departments have done: Department of Arizona reported, that their Juniors celebrated a retreat by memorizing the "In Flanders Field" story. Another department sent bulk mailings to units to encourage them to share the poem, "In Flanders Field" and tell how Poppy Days came about. The units were encouraged to create a relationship with churches, schools and the media to promote the Poppy Story. In addition, many departments have reported having poppy workshops while other departments have workshops scheduled for the upcoming months. These departments have ordered their poppies and have used them in many ways such as in Veteran's Day Parades, Christmas Parties at the VA facilities, nursing homes, American Legion Posts, in Welcome Home Troops celebrations, at the MLK Day March, memorial wreaths, table decorations, poppies were giving to new members in their initiation, corsages for the Awareness Assembly and for the National President Rita through out her travels.

Highlights: California Poppy Chairman writes that they embraced their Department President tropical theme "Cherish the Past, Nurture the Present and Envision the Future." They have 350,000 poppies ordered to date and poppy production takes place at four VA facilities with one producing year around. Their poppy revenues have increased from .15 to .18 cents this year. The California Poppy Chairman received an email from the National Poppy Program telling about a California school teacher who requested 200 poppies and the poppy story to teach to his class. New York ordered 306,975 Poppies which raised \$51,940 by 250 Units. In the Department of Michigan, Northeastern Unit 459 Auxiliary established in August 2009 a Poppy Museum and Flowers of Remembrance to share the history of Poppy Program. It reminds the members that we hold this important program and its legacy, and that they have the same opportunity as those who went before them to teach our young people about the sacrifice made by so many of our country's veterans.

**PUBLIC RELATIONS:
LINDA MOSEMAN RAYMOND**

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: Promote and publicize the American Legion Auxiliary and its programs

Summarize what Departments have done: Activities from every committee and activity are being shared both with our Units and Departments, but also in the community. We continue to strive to teach people who we are, who we serve and what we do to accomplish our goals.

Highlights: The Department of North Carolina published it's very own guide "Working with the News Media". Congratulations Helen Smith, Brenda Toppin and Kathy Ellen on a job well done!

Objective # 2: Increase electronic communications with Members

Summarize what Departments have done: Units, Departments and the National Organization are creatively promoting participation by Members using electronic communications for meeting notices, newsletters, conference information and membership statistics. Face book, Twitter, my space and other social networks are used.

Highlights: The Department of Maine sent out detailed instructions explaining how to create a new Twitter account! Congratulations Georgine Butman!

Objective # 3: Achieve a 15% increase in the number of Press Books submitted

Summarize what Departments have done: Most Departments are expecting their P.R. Chairman to submit Press Books for judging.

Highlights: A new bulletin in the works giving detailed instructions to all submissions will meet requirements.

Objective # 4: Achieve a 25% increase in the number of both Unit and Department websites

Summarize what Departments have done: Several Departments and Units have launched new websites are updated and revised their old sites.

Highlights: Congratulations to Unit 526 and it's webmaster Pam Bates on their new Unit Website!

VETERANS AFFAIRS & REHABILITATION: KRIS NELSON

Progress had been made in fulfilling the objectives outlined in the Plan of Action:

Objective # 1: To increase volunteer services within a VAMC or outpatient clinics by 10 volunteers per department and to increase volunteers outside a VAMC through Field Service and Home Service volunteers by 10 per department.

Summarize what Departments have done: Several Departments reported hosting orientation for both VAVS and Field Service orientation. I am confident that year end reporting will show that we have met the goal of increasing 10 volunteers both within and outside a VAMC in each Department.

Highlights: The Department of Ohio has hosted 5 Field Service orientations resulting in 70 additional volunteers. In the Department of Washington their VISTA volunteer was able to arrange off-site VAVS training at several locations thus allowing several members to complete the training without driving long distances. Most Departments hosted Christmas Gift Shops and reported that they invited new volunteers to assist them hoping that the result would be new VAVS volunteers.

Objective # 2: To raise \$150k to fulfill our obligation and increase our donation as a corporate sponsor to The Veterans Creative Arts Festival.

Summarize what Departments have done: The Junior President in the Department of Oregon challenged a \$1.00 donation from every junior member to support the Creative Arts Festival. The New York Department President chose Creative Arts as her project this year and to date the donations total \$6562. The Department of Nebraska is passing a coffee mug throughout the Department until they reach their goal of \$2500.

Highlights: A parade of checks will be held during Awareness Assembly presenting President Rita with donations from departments. The magazine was used to both promote the program and as a plea for additional donations.

Objective # 3: To increase participation in Ride to Recovery (R2R) events. To encourage fundraising and volunteer participation for the five scheduled R2R events.

Summarize what Departments have done: Across the country Departments are promoting the first "Spinning Nation" which will take place on February 27th, if all slots are filled \$1.4m will be the resulted donations. 24 Hour Fitness is offering two, 50-minute cycling sessions at all of their facilities for a sponsorship fee of \$75 each. Additionally, Departments may host Cyclefests which are 1-day fundraising events. Members have been challenged to support the "Dollars Making a Difference" campaign which is a monetary donation of \$1 per member. Several Departments have shown interest in all of these programs. The R2R partnership results in spin labs at VA and Military facilities, specialized cycles for wounded warriors, and dollars available to support the five national rides.

Highlights: Both the Departments of California and Florida have completed their Ride with The American Legion Family supporting the rides with both time and treasure; the Departments of Colorado, Virginia and Texas are in the midst of plans at this time. The Department of California reported raising \$100,000 on the California ride. The most recent issue of our magazine highlighted the Florida ride.

Objective # 4: Collaborate with American Legion Auxiliary VISTA volunteers to help indigent veterans.

Summarize what Departments have done: Several of the ALA Call to Service Corps VISTA Project field sites have implemented activities to support indigent veterans. For example, the Florida field site executed a 5K race in Orlando, in connection with the Martin Luther King Jr. National Day of Service, to raise funds for the VA domiciliary program in Orlando. The California field site organized a tour of the San Francisco VAMC for public officials and community leaders to introduce them to the services of the VAMC and associated volunteer opportunities. The Michigan field site organized the sewing, assembly, and distribution of personal hygiene care kits for homeless veterans as its MLK observance. The Michigan site has also introduced the Poppy program into a homeless veteran program in the state. Other field sites have concentrated their initial activities on the military family support and general community service goals of the Call to Service Corps VISTA project, but will undertake indigent veteran activities during the second half of the project period.

Highlights: We have implemented a VAVS task force made up of American Legion Auxiliary members, national staff, American Legion members and VA employees. This task force is working with other non-profits to find best practices for recruiting and retaining volunteers. VISTA volunteers sent packets of information to each Department VA&R chairman to assist them in meeting the objective of increasing volunteers both within and outside a VAMC. iParticipate website was used to solicit VAVS volunteers and resulted in dozens of inquiries, Department VA&R chairmen were tasked with assigning these volunteers to a facility.

Appendix B

**American Legion Auxiliary
National Headquarters
Financial Statements**

**September 30, 2009 and 2008
With Supplementary Information**



AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY
FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2009 AND 2008



AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated statements of financial position of AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS and AMERICAN LEGION AUXILIARY FOUNDATION, INC. as of September 30, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the management of AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS and AMERICAN LEGION AUXILIARY FOUNDATION, INC. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. Generally Accepted Auditing Standards. 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS and AMERICAN LEGION AUXILIARY FOUNDATION, INC. as of September 30, 2009 and 2008, and the changes in its net assets, functional expenses, and cash flows for the years then ended, in conformity with U.S. Generally Accepted Accounting Principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information as of and for the years ended September 30, 2009 and 2008, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. This information has been subjected to the auditing procedures applied in the audits of the 2009 and 2008 consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

January 14, 2010

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 1,234,851	\$ 494,949
Investments	19,578,070	20,118,598
Investments - V-I-M	2,770,815	2,833,826
Prepaid expenses	300,995	55,058
Furniture and equipment, net	529,158	231,771
Other assets	<u>116,026</u>	<u>108,787</u>
Total assets	<u>\$ 24,529,915</u>	<u>\$ 23,842,989</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 239,784	\$ 256,168
Accrued expenses	261,394	189,470
Accrued scholarships	86,250	74,750
Deferred revenue - Dues	2,554,829	2,099,633
Deferred revenue - V-I-M	2,828,260	2,838,922
Deferred revenue - Other	<u>43,580</u>	<u>6,015</u>
Total liabilities	<u>6,014,097</u>	<u>5,464,958</u>
Net Assets:		
Unrestricted net assets		
General fund	16,517,873	16,325,979
Other unrestricted funds	<u>1,281,562</u>	<u>1,264,218</u>
Total unrestricted net assets	17,799,435	17,590,197
Temporarily restricted net assets		
Permanently restricted net assets	<u>529,407</u>	<u>485,192</u>
Total net assets	<u>18,515,818</u>	<u>18,378,031</u>
Total liabilities and net assets	<u>\$ 24,529,915</u>	<u>\$ 23,842,989</u>

See accompanying Notes to Consolidated Financial Statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Revenue, Gains & Other Support:		
Contributions	\$ 813,956	\$ 892,036
Membership dues	4,052,442	4,128,648
Advertising	353,045	378,352
Other	<u>1,103,009</u>	<u>1,081,187</u>
Total revenue, gains, and other support	<u>6,322,452</u>	<u>6,480,223</u>
Expenses:		
Member services	3,912,849	4,693,132
Youth education services	796,770	952,904
Veteran and military family programs	<u>1,132,631</u>	<u>1,176,367</u>
Total program services	5,842,250	6,822,403
Management and general	335,110	676,686
Fundraising	<u>377,640</u>	<u>843,937</u>
Total expenses	<u>6,555,000</u>	<u>8,343,026</u>
Change in net assets from operations	(232,548)	(1,862,803)
Investment Income (Loss), Net of Expenses	<u>370,335</u>	<u>(3,457,528)</u>
Change in net assets	137,787	(5,320,331)
Net Assets, Beginning of Year	<u>18,378,031</u>	<u>23,698,362</u>
Net Assets, End of Year	<u>\$ 18,515,818</u>	<u>\$ 18,378,031</u>

See accompanying Notes to Consolidated Financial Statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2009
(WITH COMPARATIVE TOTALS FOR 2008)

	Member Services	Youth Education Services	Veteran and Military Family Programs	Total Program Services	Management and General	Fundraising	2009 Totals	2008 Totals
Salaries and wages	\$ 766,376	\$ 186,792	\$ 277,435	\$ 1,230,603	\$ 65,881	\$ 71,100	\$ 1,367,584	\$ 1,531,388
Payroll taxes and related costs	61,353	15,743	23,917	101,013	4,107	6,395	111,515	127,625
Employee benefits	108,789	26,989	43,145	178,923	19,023	10,758	208,704	285,503
Personnel and related benefits	936,518	229,524	344,497	1,510,539	89,011	88,253	1,687,803	1,944,516
General operating expenses	279,442	44,767	55,433	379,642	(5,078)	15,887	390,451	677,436
Conventions and meetings	694,828	273,305	143,731	1,111,864	62,206	3,972	1,178,042	1,587,963
Occupancy	115,524	29,405	46,928	191,857	8,402	14,703	214,962	143,238
Professional services and fees	123,554	46,800	116,302	286,656	140,147	32,458	459,261	645,478
Printing and publications	656,849	45,409	162,246	864,504	3,366	195,764	1,063,634	1,445,158
Postage and freight	567,284	34,891	147,940	750,115	8,750	20,100	778,965	1,047,749
Grants and scholarships	238,467	91,250	114,960	444,677	-0-	-0-	444,677	401,533
Other	300,383	1,419	594	302,396	28,306	6,503	337,205	449,955
Total expenses	<u>\$ 3,912,849</u>	<u>\$ 796,770</u>	<u>\$ 1,132,631</u>	<u>\$ 5,842,250</u>	<u>\$ 335,110</u>	<u>\$ 377,640</u>	<u>\$ 6,555,000</u>	<u>\$ 8,343,026</u>

See accompanying Notes to Consolidated Financial Statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2008

	Member Services	Youth Education Services	Veteran and Military Family Programs	Total Program Services	Management and General	Fundraising	2008 Totals
Salaries and wages	\$ 780,772	\$ 185,983	\$ 280,692	\$ 1,247,447	\$ 111,283	\$ 172,658	\$ 1,531,388
Payroll taxes and related costs	65,051	16,098	23,864	105,013	8,100	14,512	127,625
Employee benefits	121,378	28,699	41,822	191,899	62,531	31,073	285,503
Personnel and related benefits	967,201	230,780	346,378	1,544,359	181,914	218,243	1,944,516
General operating expenses	371,864	59,665	75,170	506,699	119,354	51,383	677,436
Conventions and meetings	1,042,334	282,611	137,341	1,462,286	114,411	11,266	1,587,963
Occupancy	71,619	18,621	25,783	116,023	10,026	17,189	143,238
Professional services and fees	300,363	69,105	69,229	438,697	145,774	61,007	645,478
Printing and publications	778,531	112,958	208,915	1,100,404	8,726	336,028	1,445,158
Postage and freight	623,342	96,691	189,886	909,919	12,183	125,647	1,047,749
Grants and scholarships	198,015	81,251	122,267	401,533	-0-	-0-	401,533
Other	339,863	1,222	1,398	342,483	84,298	23,174	449,955
Total expenses	\$ 4,693,132	\$ 952,904	\$ 1,176,367	\$ 6,822,403	\$ 676,686	\$ 843,937	\$ 8,343,026

See accompanying Notes to Consolidated Financial Statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 137,787	\$ (5,320,331)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation and amortization	39,766	32,303
Loss on disposal of assets	-0-	77,349
Net realized (gain) loss on investments	13,972	(609,687)
Net realized (gain) on investments - V-I-M	(156)	(1,588)
Net unrealized loss on investments	554,002	5,400,846
Net unrealized loss on investments - V-I-M	52,442	708,188
Changes in operating assets and liabilities:		
Prepaid expenses	(245,937)	283,857
Other assets	(7,239)	25,555
Accounts payable	(16,384)	(122,376)
Other accrued expenses	83,424	101,000
Deferred revenue - dues	455,196	174,625
Deferred revenue - V-I-M	(10,662)	(612,547)
Deferred revenue - other	37,565	5,015
Net cash provided by operating activities	<u>1,093,776</u>	<u>142,209</u>
Cash Flows From Investing Activities:		
Fixed assets purchased or donated	(337,153)	(227,590)
Change in investments, net	(27,446)	377,609
Change in investments - V-I-M, net	<u>10,725</u>	<u>(150,222)</u>
Net cash used in investing activities	<u>(353,874)</u>	<u>(203)</u>
Net Increase in Cash and Cash equivalents	739,902	142,006
Cash and Cash Equivalents, Beginning of Year	<u>494,949</u>	<u>352,943</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,234,851</u>	<u>\$ 494,949</u>

See accompanying Notes to Consolidated Financial Statements.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Description of Entities

The accompanying consolidated financial statements include the accounts of the American Legion Auxiliary National Headquarters (the "Auxiliary") and the American Legion Auxiliary Foundation, Inc. (the "Foundation"), collectively referred to as the "Organization". All significant intercompany transactions and balances have been eliminated in consolidation.

The Auxiliary is a national membership veterans' service organization with headquarters located in Indianapolis, Indiana. The Auxiliary was founded in 1919 in conjunction with the establishment of The American Legion by the United States Congress. The Auxiliary was incorporated as a not-for-profit organization on November 11, 1932 under the laws of the State of Indiana. Members of the Auxiliary are women who served, or whose relatives served, in the United States Armed Forces during times of declared war and conflict. The mission of the Auxiliary is to honor, advocate for, and enhance the lives of U.S. veterans, military, and their families, and to promote patriotism, national security, and good citizenship. The Auxiliary enacts its mission through scholarship, educational, mentoring, and outreach programs, and by administering and supporting various projects that benefit veterans and military families at home and abroad.

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 Auxiliary 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. Accordingly, as required by U.S. Generally Accepted Accounting Principles, the Foundation's accounts and related disclosures are consolidated herein with those of the Auxiliary beginning with the year ended September 30, 2008.

The significant accounting policies followed by the Organization in the preparation of its consolidated financial statements are summarized below.

Basis of Presentation

The Organization utilizes the principles of fund accounting in the preparation of its consolidated 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 three fund accounts include the following:

Unrestricted Fund

The unrestricted net assets are net assets not subject to donor-imposed restrictions. The unrestricted fund is used to account for all contributions, revenues, and expenses used for the general operations of the Organization.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Temporarily Restricted Fund

The temporarily restricted fund is used to record contributions and revenues that are received or generated that have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are classified as unrestricted net assets and reported as net assets released from restrictions in the consolidated statement of activities and changes in net assets.

Permanently Restricted Fund

Assets held inviolate and in perpetuity are held in the permanently restricted fund and include certain funds restricted for scholarships and other restricted purposes. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Adoption of New Accounting Standards

Effective October 1, 2008, the Organization adopted FASB ASC 820, *Fair Value Measurements and Disclosures* (formerly Statement of Financial Accounting Standards No. 157). FASB ASC 820 defines fair value, establishes a framework for measuring fair value measurements, and expands disclosures about fair value measurements. FASB ASC 820 has been applied prospectively as of the beginning of fiscal year 2009.

Additionally, the Organization adopted FASB ASC 958-205, *Not-for-Profit Entities: Presentation of Financial Statements* (formerly FASB Staff Position 117-1). FASB ASC 958-205 provides guidance on the net asset classification of donor restricted endowment funds and funds designated by the Board of Directors to function as endowments, for organizations subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act ("UPMIFA").

Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and notes to the consolidated financial statements. Actual results could differ from those estimates. Principal estimates made in the preparation of the consolidated financial statements include the allocation of functional expenses and assumptions employed in the determination of pension expense.

Cash and Cash Equivalents

Cash and cash equivalents represent cash invested in checking and money market accounts. All liquid investments with original maturity dates of three months or less are classified as cash equivalents.

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Investments and Investment Return

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

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is first recorded as temporarily restricted and then released from restriction. Other investment return is reflected in the statements of activities as unrestricted, temporarily restricted, or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Furniture and Equipment and Depreciation

Furniture, equipment, and leasehold improvements purchased and expenditures which substantially increase the useful lives of existing assets are recorded at cost. Cost of repairs and maintenance are expensed as incurred. Furniture, equipment, and leasehold improvements are depreciated over the estimated useful lives, which range from 5 to 10 years, using the straight-line method of depreciation.

Support and Revenue Recognition

The Organization records gifts as revenue at the date it receives either cash or an unconditional promise to give from a donor. Assets received from a donor are recorded at fair value and are recorded as unrestricted revenue unless the donor includes stipulations that limit the use of the assets, in which case the revenue is recorded as either Temporarily or Permanently Restricted revenue. When a donor restriction expires, temporarily restricted assets are reclassified as unrestricted net assets and reported as "Net assets released from restrictions" in the consolidated statement of activities and changes in net assets.

Functional Expenses

Expenses are allocated among various Programs, Management and General, and Fundraising based on management's estimates of time spent by employees, space utilization, or other rational bases.

Dues Income and Per Capita Tax

Dues are recognized as income in the applicable membership period. Membership dues are paid annually based on a calendar year-end.

The per capita tax on members is deemed to be earned and reported as income when received.

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Income Taxes

The Auxiliary and the Foundation are organized as not-for-profit corporations and, accordingly, are exempt from Federal and state income taxes under sections 501(c)(19) and 501(c)(3) of the Internal Revenue Code, respectively. If applicable, the Organization pays income tax on unrelated business income.

Pension Plan

Prior to 2008, the Auxiliary participated in a defined-benefit pension plan covering substantially all of its employees, as well as those of The American Legion National Headquarters and certain affiliated and subordinated groups. The plan was frozen in 2008. Contributions will continue to be made to maintain the funded status of the plan; however, employees will not accrue additional benefits. Contributions to the plan are made by the Auxiliary and other participating groups on the basis of annual actuarial valuations. There were no additional contributions required for the years ended September 30, 2009 and 2008.

2. FAIR VALUE MEASUREMENTS

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC 820 also establishes a fair value hierarchy, which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The following three levels are defined by FASB ASC 820 as a means of measuring fair value:

Level 1

Quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2

Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. The Organization has no Level 2 investments at September 30, 2009.

Level 3

Unobservable inputs reflecting the entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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Assets measured at fair value at September 30, 2009 include the following:

	<u>Level 1</u>	<u>Level 3</u>	<u>Total</u>
Cash and cash equivalents	\$ 1,234,851	\$ -0-	\$ 1,234,851
Investments	18,252,782	1,325,288	19,578,070
Investments - V-I-M	<u>2,770,815</u>	<u>-0-</u>	<u>2,770,815</u>
	<u>\$22,258,448</u>	<u>\$ 1,325,288</u>	<u>\$ 23,583,736</u>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2009:

	Fair Value Measurement Using Significant Unobservable Inputs (Level 3)		
	<u>Hedge Fund</u>	<u>Partnerships</u>	<u>Total</u>
Beginning Balance, 9/30/08	\$ 881,197	\$ 352,579	\$ 1,233,776
Additions	-0-	50,000	50,000
Dividends, interest and other	-0-	4,461	4,461
Realized losses	-0-	(17,410)	(17,410)
Unrealized gains	<u>54,461</u>	<u>-0-</u>	<u>54,461</u>
Ending Balance, 9/30/09	<u>\$ 935,658</u>	<u>\$ 389,630</u>	<u>\$ 1,325,288</u>

3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Organization's investments and investment returns as of September 30, 2009 and 2008 and for the years then ended are as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Investments:				
Money market funds	\$ 78,533	\$ 78,533	\$ 272,531	\$ 272,531
Corporate bonds and notes	-0-	-0-	258,722	260,494
Common and preferred stock	3,865,079	2,807,392	3,861,588	3,223,909
Mutual funds and other	<u>17,157,246</u>	<u>16,692,145</u>	<u>16,694,544</u>	<u>16,361,664</u>
Total investments	<u>\$ 21,100,858</u>	<u>\$ 19,578,070</u>	<u>\$ 21,087,385</u>	<u>\$ 20,118,598</u>

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The following schedule summarizes the investment income (loss) and its classification in the statements of activities and changes in net assets for the years ended September 30, 2009 and 2008:

	2009				
	General Fund	Other Unrestricted Funds	Total Unrestricted	Temporarily Restricted Funds	Total
Dividends and interest (net of expenses of \$20,090)	\$ 866,856	\$ 46,893	\$ 913,749	\$ 24,560	\$ 938,309
Net realized gains (losses) on investments	(14,940)	968	(13,972)	-0-	(13,972)
Net unrealized gains (losses) on investments	<u>(534,109)</u>	<u>(6,044)</u>	<u>(540,153)</u>	<u>(13,849)</u>	<u>(554,002)</u>
Total investment income (loss)	<u>\$ 317,807</u>	<u>\$ 41,817</u>	<u>\$ 359,624</u>	<u>\$ 10,711</u>	<u>\$ 370,335</u>

	2008				
	General Fund	Other Unrestricted Funds	Total Unrestricted	Temporarily Restricted Funds	Total
Dividends and interest (net of expenses of \$20,255)	\$ 1,234,673	\$ 55,156	\$ 1,289,829	\$ 43,802	\$ 1,333,631
Net realized gains on investments	606,552	3,135	609,687	-0-	609,687
Net unrealized losses on investments	<u>(5,322,681)</u>	<u>(78,165)</u>	<u>(5,400,846)</u>	<u>-0-</u>	<u>(5,400,846)</u>
Total investment income (loss)	<u>\$ (3,481,456)</u>	<u>\$ (19,874)</u>	<u>\$ (3,501,330)</u>	<u>\$ 43,802</u>	<u>\$ (3,457,528)</u>

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4. FURNITURE AND EQUIPMENT

The Organization's furniture and equipment for the years ended September 30, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Furniture, office equipment and information technology	\$ 672,068	\$ 334,915
Leasehold improvements	<u>38,039</u>	<u>38,039</u>
	710,107	372,954
Accumulated depreciation and amortization	<u>(180,949)</u>	<u>(141,183)</u>
	<u>\$ 529,158</u>	<u>\$ 231,771</u>

5. NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions from the temporarily restricted fund to the unrestricted fund by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors are as follows:

	<u>2009</u>	<u>2008</u>
Purpose restrictions accomplished:		
Emergency Fund grants and related expenses	\$ 282,547	\$ 226,641
Veterans Creative Arts Festival and related expenses	<u>133,780</u>	<u>138,651</u>
	<u>\$ 416,327</u>	<u>\$ 365,292</u>

6. VERY-IMPORTANT-MEMBER (V-I-M) TRUST

In February 1981, the National Executive Committee approved the establishment of a life membership plan to be available to any member. In November 1981, the assets of the Very-Important-Member (V-I-M) Plan were segregated into a trust account from which funds equal to the annual dues of life members will be withdrawn each year. The trust agreement provides that the Auxiliary has the right to withdraw part or all of the assets of the trust account and to modify or terminate the trust agreement at its discretion. Investment income from the V-I-M trust is recorded as a component of deferred income and is not reflected in the consolidated statement of activities and changes in net assets.

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The financial position of the V-I-M Membership trust is as follows:

	<u>2009</u>	<u>2008</u>
Assets:		
Cash	\$ 60,417	\$ 5,096
Investments	2,770,815	2,833,826
Other	<u>(2,972)</u>	<u>-0-</u>
 Total assets	 <u>\$ 2,828,260</u>	 <u>\$ 2,838,922</u>
 Liabilities:		
Deferred income - V-I-M	<u>\$ 2,828,260</u>	<u>\$ 2,838,922</u>

The cost and market value of investments in the V-I-M Membership trust as of September 30, 2009 and 2008 are as follows:

	2009		2008	
	Cost	Market	Cost	Market
Investments:				
Money market funds	\$ 103,966	\$ 103,966	\$ 165,273	\$ 165,273
U.S. Government obligations	-0-	-0-	99,844	100,156
Mutual funds and other	<u>3,168,293</u>	<u>2,666,849</u>	<u>3,017,711</u>	<u>2,568,397</u>
Total investments	<u>\$ 3,272,259</u>	<u>\$ 2,770,815</u>	<u>\$ 3,282,828</u>	<u>\$ 2,833,826</u>

The following schedule summarizes the V-I-M Membership trust investment income (loss) for the years ended September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Dividends and interest (net of expenses)	\$ 143,263	\$ 231,169
Net realized gains (losses) on investments	156	1,588
Net unrealized gains (losses) on investments	<u>(52,442)</u>	<u>(708,188)</u>
Total investment income	<u>\$ 90,977</u>	<u>\$ (475,431)</u>

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7. PENSION PLAN

Prior to 2008, the Auxiliary participated in a defined benefit pension plan covering substantially all of its employees. The plan was frozen on June 30, 2008. Participating employees will continue to vest in the plan; however, benefit payments will be based on the years of service and salary level as of June 30, 2008. The Auxiliary's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as the Auxiliary may determine to be appropriate from time to time.

In 2008, the plan used a June 30 measurement date. For 2009, and in all future years, the measurement date will be September 30. Significant balances, costs, and assumptions are:

	<u>2009</u>	<u>2008</u>
Projected benefit obligation	\$ (2,267,418)	\$ (2,215,682)
Fair value of plan assets	<u>2,277,627</u>	<u>2,465,926</u>
Funded status	<u>10,209</u>	<u>250,244</u>
Accumulated benefit obligation	<u>\$ 2,677,418</u>	<u>\$ 2,215,682</u>

Amounts recognized in the consolidated financial statements are as follows:

	<u>2009</u>	<u>2008</u>
(Accrued) Prepaid benefit cost	\$ (4,179)	\$ (44,989)
Benefit costs	(40,810)	76,782
Employer contributions	-0-	-0-
Benefits paid	119,923	114,891

Weighted-average assumptions used to determine benefit obligations are as follows:

	<u>2009</u>	<u>2008</u>
Weighted-average assumptions:		
Discount rate	6.11%	6.17%
Rate of compensation increase	N/A	5.00%

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Weighted-average assumptions used to determine benefit costs:

	<u>2009</u>	<u>2008</u>
Weighted-average assumptions:		
Discount rate	5.21%	6.11%
Expected return on plan assets	7.00%	7.00%
Rate of compensation increase	N/A	3.00%

The Auxiliary has estimated the long-term rate on plan assets based primarily on historical returns, adjusted for changes in target portfolio allocations, and recent changes in long-term interest rates based on publicly available information.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30:

2010	\$ 124,145
2011	124,985
2012	133,007
2013	136,714
2014	143,763
2014-2018	<u>790,048</u>
	<u>\$ 1,452,662</u>

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with provisions of the plan agreement. The plan agreements permit investment in equity and debt securities based on certain target allocation percentages.

Asset allocation is primarily based on a strategy to provide stable earnings while still permitting the plans to recognize potentially higher returns through a limited investment in equity securities. The target asset allocation percentages for 2009 and 2008 were as follows:

Equity securities	35 - 45%
Debt securities	55 - 65%

Plan assets are re-balanced quarterly. At September 30, 2009 and 2008, plan assets by category were as follows:

	<u>2009</u>	<u>2008</u>
Equity securities	26%	30%
Debt securities	72%	68%
Other	2%	2%

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8. PROFIT SHARING PLAN

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 7). The plan covers all eligible employees meeting certain age and term-of-employment provisions. Contributions are made by the Auxiliary at the discretion of the National Finance and National Executive Committees. Participants become fully vested in employer contributions after five (5) years of service. The Auxiliary contributed \$27,916 and \$12,329 in 2009 and 2008, respectively.

9. OPERATING LEASES

During 2008, the Auxiliary entered into a long-term lease for its National Headquarters' office. The lease agreement calls for monthly lease payments ranging from \$17,428 to \$20,042 through January 2019. Previously, the Auxiliary subleased the National Headquarters' office from The American Legion, Department of Indiana. In lieu of rental payments, the Auxiliary paid a portion of the cost of maintenance and insurance on the building occupied. Total lease expense for the National Headquarters' Office was \$209,130 and \$137,898 in 2009 and 2008, respectively.

The Auxiliary also leases certain office equipment under terms in excess of one year. This lease requires minimum monthly lease payments of \$3,330 expiring at April 2012. Lease expense for this lease and other short-term cancelable leases was \$62,519 and \$45,446 for the years ended September 30, 2009 and 2008, respectively.

Future minimum lease payments under the terms of all noncancelable operating leases at September 30, 2009 are as follows:

<u>Year Ending</u> <u>September 30,</u>	
2010	\$ 251,414
2011	254,899
2012	238,405
2013	221,910
2014	225,396
Thereafter	<u>1,016,604</u>
	<u>\$ 2,208,628</u>

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10. RELATED PARTY TRANSACTIONS

The Auxiliary and The American Legion National Headquarters (the “Legion”) are related parties that are not financially interrelated organizations. The Legion is a national veterans’ organization created by an Act of Congress to provide various programs to support veterans, their families, and children and youth. Many of the Auxiliary’s programs mirror and/or supplement the efforts of the Legion in supporting these groups. Accordingly, there are shared resources between the two organizations.

The Auxiliary contributes annually to the Legion’s programs and affiliates, such as Citizens Flag Alliance, Children & Youth Fund, Child Welfare Foundation, and Veterans Affairs and Rehabilitation Fund. In 2000, the Auxiliary sold most of its inventory to the Legion. As the inventory items are sold, the Legion pays the Auxiliary a 6% commission on the sale. The Auxiliary also purchases membership processing services from Haynes and Partners Communications, Inc. (“HPC”), a wholly-owned subsidiary of the Legion.

Activity between the Auxiliary and the Legion for the years ended September 30, 2009 and 2008 are summarized below:

	<u>2009</u>	<u>2008</u>
Disbursements to Legion:		
Access to computer network and IT support	\$ 77,385	\$ 93,153
Membership processing	131,278	142,205
National convention	31,847	61,641
Legal services	7,500	7,500
National emblem sales	14,499	16,205
Other	13,857	25,266
Contributions to the Legion and its affiliates	<u>40,000</u>	<u>40,000</u>
	<u>\$ 316,366</u>	<u>\$ 385,970</u>
Receipts:		
National emblem sales	\$ 54,834	\$ 51,762
Other	495	1,150
	<u>\$ 55,329</u>	<u>\$ 52,912</u>

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11. NATIONAL PRESIDENT’S SCHOLARSHIP ENDOWMENT

Composition of Endowment Net Assets

The Auxiliary created the National President’s Scholarship Endowment Fund (the “Endowment”) in 2008 to provide funding for scholarships awarded by the Auxiliary. The endowment consists of quasi endowment funds set aside by the National Executive Committee (NEC) and donor-designated funds. In 2008, the NEC designated \$280,810 of unrestricted net assets as a component of the endowment. The NEC-designated and donor-designated portions of the endowment are tracked separately for the purpose of recording investment income.

Endowment net assets at September 30, 2009 include the following:

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Historic gift value	\$ 280,810	\$ 479,742	\$ 760,552
Accumulated earnings	<u>-0-</u>	<u>43,802</u>	<u>43,802</u>
Endowment net assets, beginning of year	<u>280,810</u>	<u>523,544</u>	<u>804,354</u>
Additions to endowment	34,888	42,665	77,553
Interest and dividends	13,235	24,560	37,795
Unrealized gains (losses)	<u>(7,790)</u>	<u>(13,849)</u>	<u>(21,639)</u>
Change in endowment net assets	<u>40,333</u>	<u>53,376</u>	<u>93,709</u>
Endowment net assets, end of year	<u>\$ 321,143</u>	<u>\$ 576,920</u>	<u>\$ 898,063</u>
Historic gift value	\$ 315,698	\$ 522,407	\$ 838,105
Accumulated earnings (losses)	<u>5,445</u>	<u>54,513</u>	<u>59,958</u>
Endowment net assets, end of year	<u>\$ 321,143</u>	<u>\$ 576,920</u>	<u>\$ 898,063</u>

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Endowment net assets at September 30, 2008 include the following:

	NEC <u>Designated</u>	Donor <u>Designated</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -0-	\$ -0-	\$ -0-
Additions to endowment	280,810	479,742	760,552
Unrealized gains (losses)	<u>-0-</u>	<u>43,802</u>	<u>43,802</u>
Change in endowment net assets	<u>280,810</u>	<u>523,544</u>	<u>804,354</u>
Endowment net assets, end of year	<u>\$ 280,810</u>	<u>\$ 523,544</u>	<u>\$ 804,354</u>
Historic gift value	\$ 280,810	\$ 479,742	\$ 760,552
Accumulated earnings (losses)	<u>-0-</u>	<u>43,802</u>	<u>43,802</u>
Endowment net assets, end of year	<u>\$ 280,810</u>	<u>\$ 523,544</u>	<u>\$ 804,354</u>

Governing Board's Interpretation of Relevant Law

The Auxiliary has interpreted the state law of Indiana's House Bill No. 1505, *Uniform Prudent Management of Institutional Funds Act*, to not require the maintenance of purchasing power. The law does 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. As a result of this interpretation, the Organization classifies as permanently restricted net assets: (a) the original value of gifts donated to the permanent endowment; (b) the original value of subsequent gifts to the permanent endowment; and (c) accumulations to the permanent 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 classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization.

Endowment Draws

No endowment draws were made during the years ended September 30, 2009 and 2008. All scholarships were funded with operating net assets. The Auxiliary is developing policies for future endowment draws in order to fund the scholarships.

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Investment Policy for the Endowment

Purpose

The primary goal of the Endowment's investment policy is to safeguard the assets of the Endowment, while at the same time gaining a return on the investments held through prudent placement in income and growth oriented vehicles.

Investment Objectives

The objectives of this policy are to invest funds in a method defined as an income and capital appreciation model of investing. This model is based on an investment horizon of greater than five years. Within this model, the parameters of the asset allocation should be as follows:

	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
Equity	20%	38%	60%
Fixed Income	25%	45%	75%
Cash and Equivalents	0%	2%	55%
Other Securities	0%	15%	25%

Investment Plan

The plan is to be reviewed by the Finance Committee and their advisors at least semi-annually at a time set by the Finance Committee.

12. CONCENTRATIONS

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

SUPPLEMENTARY INFORMATION

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
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ANALYSIS OF DEFERRED INCOME: V-I-M
YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Increases		
Membership dues	\$ 259,870	\$ 201,871
Investment income	<u>90,977</u>	<u>(475,431)</u>
	<u>350,847</u>	<u>(273,560)</u>
Decreases		
Distributions to departments	314,549	293,780
Administrative expense	<u>46,960</u>	<u>45,207</u>
	<u>361,509</u>	<u>338,987</u>
Net Increase	(10,662)	(612,547)
Deferred Income, Beginning of Year	<u>2,838,922</u>	<u>3,451,469</u>
Deferred Income, End of Year	<u>\$ 2,828,260</u>	<u>\$ 2,838,922</u>

See Independent Auditors' report on page 1.

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CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009

ASSETS

	<u>Auxiliary</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents	\$ 1,227,851	\$ 7,000	\$ -0-	\$ 1,234,851
Investments	19,578,070	-0-	-0-	19,578,070
Investments - V-I-M	2,770,815	-0-	-0-	2,770,815
Prepaid expenses	300,995	-0-	-0-	300,995
Furniture and equipment, net	529,158	-0-	-0-	529,158
Other assets	<u>116,026</u>	<u>12,111</u>	<u>(12,111)</u>	<u>116,026</u>
Total assets	<u>\$ 24,522,915</u>	<u>\$ 19,111</u>	<u>\$ (12,111)</u>	<u>\$ 24,529,915</u>

LIABILITIES AND NET ASSETS

Current Liabilities:				
Accounts payable	\$ 239,784	\$ -0-	\$ -0-	\$ 239,784
Accrued expenses	261,394	-0-	-0-	261,394
Accrued scholarships	86,250	-0-	-0-	86,250
Deferred revenue - Dues	2,554,829	-0-	-0-	2,554,829
Deferred revenue - V-I-M	2,828,260	-0-	-0-	2,828,260
Deferred revenue - Other	<u>43,580</u>	<u>-0-</u>	<u>-0-</u>	<u>43,580</u>
Total liabilities	<u>6,014,097</u>	<u>-0-</u>	<u>-0-</u>	<u>6,014,097</u>
Net Assets:				
Unrestricted net assets				
General fund	16,517,873	12,111	(12,111)	16,517,873
Other unrestricted funds	<u>1,281,562</u>	<u>-0-</u>	<u>-0-</u>	<u>1,281,562</u>
Total unrestricted net assets	17,799,435	12,111	(12,111)	17,799,435
Temporarily restricted net assets				
Temporarily restricted net assets	186,976	-0-	-0-	186,976
Permanently restricted net assets	<u>522,407</u>	<u>7,000</u>	<u>-0-</u>	<u>529,407</u>
Total net assets	<u>18,508,818</u>	<u>19,111</u>	<u>(12,111)</u>	<u>18,515,818</u>
Total liabilities and net assets	<u>\$ 24,522,915</u>	<u>\$ 19,111</u>	<u>\$ (12,111)</u>	<u>\$ 24,529,915</u>

See Independent Auditors' report on page 1.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2009

	Auxiliary			Foundation		
	General Operating Fund	Other Unrestricted Funds	Total Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Foundation Total
Revenue, Gains & Other Support:						
Contributions	\$ 416,842	\$ 62,949	\$ 479,791	\$ 289,950	\$ 42,665	\$ 812,406
Membership dues	3,936,312	116,130	4,052,442	-	-	4,052,442
Advertising	1,103,009	-	1,103,009	-	-	1,103,009
Other	5,809,208	179,079	5,988,287	289,950	42,665	6,320,902
Net assets released from restrictions	-	416,327	416,327	(416,327)	-	-
Total revenue, gains, and other support	5,809,208	595,406	6,404,614	(126,377)	42,665	6,320,902
Expenses:						
Member services	3,621,269	291,580	3,912,849	-	-	3,912,849
Youth education services	602,616	194,154	796,770	-	-	796,770
Veteran and military family programs	676,656	455,975	1,132,631	-	-	1,132,631
Total program services	4,900,541	941,709	5,842,250	-	-	5,842,250
Management and general	335,110	-	335,110	-	-	335,110
Fundraising	377,640	-	377,640	1,634	-	377,640
Total expenses	5,613,291	941,709	6,555,000	-	-	6,555,000
Change in net assets from operations	195,917	(346,303)	(150,386)	(126,377)	42,665	(234,098)
Investment Income (Losses), Net of Expenses	317,807	41,817	359,624	10,711	-	370,335
Change in net assets	513,724	(304,486)	209,238	(115,666)	42,665	136,237
Net Assets, Beginning of Year	16,325,979	1,264,218	17,590,197	302,642	479,742	18,372,581
Interfund Transfers	(321,830)	321,830	-	-	-	-
Net Assets, End of Year	16,517,873	1,281,562	17,799,435	186,976	522,407	18,508,818
				12,111	7,000	19,111
				(4,888)	7,000	(2,488)
				16,149	5,450	21,599
				5,450	(5,450)	-
				(12,111)	-	(12,111)
				4,038	-	4,038
				(16,149)	-	(16,149)
				-	-	-
				6,555,000	-	6,555,000
				(234,098)	4,038	(232,548)
				370,335	-	370,335
				(2,488)	4,038	137,887
				18,372,581	(16,149)	18,378,031
				-	-	-
				18,515,818	-	18,515,818

See Independent Auditors' report on page 1.

AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2008

	General Operating Fund	Auxiliary			Foundation			Eliminations	Total	
		Other Unrestricted Funds	Total Unrestricted	Temporarily Restricted Funds	Permanently Restricted Funds	Auxiliary Total	Unrestricted Funds			Permanently Restricted Funds
Revenue, Gains & Other Support:										
Contributions	\$ 85,895	\$ 134,280	\$ 275,361	\$ 476,945	\$ 886,586	\$ 78,065	\$ 5,450	\$ (78,065)	\$ 892,036	
Membership dues	4,009,412	119,236	-	-	4,128,648	-	-	-	4,128,648	
Advertising	378,352	-	-	-	378,352	-	-	-	378,352	
Other	1,081,187	-	-	-	1,081,187	-	-	-	1,081,187	
	5,554,846	167,621	275,361	476,945	6,474,773	78,065	5,450	(78,065)	6,480,223	
Net assets released from restrictions	-	365,292	(365,292)	-	-	-	-	-	-	
Total revenue, gains, and other support	5,554,846	532,913	(89,931)	476,945	6,474,773	78,065	5,450	(78,065)	6,480,223	
Expense:										
Member services	4,445,884	247,248	-	-	4,693,132	-	-	-	4,693,132	
Youth/education services	767,973	184,931	-	-	952,904	-	-	-	952,904	
Veteran and military family programs	717,833	458,534	-	-	1,176,367	-	-	-	1,176,367	
Total program services	5,931,690	890,713	-	-	6,822,403	-	-	-	6,822,403	
Management and general	676,686	-	-	-	676,686	59,666	-	(59,666)	676,686	
Fundraising	843,937	-	-	-	843,937	2,250	-	(2,250)	843,937	
Total expenses	7,452,313	890,713	-	-	8,343,026	61,916	-	(61,916)	8,343,026	
Change in net assets from operations	(1,897,467)	(357,800)	(89,931)	476,945	(1,868,253)	16,149	5,450	(16,149)	(1,862,803)	
Investment Income (Losses)										
Net of Expenses	(3,481,456)	(19,874)	43,802	-	(3,457,528)	-	-	-	(3,457,528)	
Change in net assets	(5,378,923)	(377,674)	(46,129)	476,945	(5,325,781)	16,149	5,450	(16,149)	(5,320,331)	
Net Assets, Beginning of Year	22,357,413	829,625	511,324	-	23,698,362	-	-	-	23,698,362	
Interfund Transfers	(652,511)	812,267	(162,553)	2,797	-	-	-	-	-	
Net Assets, End of Year	\$ 16,325,979	\$ 1,264,218	\$ 302,642	\$ 479,742	\$ 18,372,581	\$ 16,149	\$ 5,450	\$ (16,149)	\$ 18,378,031	

See Independent Auditors' report on page 1.

AMERICAN LEGION AUXILIARY
FOUNDATION, INC.
(An affiliate of American Legion Auxiliary, Inc.)

FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008



AMERICAN LEGION AUXILIARY
FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of financial position of AMERICAN LEGION AUXILIARY FOUNDATION, INC. (the "Foundation") as of September 30, 2009 and 2008, and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the management of AMERICAN LEGION AUXILIARY FOUNDATION, INC. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. Generally Accepted Auditing Standards. 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 1 to the financial statements, the Foundation is an affiliate of American Legion Auxiliary, Inc. (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. As required by U.S. Generally Accepted Accounting Principles, the Foundation presents its financial statements on a consolidated basis with those of the Auxiliary, which consolidated financial statements are presented in a separate document. The accompanying financial statements include only the accounts and disclosures related to the Foundation.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AMERICAN LEGION AUXILIARY FOUNDATION, INC. as of September 30, 2009 and 2008, and the changes in its net assets and cash flows for the years then ended, in conformity with U.S. Generally Accepted Accounting Principles.

January 14, 2010

AMERICAN LEGION AUXILIARY
 FOUNDATION, INC.
 (AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENTS OF FINANCIAL POSITION
 SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 7,000	\$ 5,450
Organization costs, net of amortization of \$8,075 and \$4,037 in 2009 and 2008, respectively	<u>12,111</u>	<u>16,149</u>
Total assets	<u>\$ 19,111</u>	<u>\$ 21,599</u>

<u>NET ASSETS</u>		
Net Assets:		
Unrestricted net assets	\$ 12,111	\$ 16,149
Permanently restricted net assets	<u>7,000</u>	<u>5,450</u>
Total liabilities and net assets	<u>\$ 19,111</u>	<u>\$ 21,599</u>

See accompanying Notes to Financial Statements.

AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2009

	Unrestricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:			
Contributions	\$ 22,562	\$ 7,000	\$ 29,562
Expenses:			
Management and general			
Salaries and wages	7,103	-0-	7,103
General operating expenses	10,949	-0-	10,949
Conventions and meetings	4,191	-0-	4,191
Professional services and fees	8,173	-0-	8,173
Total management and general	30,416	-0-	30,416
Fundraising	1,634	-0-	1,634
Total expenses	32,050	-0-	32,050
 Change in net assets	 (9,488)	 7,000	 (2,488)
Net Assets, Beginning of Year	16,149	5,450	21,599
Interfund Transfers	5,450	(5,450)	-0-
Net Assets, End of Year	\$ 12,111	\$ 7,000	\$ 19,111

See accompanying Notes to Financial Statements.

AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2008

	Unrestricted Funds	Permanently Restricted Funds	Total
Revenue, Gains & Other Support:			
Contributions	<u>\$ 78,065</u>	<u>\$ 5,450</u>	<u>\$ 83,515</u>
Expenses:			
Management and general			
Salaries and wages	24,170	-0-	24,170
General operating expenses	4,293	-0-	4,293
Conventions and meetings	4,116	-0-	4,116
Professional services and fees	<u>27,087</u>	<u>-0-</u>	<u>27,087</u>
Total management and general	59,666	-0-	59,666
Fundraising	<u>2,250</u>	<u>-0-</u>	<u>2,250</u>
Total expenses	<u>61,916</u>	<u>-0-</u>	<u>61,916</u>
Change in net assets	16,149	5,450	21,599
Net Assets, Beginning of Year	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Assets, End of Year	<u>\$ 16,149</u>	<u>\$ 5,450</u>	<u>\$ 21,599</u>

See accompanying Notes to Financial Statements.

AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (2,488)	\$ 21,599
Changes in operating assets and liabilities:		
Other assets - amortization	<u>4,038</u>	<u>(16,149)</u>
Net cash provided by operating activities	<u>1,550</u>	<u>5,450</u>
Net Increase in Cash	1,550	5,450
Cash, Beginning of Year	<u>5,450</u>	<u>-0-</u>
Cash, End of Year	<u>\$ 7,000</u>	<u>\$ 5,450</u>

See accompanying Notes to Financial Statements.

AMERICAN LEGION AUXILIARY
FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

1. SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity

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, Inc. (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

As required by U.S. Generally Accepted Accounting Principles, 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 2.

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 three fund accounts include the following:

Unrestricted Fund

The unrestricted net assets are net assets not subject to donor-imposed restrictions. The unrestricted fund is used to account for all contributions, revenues, and expenses used for the general operations of the Foundation.

Temporarily Restricted Fund

The temporarily restricted fund is used to record contributions and revenues that are received or generated that have donor restrictions that limit the use of the donated assets. When a donor restriction expires, temporarily restricted assets are classified as unrestricted net assets and reported as net assets released from restrictions in the statement of activities and changes in net assets. As of and for the years ended September 30, 2009 and 2008, the Foundation had no income, expenses, or net assets recorded in the Temporarily Restricted Fund.

AMERICAN LEGION AUXILIARY
FOUNDATION, INC.
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009 AND 2008

Permanently Restricted Fund

Assets held inviolate and in perpetuity are held in the permanently restricted fund and include certain funds for scholarships and other restricted purposes. The net income from these investments and all non-restricted contributions are available for release to the unrestricted fund.

Estimates

The preparation of financial statements in conformity with U.S. Generally Accepted Accounting Principles 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.

Support and Revenue Recognition

The Foundation records gifts as revenue at the date it receives either cash or an unconditional promise to give from a donor. Assets received from a donor are recorded at fair value and are recorded as unrestricted revenue unless the donor includes stipulations that limit the use of the assets, in which cash the revenue is recorded as either Temporarily or Permanently Restricted revenue.

Functional Expenses

Functional expenses for Management and General and Fundraising Expenses are included in the accompanying Statements of Activities and Changes in Net Assets for the years ended September 30, 2009 and 2008.

Income Taxes

The Foundation is organized as a not-for-profit corporation and, accordingly, is exempt from Federal and state income taxes under sections 501(c)(3) of the Internal Revenue Code. If applicable, the Foundation pays income tax on unrelated business income.

2. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2009 and 2008, the Foundation received contributions of \$22,562 and \$78,065 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation.