MEMBERS PRESENT
SATURDAY, FEBRUARY 23, 2013

National Officers

National President .......................................................... Peggy Thomas
National Vice President ......................................................... Nancy Brown-Park
Central Division National Vice President ................................ Mary Jo Berning
Eastern Division National Vice President .................................. Joan Reinoehl
Northwestern Division National Vice President .......................... Doris Ann Werlinger
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National Chaplain .................................................................. Rosemarie Hauck
National Historian ............................................................... Angela Kilcrease
National Secretary .............................................................. Mary “Dubbie” Buckler
National Treasurer .................................................................. Marta Hedding

Past National Presidents
Pearl M. Behrend
Linda Boone
Linda Newsome
Phyllis Sickmond
Virginia Hobbs
Elizabeth Stewart
Kristine West
Katherine Morris
Carol Van Kirk
JoAnn Cronin
Jan Pulvermacher-Ryan
Rita Navarreté
Carlene Ashworth
Kris Nelson
### National Executive Committeewomen

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MEMBERS PRESENT
SUNDAY, FEBRUARY 24, 2013

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SATURDAY, FEBRUARY 23, 2013
NATIONAL EXECUTIVE COMMITTEE MEETING

PRESIDENT THOMAS: The National Executive Committee meeting will now come to order.

(Ringing of the bell.)
PRESIDENT THOMAS: Please disable all electronic devices or place them in the silent mode. If we hear them go off, we will expect a donation to the National President’s Scholarship Fund.

Please rise and remain standing for the opening ceremonies.

(Ringing of the bell.)
PRESIDENT THOMAS: Virginia James and Patricia Upshaw will advance the colors.

(Colors advanced.)
PRESIDENT THOMAS: National Chaplain Rosemarie Hauck will offer the invocation.

CHAPLAIN HAUCK: Let us pray.

Oh, God, we ask your blessing on this mid-year NEC meeting. We ask that it may be fruitful in its accomplishments.

Lord, be with us in our deliberations. May each of us understand our love for the purpose we are meeting. Inspire us to be with your wisdom. Direct us in our thinking and guide us as we work for you, our country, and our members. Amen.

VOICES: Amen.
PRESIDENT THOMAS: Thank you, Rosemarie.

The Chair calls upon the Americanism Chairman Diane Duscheck to lead the Pledge of Allegiance and then the singing of the National Anthem.

VOICES: 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.

Oh, say can you see, by the dawn's early light, what so proudly we hail'd as 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. Oh, say, does that star-spangled banner yet wave o'er the land of the free and the home of the brave?

PRESIDENT THOMAS: Thank you.

Now, Constitution & Bylaws Vice Chairman Lynne Wild will lead us in the Preamble to the Constitution.

VOICES: For God and country, we associate ourselves together for the following purpose: To uphold and defend the Constitution of the United States of America; to maintain law and order; to foster and perpetuate a 100 percent Americanism; to preserve the memories and incidents of our associations 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 THOMAS: National Security Chairman Mary Davis will offer the POW/MIA resolution.

Mary.

CHAIRMAN DAVIS: 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 symbol -- as a physical symbol of thousands of POW/MIAs still accounted (sic) for from World Wars and conflicts involving the United States of Maryland.

The chair cover on the empty chair, reminder for all of us to spare no effort to secure the release of any American prisoners from captivity, 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 THOMAS: Would the color bearers please retire and the audience please be seated.

(Ringing of the bell.)

PRESIDENT THOMAS: The mid-year meeting of the National Executive Committee is now convened.

Welcome to all of you and thank you for being here this evening. And I trust that your travels were safe and enjoyable.

The National Executive Committee is the Auxiliary’s governing board which makes each of you caretakers of this organization. As caretakers you have all the fiduciary obligation to act on behalf of the organization and advance its interest.

All decisions made by this governing board -- can’t hear me? I better start over--

(Laughter.)

PRESIDENT THOMAS: -- if you can’t hear me. Can you hear me now?

VOICES: Yes.

PRESIDENT THOMAS: As caretakers you have the fiduciary obligation to act on behalf of the organization and advance its interest.

All decisions made by this governing board must be informed decisions made with undivided allegiance to this organization’s mission.

Please know that I take your role and responsibilities very seriously and I hope you do the same. I welcome your active participation in both listening and sharing your voices as the business before you is presented.

Remember: It is both a privilege and a responsibility to ensure the decisions you’ve made are the best for the American Legion Auxiliary while remaining in compliance with regulations and policies.

I would also like to welcome all Past National Presidents, national chairmen, and national committee members. I welcome your support in being part of the team committed to getting the job done.

I am glad to see so many department representatives here tonight. We are a grass-roots organization and I thank you all for being here.

I would like to recognize our National staff members who are present tonight and to thank them for all their work and what they have done in putting this meeting together and for their due diligence.
How many are here for the first time?
(Hands raised.)

(PRESIDENT THOMAS: Stand up, staff members. Would the staff members please rise so they can see you. Let’s give them another round.

(Applause.)

PRESIDENT THOMAS: Thank you.

How many are here for the first time? Raise your hand.

(Hands raised.)

PRESIDENT THOMAS: Quite a few. Thank you.

I am so glad that you could join us this year. My hope is that we have a National Executive Committee meeting and everyone here has a productive and informative Washington, D.C. conference.

On that note, let’s get started. Please remember that anyone wishing to speak is first asked to make her way to the microphone in the center aisle. This is the only way your remarks can be heard for recording by our reporter for the transcripts of the meeting. You must be recognize by the Chair before speaking.

In lieu of having our national secretary call the roll of the National Executive Committee, I ask that your attendance 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 this evening. These sheets will be collected at the close of the meeting.

It is my pleasure to introduce the head table. Please hold applause until the end.

Would each of you please hold up your hand as I call your name and they will not be as they are seated.

Nancy Brown-Park, National Vice President; Mary Jo Bernan, Central Division National Vice President; Joann Reinoehl, Eastern Division National Vice President; Doris Ann Werlinger, Northwestern Division National Vice President; Shirley Fraser, Southern Division National Vice President; Barbara Rutherford, Western Division National Vice President; Rosemarie Hauck, National Chaplain, Angela Kilcrease, National Historian; Mary Dubbie, Dubbie, Dubbie, Dubbie, Dubbie Buckler, National Secretary.

(Laughter.)

PRESIDENT THOMAS: It’s really not in the script that way.

Marta Hedding, National Treasurer.

Chris Dickey, will you serve as parliamentarian for this meeting since you’re here.

(Laughter.)

PRESIDENT THOMAS: Virginia James, personal page, Department of Virginia; and Patricia Upshaw, personal page, Department of Virginia.

(Applause.)

PRESIDENT THOMAS: Okay. And please note there’s been an update to the agenda that you received prior to this meeting. And on your chair, you found a copy of the approval of the change to national appointments and a copy of the updated national president’s foreign travel policy. These changes were provided on your chair, some at the last minute, I think.
Before we begin with the consent agenda, I would like to remind everyone that the Minutes Approval Committee is responsible for approving the National Executive Committee’s meeting minutes. This year’s committee consists of the NECs from Minnesota, California, and Delaware.

The Chair has received confirmation that the Minutes Approval Committee duly met, thoroughly reviewed, and after making any necessary proofing edits approved the proceedings from the pre and post convention NEC meetings. The proceedings are posted on the ALA website.

We will be utilizing a consent agenda in lieu of multiple motions to handle many of the basic business items. These items are listed on your agenda and include charter cancellations. Please note the changes that I am going to tell you about. Look at your sheet.

And on -- as you go down on Illinois, you will remove from your cancellation sheet 1210 -- the numbers on Illinois over to your right, Unit Number 1210, 1130, and 1277 and 1169. Illinois has asked that these be removed from the cancel sheet.

VOICE: (Indiscernible.)

PRESIDENT THOMAS: Excuse me?

VOICE: Can you please speak up?

PRESIDENT THOMAS: Surely. Okay. On Illinois, it’s Bryant Thompson -- Thomas, 1210; West Union, 1130; Tamara Memorial, 1277; and Robert Vanderstraten, 1169. Remove that, mark them out because they will not be cancelled.

Now, the next two belong to Indiana. It does not have Indiana on there, but they will remain to be cancelled.

Indiana Hammond Victory, 0168; and Williamson Smiley, 0401, those are Indiana charter cancellations. So if you’d make a note on your sheet.

Okay. And then I’ll read the whole list, but go down to Minnesota and Courthouse 310, that needs to be removed from your list. So you need to mark that out.

And now I need to read the whole list. Okay. Has everybody got those changes on your sheet, on your cancellation sheet?

Okay. And the next thing that you had was the Audit Committee Resolution on policy review and the national appointment changes.

Before we vote on the consent agenda, let me clarify that the policies and procedures on the consent agenda have simply been updated. That’s all. There have been no major changes.

You received information -- you received information on these items prior to this meeting and any updates were placed on your chair.

The consent agenda works as follows: The Chair will entertain a motion to adopt all items as presented and with no discussion necessary.

If a member wishes to discuss any of the items or to 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. 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 her way to the microphone in the center aisle and wait to be recognized by the Chair before speaking.
Are there any questions on the use of the consent agenda? (Whereupon, there was no response.)

PRESIDENT THOMAS: Does everybody understand? The Chair will entertain a motion to adopt the consent agenda. Go to the mike somebody.

MS. MENKE: Joyce Menke, Department of Wyoming. I so move.

PRESIDENT THOMAS: Thank you. MS. SMITH-RIED: Mary Smith-Ried, Department of Mississippi. I’ll second.

PRESIDENT THOMAS: The motion has been made to adopt the consent agenda. There being no debate on a consent agenda, all -- there is no debate on consent agenda. All those in favor of adopting the agenda, say aye.

VOICES: Aye.

PRESIDENT THOMAS: Those opposed, say no. (Whereupon, there was no response.)

PRESIDENT THOMAS: Motion carried. It now gives me great pleasure to call upon National Vice President Nancy Brown-Park to bring greetings to you.

VICE PRESIDENT BROWN-PARK: Madam National President Peggy, through your words and action, you have inspired our members to soar to new heights for God and country.

As vice president, this is a time for learning and planning. Your friendship, wisdom, and leadership have helped me to define my goals and identify priorities that will best serve our members in the future.

One of the highlights of the year was joining you at the inaugural of our 44th President of the United States and attending the Salute to Heroes Ball. It was truly a humbling experience to be in the same room with 30 Medal of Honor recipients and the Vice President of the United States.

I know I can speak for all the other national officers here tonight as we wish for you a successful conference, safe travels, and a wonderful experience for the second half of your year of service.

Thank you again, Madam President, for your friendship and I love being your Vice.

(Laughter.)

PRESIDENT THOMAS: Thank you, Nancy. I’m trying to teach her to speak southern, but I’m afraid it’s falling on deaf ears. (Laughter.)

PRESIDENT THOMAS: It is now my pleasure to welcome Past National President Kris Nelson to bring greetings on behalf of all our Past National Presidents. Be nice.

(Laughter.)

PAST NATIONAL PRESIDENT NELSON: Did you hear what she said? She said be nice. She doesn’t trust me.
President Peggy, NEC, and Auxiliary members all, it is an honor to represent the Past National Presidents, welcoming you all to the Washington, D.C. conference.

I’d like to share a quote with you by motivational speaker Albert Schweitzer. I don’t know what your destiny will be, but one thing I know, the only ones among you who will be really happy are those who have sought and found how to serve.

We are all here because we believe in the mission of the American Legion Auxiliary and we share a desire to serve our nation’s veterans and their families.

We come together to listen to each other, to share our stories, and to advocate in support of The American Legion legislative priorities. And we come here to become educated so we can seek new volunteer opportunities to assist veterans and their families.

The past presidents would like to welcome all of you to this conference and we would like to wish President Peggy an informative and enjoyable conference.

I’m not done.

(Laughter.)

PAST NATIONAL PRESIDENT NELSON: We would like to remind you that we are here to support you, President Peggy, and to assist you in any way that we can to achieve your goals.

We would also like to tell all of you that the past national presidents are here to assist you in any way we can.

Will all the past presidents please stand and be recognized.

(Applause.)

PAST NATIONAL PRESIDENT NELSON: I’d like to share one more quote in honor of these women who are standing before you.

(Laughter.)

PAST NATIONAL PRESIDENT NELSON: Sherri Du (phonetic) said it best. True leaders understand that leadership is not about them but about those they serve. It is not about exalting themselves but about lifting others up.

President Peggy, we are all here this week to lift you up and support you in any way we can. Have a wonderful conference.

PRESIDENT THOMAS: Can I stand up now?

(Laughter.)

PRESIDENT THOMAS: I have to forgive her for being on the other side during the Civil War.

(Laughter.)

PRESIDENT THOMAS: Thank you, Kris.

As the agenda indicates, reports will be grouped by pods which are simply groupings of ALA programs. These groupings make it simpler to carry out the programs for enhanced mission delivery.

The Auxiliary’s 26 national programs and national committees are grouped into two general categories, mission outreach as well as member support and organizational support.

To simplify how we work our programs, the pods provide an alternative to units that do not feel they have the resources to carry out every program.

We will begin this evening’s report with members from the Organizational Support Pod. Ginny Hobbs, Chairman of the Audit Committee, will start us off.
CHAIRMAN HOBBS: Madam National President, the American Legion Auxiliary’s National Audit Committee has come a long way in a relatively short time. We have an outstanding committee of professionals with expertise in participating in large public risk assessment audits and the appropriate backgrounds for this important task.

Since the composition of our National Executive Committee changes every summer, I remind you that the National Audit Committee is really the American Legion Auxiliary’s risk assessment committee and its roles and duties are very different from the Finance Committee or an auditing committee.

We don’t delve into the books and records of National Headquarters. We engage the independent auditor, review the scope of the audit with them, and review the reports which they generate regarding the operation of our National Headquarters.

The Audit Committee develops and recommends policies to assist in safeguarding the assets and reputations -- reputation of our organization.

The Audit Committee operates at arm’s length from the rest of the organization.

The Internal Revenue Service Form 990 asks if we have an Audit Committee as it expects every nonprofit in good standing to have an Audit Committee.

The IRS 990 report is the American Legion Auxiliary’s annual report to the federal government and the public and is -- hopefully you know by now, it requires much more detailed information about the operations of the American Legion Auxiliary.

Now, why does the federal government want such detailed information about us? Because the American Legion Auxiliary like other nonprofits has been granted tax exempt status by the Internal Revenue Service.

The purpose of the 990 is to provide information to the IRS that demonstrates the Auxiliary is being operated in a manner consistent with its exempt purpose.

If audited by the IRS, the supporting information gathered and used to create the 990 serves to verify that the Auxiliary complies with all the federal laws and regulations and that it deserves to remain exempt from paying income taxes.

Let me repeat this again, that the Form 990 provides information that the American Legion Auxiliary is being operated in a manner consistent with its exempt purposes.

There are a dozen different parts and several detailed schedules in IRS Form 990 and your Audit Committee helps develop and reviews the content for the whole thing.

I encourage you to view the fiscal year 2011 Form 990 on the American Legion Auxiliary website. Go to members -- under the website, go to members, then Finance Committee, and you will find a history of 990 forms and audited financial statements.

You won’t and shouldn’t see our committee, not much at all. We do our work impartially and in the background, as I said before, at arm’s length.

The Audit Committee consists of three members who are confirmed by the NEC serving staggered three-year terms plus two liaisons, one from the Auxiliary’s Foundation Board and one from the National Finance Committee.

This year, the liaison members are the American Legion Auxiliary Foundation’s President Linda Boone from the Department of Oregon and National Finance Committee member Jan Pulvermacher-Ryan from the Department of Wisconsin. Pam Jackson and Ann Hathaway join me as the other two members who are appointed to a three-year term.
Ann Hathaway is from the Department of Illinois, and Ann has served as chief of staff for a $420 million operation with 500 employees, serving as the director of the Hudson Institute, and is now president of Hathaway Strategies, LLC.

Some of you may know the newest member of the Audit Committee, Pam Jackson. Pam is a member of the Department of Ohio, has served as department secretary for that department, and is presently the city clerk of Beverly, Ohio.

Madam President, your National Audit Committee continues to operate in a conscientious and effective manner.

This month, we met in Indianapolis for a training session, the first in three years, reviewed and approved the policies which were contained in the consent agenda and reviewed the consolidated audit of the American Legion Auxiliary and the Foundation.

This year, we are -- we also reviewed the findings of the audit performed under the requirements of the Federal Office of Management and Budget Circular A133 which is required as a result of our receipts under the Vista Americorps program which exceeded $500,000.

Our meeting in Indianapolis was in addition to the two teleconference meetings with the auditors, one to plan the audit and the second to review our Form 990 filing.

The preparation and review of the 990 is one of the Audit Committee’s primary responsibilities. You should note that the audit you received is a consolidated audit including the operations of both the American Legion Auxiliary and the American Legion Auxiliary Foundation.

The consolidation is in keeping with generally accepted accounting principles as the Foundation is an affiliate to the American Legion Auxiliary. The Foundation exists to support the Auxiliary and is, therefore, part of the consolidated audit.

A separate stand-alone audit report of the Foundation is also prepared for use in securing substantial grants and donations.

If you have general questions about the function of an audit committee, I encourage you to view the reference material from the American Institute of Certified Public Accountants, otherwise known as the AICPA. The material is available via the internet at www.aicpa.org.

Madam President, it’s now my pleasure to introduce the American Legion Auxiliary’s external auditor to present the audit report. Mike Alerding, certified public accountant, is the managing partner of Alerding CPA Group, Inc.

Mr. Alerding has over 30 years’ experience in public -- I lost my page -- public accounting serving clients in various industries including many not-for-profit entities across the country.

He served as the director on over 40 nonprofit boards, professional societies, and government entities, chairing 12 of them, and served on many independent audit committees with assets ranging from $200,000 to $200 million.

He also lives by the service, not self rule and is responsible for establishing six foundations. He professionally speaks around the country on best practices for boards and is a frequent writer for business publications.

He has received numerous community leadership awards along with being honored as the SBA’s Accounting Advocate of the Year.

I can attest that Mike is a perfectionist and loves the mission of the American Legion Auxiliary.
It is my pleasure to introduce Mike Alerding for presentation of our audit report.

Mike.

(Applause.)

MR. ALERDING: I think this is working, but I’m not sure.

VOICE: Not very well.

MR. ALERDING: Okay. You might have to put up with me then just as I am which might be enough, might not. Maybe it will come on as we go forward here.

First of all, thank you and thank you for taking 10 or 15 years off my experience because actually I’m just finishing my 42nd year. I know I don’t look like it, but I’ve been there, believe me, 42 years.

VOICE: Mike, they can’t hear you.

(Laughter.)

MR. ALERDING: Well, now you know why when I’m -- I’m not close enough, am I? Is that better? Can you hear me out there at all? Does anybody care?

Okay. Let’s see. Does that -- is it on there? Okay. I’m going to have to hold this, but that’s not the end of the world.

First of all, thank you.

And I won’t make you sit back down most of the time when you try to stand up.

If you want to stand up, you can stand up any time you want while I talk.

(Laughter.)

MR. ALERDING: This is my fifth or sixth year, and I don’t know which, of being here and I always thoroughly enjoy this. It’s one of my favorite times of the year to come to Washington and to help with hopefully giving you some information in a way that you can understand it and that it makes a little bit of sense without getting granular and digging into the details.

This is a really large organization. The -- we’re having all kinds of issues here today. This is a large organization. There are a lot of transactions, probably well over a hundred thousand transactions a year, which people don’t realize this is big business. And you are part of an organization that is big business and it has all kinds of layers of management and the like.

What we are hired to do is we are hired to audit those financial statements that go out every year, so I’m going to sneak over here and do this by myself. That’s not working either.

PRESIDENT THOMAS: Do you need help?

MR. ALERDING: Okay. I don’t have an outline, so it might be a little bit difficult.

Tim, my buddy.

I think I have given this a few times. I can probably remember a good part of this. But we are the independent accountants. One of the things that you have a responsibility for at the NEC level is, as you’ve heard a couple times today, you are the governors. That’s your responsibility. You’re the leaders and you’re the governors.

And that’s part of what -- with an organization this big with this many governors, it’s extremely difficult for you and all of you to as a group be able to approve in a meaningful way the audited financial statement.
So you’ve engaged us. As part of the Audit Committee’s responsibility to measure risk, you’ve engaged us. We work through the Audit Committee as you’ve just heard from Ginny.

And I do need to take a moment to tell you how -- how wonderful Ginny is and how great the Audit Committee has been in the last three or four years which you -- however long you’ve had it.

Believe me, it’s not a primo position in this organization. The Audit Committee Chair really has to work and she works diligently every year putting up with us, first of all, and putting up with all of the things that go into an audit.

So, Ginny, we really appreciate all your efforts. Thank you.

(Applause.)

MR. ALERDING: This -- my responsibility today or what I’m going to do today is talk a little bit about what we do, go through the financial statements at 70,000 feet. Very quickly, I’ve just got some highlight information instead of the detail, report to you on our reports that we made to the Audit Committee and the Foundation or the Finance Committee.

I’ve got some comments on recommendations that come out of the audit. In addition to doing the audit itself, we do make recommendations each year and then I’ll also give you a few updates on the IRS and where things are going there.

First of all, the process, the Auxiliary’s financial statements are your responsibility. They’re your statements. They’re not the auditor’s. They’re not the Finance Committee’s. They’re -- the NEC is the primary issuer of those financial statements.

So that’s your responsibility. Ours is to do the audit. And the third bullet there is one of the more important parts of this and that is the internal control system in the organization.

As I’ve said, this is a large organization with a lot of transactions, a lot of things going on. In order for you to be comfortable that all those transactions are being accounted for properly, not just in terms of is the money there that’s supposed to be there, but is it being reported on a timely basis.

You’ve got to make sure you’ve got very strong internal controls and it’s my pleasure again to be able to tell you that your internal control system at the American Legion Auxiliary is absolutely pristine.

And we do 40 or 50 audits of not-for-profit organizations and I will tell you that this is right at the top, if not the top in terms of the organization.

I want to give credit right now to Dubbie, Marta, and Tim primarily for the work they do every year and they really deserve that.

(Applause.)

MR. ALERDING: The reporting entity, as you’ve already heard from Ginny, and I won’t go through it, is not just the Auxiliary and the Headquarters. It includes the -- the Foundation as well. It does not include something though.

It does not include the approximately 9,500 affiliated organizations, independent separate organizations. They’re not really affiliates. They’re independent separate organizations. The state, the districts, all of those are not included in these financial statements.
Those financial statements are done at each of those levels. So what you see in these financials is the Headquarters and the Foundation. So to do something different than that would be significantly different from what we’re doing today. That’s a lot of organizations.

The financial reporting internal control risks are significant factors to us. The thing we look for every year is what is it that is in this organization that is a concern to you in fulfilling your fiduciary duty to make sure that everything is being taken care of.

As you all know and you read every day in the paper, the not-for-profit industry is unquestionably the highest risk industry right now as it relates to theft and misappropriation of assets. It’s not good. It’s a crying shame, but that’s the way it is.

And there are many reasons for it. Every time we look at an audit, though, of a not-for-profit organization, we have to understand that. We have to work just a little bit harder to make sure that we’re covering all that.

Those risks increase when you have a government contract which is what you had this year. So as you’ve heard, we had to go through what was referred to as an OMB 133 audit which is a much more granular audit than the one we’ve been doing in the past.

The last thing we’re responsible for, the last bullet here, we’re not only responsible for the numbers, the disclosures, the financial statements, the internal controls, but we’re also responsible for looking at the governing body and the government’s policies of the organization.

Now, that is what Ginny was referring to earlier that came out of the Form 990. The Form 990 is not just a new form. It is the most dramatic change that I have ever seen culturally that came down from the IRS because it was designed to change the culture and the operations of an entire industry.

It started with way back the Senate Finance Committee and the House Ways and Means were a little bit upset because many of the religious organizations in their view had been abusive, and this is during that era where there was a lot of that going on. They couldn’t reach them, so they decided to take on the entire industry.

And, frankly, as a taxpayer, I’m okay with that. Congress believes that about one-third of the 501(c)(3)s are either inappropriately a 501(c)(3) or are abusive. And I can’t really disagree with that. There are a lot of them that are horribly abusive.

And as a taxpayer, it cuts into the amount of tax the government collects, it should rightfully collect because people are able to donate to organizations that don’t have a charitable mission.

That’s why when we talk about mission sensitivity in this organization and why you spend the time on the committees, the Strategic Planning Committee and others looking at your mission, why it’s so critical.

Your mission has to fall under the requirements of the IRS to be around. You can’t just have a mission to dress nicely every day. That doesn’t do it. It’s got to have a religious and a charitable and an educational bend to it or it doesn’t work.

That’s why we are responsible as independent auditors to be looking at that every year and make sure it falls under the requirements.

This financial statement, even though it looks like numbers to you and it looks like just kind of, oh, man, that’s kind of boring and why would I want to spend time on it, it is a marketing tool, probably the most important marketing tool you have because when
you go to foundations and donors of all kinds, small and large, foreign and domestic, whenever you go to those donors, this is a marketing tool.

To the extent that your financial statements are put forth in a way that is professional and demonstrates financial health, you have a much greater chance of being able to raise more dollars for your mission.

Those organizations, and it is not true as a rule, but the organizations that are destitute tend to collect more money from large donors, absolutely not true. It’s the other way. Those who have accountability and have been fiscally responsible, those are the organizations that will get more money down the road. And your financial statements look very good. Over the years, they’ve looked good. We’re going to talk here in a minute about some of the things that are -- in the last five or so years haven’t been great, but they still haven’t been damaged to the point where they’re not still in the good category. And we’ll talk about that.

Here’s some of the highlights. And instead of making you go through that whole gory little bit, there are going to be like five slides.

First of all, your total revenues, to talk about a big organization, you’re almost seven million in revenues. This is Headquarters now, Headquarters and the Foundation.

The total expenses, though, were a little over that. At the operating line, which is the third line down with the brackets around it, those are losses. And for these last two years, this organization has lost money at the operating line level.

From operating the business, from operating the organization, you lost 823,000 this year, 785 last year. This year, from an investment income standpoint, for the investments that you have and the income that came from those, you realized a gain of 3.9 million and last year you had a loss of 491,000.

So you can see what the effect and how radically those move up and down. And that’s the biggest point I want to make right away is that still we -- because we -- of a number of factors, primarily because there had not been a dues increase, that number at the operating line level had pretty well stayed in that position.

Now, what I’ve done here is try to give you a sense for how the revenue side of the organization has been going over the years. And the first category is contributions, the next is membership dues, and the totals to the end. It’s not a cumulative.

And in this year, 2012, at the bottom, keep in mind that there was -- approximately 500,000 of that is a government grant. So you have to take that into account as you’re looking at this. And you can see that the contributions have been relatively stable.

For an organization that has 800,000 members, 800,000, that contribution line is probably not where you would like to have it. I’m not talking about dues here. I’m talking about contributions.

The dues line is a combination of two things, one, the rate, the dues amount and, two, the amount of mem -- the number of members. And the membership has been declining.

The revenues have not increased -- I’m sorry -- the rate has not increased, the dues amount, so it hasn’t been able to offset that. And you can see the general decline in membership dues income.

And remember, you are a membership organization. That’s what you are. So the dues have to do something in order to cover the expenses.
Next.
So what I’ve done here is I’ve looked at this operating loss issue and said, all right, over the last five years, how have you done, how are you doing operating the organization to fulfill your mission.

And what it shows is that you lost like every other organization in the world in 2008. You really had a tough year and we talked about that that year. You broke -- you had a small loss at the operating line level in 2009. You got a little bit closer and made a little money in 2010.

And then as we talked about, the two years, you’ve continued to lose money at the operating line so that cumulatively, in a cumulative way over the last five years, you’ve lost about 3.7 million American dollars from operating this organization and fulfilling your mission.

Now, what I’m doing here, because so many organizations of your size, keeping in mind you’ve got a lot of investments on your balance sheet and you’re earning money off those investments every year as long as the stock market doesn’t tumble on it, so what I’ve done here is to summarize for you.

In 2008, your net investment income was a loss. And, again, if you recall 2008 was when the market really took a hit. It really took a -- it was a struggle. It lost 3.458. You made a little bit in ‘09. You made a lot, 1.8 million in ‘10, lost a little bit last -- in 2011. This year, there was a great recovery and you made 2,000 -- or 3.9 million.

My point to this is the cumulative amount that you’ve been able to make from the stock market on your investments during that five-year period is 2.2 million. That’s the number on the fourth -- fifth number down the right-hand column, 2,229,000.

So the stock market and your investments have made you 2.2 million. But if you remember from the prior schedule, you’ve lost 3.7 million from operations, so you’re still in a deficit position.

And this is designed to tell us where the issues are and you’ve taken some steps, a very critical step and one I congratulate you for in getting your dues up which I think will have a profound effect on your 2013 financial statements as you go forward. We don’t have those yet, but we’re expecting that to be a very profound effect.

Now, we look at indicators each year. Keep in mind that organizations in the not-for-profit area have three ways that they spend their money. The first way is their mission. If you have an organization, you want to spend your money doing what the organization is designed to do.

The second way is on administration and governance or administration and general costs. Those things, the back room making sure that you’re accounting for it and you’re controlling it.

And then the last way, of course, is in fund raising. And this is where a lot of organizations that you hear about in the paper all the time where you pay -- if you donate a dollar, 80 percent of it is spent on fund raising or something crazy like that. Those are the abusive, many of the abusive 501(c)(3)s.

So what I do every year is give you a little bit of a range. Generally, generally, these are general, very general statements, but generally membership organizations, about 65 to 75 percent of their dollars spent are spent on their mission. Good for you because you’re spending 90 cents on every dollar on your mission and I think that’s just fantastic. (Applause.)
MR. ALERDING: Absolutely fantastic. And let me tell you, you don’t waste any money when it comes to that. You do the right things for the right part of that mission and it is really gratifying to us when we get in there and look.

The second one, you’re right in the right spot. You’re at seven percent which is in that range of administration. That is a critical, critical amount because as Enron came about, as the new 990, as Congress keeps hammering on all these controls that have to be there, we’re watching some of these organizations who never grew up. They never put big girl and big boy pants on.

And what happened to them is they stayed to the old days and the organizations have crumbled. Many don’t exist today because they didn’t watch the back room.

You’ve done a really great job. You’re balanced in the management side. With Dubbie and Tim and Marta, that group, it’s very well balanced. They’re not -- there’s not too much.

As I said before, you don’t -- believe me, there’s no corporate aircraft and there’s no special amounts being spent in this organization. It’s pretty lean and mean at the administration level which is what you want. But it’s enough that you’re keeping an eye on the ball both from the software standpoint, people standpoint and the like.

The only one that’s a little disappointing is fund raising which is historic. This is not something new. Your -- 3 percent is what you spend on fund raising and that is allocating some costs of Dubbie’s time and others trying to really put everything in there and say how much of your total dollars do you spend raising dollars.

And I think you just saw from the previous slides you need to be raising dollars. So I think over the next few years, and there have been some really significant issues, we’ll talk about when I -- at the end here that I think really need to have some attention to it.

I’m not trying to spend your money for you, but I do think in the long run, there’s some things we can do and you should do and hopefully will consider doing to improve the financial stability.

Financial indicators, your membership dues income has declined, as I said, for the last five years. Contributions income has increased substantially in ’12, but that was from government grants which we hope will continue.

Investment income has not been sufficient to cover the losses. We just went through that slide as well. Membership -- membership dues do not cover membership expenses.

So if you just look at the membership dues income, it’s not enough to cover your membership expenses. You can keep -- you can’t do that. I mean, that can’t happen for very long.

Good for you because the dues have been increased. They’re starting in 2013 and I think you will see what kind of a profound effect that has on reestablishing the organization’s ability to go forward. But it’s just -- it’s the first step, we hope.

Eighty-two percent of your assets, and they’re substantial, are in investments. You don’t have a lot of assets here. There are not a lot of buildings and equipment and stuff. It’s in investments and cash which is pretty remarkable.

Report to the Audit Committee, I think we talked about this when Dubbie -- the only thing I want to add here is one of the first things an auditor, and this is in 42 years of auditing, it’s true every year and it will continue to be true, the real risk of auditing, the
real risk to us and to you as the governing body is having people in the organization who are apathetic toward controls, who don’t care.

And I see some shaking their head because you’ve been in organizations like that. And if people don’t care enough about making sure that there are good solid controls, we as auditors have a problem. You as a governing body have a problem.

We are blessed this time, and I do mean that, that Dubbie, Tim, and Marta really take it personally if we come up with any kind of recommendation for any kind of change because they take it very seriously, the whole idea of controls, and they should.

As I said, there are a lot of transactions running through here, a lot of money. And what a responsibility they have for an organization of this magnitude.

The reputation your organization has just heightens the awareness that the management group has of the importance of making sure those controls are there. So that is -- that’s a big deal to us from a risk standpoint.

I have been up here. I see a lot of faces who have been here for many years and have heard this little spiel a few times. I’ve not been real pleased with the organizational structure because the NEC is so large and because it rotates so quickly.

So the consistency has been a concern to me, but I’m just one person. I’m not the one who makes that decision. You are. I have recommended over the years that we really think that a smaller group or smaller board to help the NEC manage and govern would be very helpful, not unlike the Finance Committee, not unlike the Audit Committee.

A group this large cannot operate and have enough expertise to really make good decisions all the time and cannot be as reactive. So I have talked about it ad nauseam. I’ve sent org -- the organization all kinds of information.

But I will tell you what I say really doesn’t matter. What will happen is the IRS will bring it all to bear at some point because there has to be appropriate governance.

And I don’t have anything against any of you individually or as a group. Frankly, it’s remarkable how well you do govern given the structure. I just think there’s a time and I think there’s some movement right now to make that happen.

I encourage you strongly to work something on that because I really think that’s the -- that’s going to be a big change and a good one.

Here’s my summary of findings. You got a clean audit opinion which means we didn’t have any problem with your financial statements. I forgot to say at the beginning that’s a pretty big deal.

No material weaknesses in your control system, nothing that bothered us in your control system. Again, a big deal.

I talked to you about membership dues and that the dues increase was the first in, I think, 16 years or so. And it provided temporary relief. That is hopefully for the next year or two, we’re going to be able to see some relief to the financial statements. Well done. Well done. That’s a really huge change.

It has to be a process. It must be a process. If it’s not a process, then we end up right back into a panic situation again.

So I hope and I encourage you through the Finance Committee, through the board if it ever gets put together, and through the Audit Committee that we continue to monitor that.
Okay. The summary of my recommendations, establish a process to address these continuing needs which I’ve just mentioned for the membership dues. Continue to focus on increasing contributions, not just membership dues, but contributions from members and outside donors.

One of the things the IRS and all the watchdog organizations and the donors look at are contributions. And when you look at your contributions on a per capita basis, given that you have 800,000 members, it’s not overly impressive.

To what kind of organizations do people give money? What do they give to? They give to organizations they passionately believe in. So what the -- what -- people look at an organization of your size and say that number should be bigger if there’s really a lot of passion for this kind of mission.

So what I’ve encouraged is there are ways to do that and one of the ways is a way that I think with, again, 800,000 members -- I keep bringing that up, don’t I? Are we clear on how many members, 800,000. Okay. Probably have done that enough.

But there’s also demographics that we can’t avoid. There are 77 -- 74, 71, 77 million baby boomers, just a whole bunch. It’s just a lot. The estimate that I saw the other day was anywhere from 14 to 21 trillion dollars of wealth is included in those 77 million baby boomers.

Now, hang on there, ladies. Seventy -- 14 to 21 trillion, you know how many zeros? That’s just a lot. That’s just a lot of zeros. It just keeps going.

And my opinion is, and I’ve talked at length about this and Dubbie has been a real champion as well, is a little thing called planned giving and it is -- you’ve got a wonderful brochure. I intend to steal as much as I can out of this for as many of my clients as I can. It’s extremely well done.

It is a planned giving, very short, very sweet, right to the point, and it tells you what you as an organization should be doing to get people to give as part of their estate, as part of their retirement. It’s really important.

And I think we don’t have enough of this going on. Charitable trusts and the like are out there. If you need help, we could find help for you in terms of selling this, but I’ll tell you right now this little brochure is outstanding.

Everyone should have it. Everyone should be dealing with it. And I think as you go forward with your magazine, with your -- any kind of communications you have with your membership, this should be a focal point in what you’re telling them.

And I’m not trying to -- I don’t want to imply that you’re all old. I know I just did. I know, I know, I know you’re looking at me like that. Well, I am too. But I will tell you the demographics are clear here.

We really need to do this somehow and pretty quickly because I think it could really make a difference in this organization. So I hope you’ll take a little time to do that.

Any questions, comments?
(Whereupon, there was no response.)
MR. ALERDING: Very good. Peggy --
(Applause.)
MR. ALERDING: Thank you all.
You can stand up.
CHAIRMAN HOBBS: Madam President, the Audit Committee has approved the fiscal year 2012 audit and I move the adoption of the external auditor’s report as presented.

PRESIDENT THOMAS: It has been moved to adopt the external auditor’s FY 2012 audit report. No second is required because this comes from a committee.

Is there any discussion?
(Whereupon, there was no response.)

PRESIDENT THOMAS: All those in favor of adopting the external auditor’s FY 2012 audit report as presented, say aye.

VOICES: Aye.

PRESIDENT THOMAS: Opposed, no.
(Whereupon, there was no response.)

PRESIDENT THOMAS: Motion carried.
Thank you, Ginny.
(Applause.)

PRESIDENT THOMAS: I now call on Finance Committee Chairman Nicole Clapp for the Finance Committee report.

CHAIRMAN CLAPP: Good evening.

VOICES: Good evening.

CHAIRMAN CLAPP: Since we last met at the National Convention, your national Finance Committee has held a conference call in November and met for the past few days here in D.C.

As you know, the primary roles of this committee include a variety of tasks including we actually do monitor those financial statements, the investment planning, fund raising campaigns, member benefits, and policy review.

I would like to introduce the committee members. Each of these individuals takes their responsibility very seriously and brings invaluable skills and knowledge to our discussions. My sincere thanks to each of them.

Vice Chairman Jan Pulvermacher-Ryan, Desi Stoy, JoAnn Cronin, and Paula Parker-Sawyers, thank you for your time and dedication.
(Applause.)

CHAIRMAN CLAPP: These successful fund raising efforts by Quadriga are continuing with three campaigns designated for the ALA and one for the Foundation during this fiscal year.

We greatly appreciate your continued support of these initiatives. For example, our year-to-date donations have totaled over $155,000. Thank you very much.
(Applause.)

CHAIRMAN CLAPP: Your ongoing generosity is to be commended. There are two additional campaigns yet this year, so continue to check your mailboxes.

The USA Credit -- USAA Credit Card program promotion has resulted in over 1,500 credit cards being distributed throughout the departments.

One department, Nevada, has done extremely well as well as Rhode Island. The related royalty checks for your departments will be sent in September.

As a Finance Committee, we look at the member benefits, but we also value the education and opportunity and knowledge earned by you, the members, through the mission trainings. We were glad to learn that they were well attended again this year.
Also, there were approximately 200 of the DVDs sold throughout the organization nationwide.

Now for a little housekeeping. I do need to remind each of you that the reimbursement deadline for submission of expenses is a firm 60 days. You don’t want us to have to say no and we don’t want to have to say no. So please get those receipts turned in as quickly from your per diem as possible.

During this year, we took on a new initiative. We sent out requests for proposals better known in my world of RFPs to several investment firms who would be interested in managing not only the ALA funds but also the Foundation.

The Finance Committee along with the Foundation Board interviewed the two finalists earlier this week which were Merrill Lynch Wealth Management and our current investment firm, Valeo Financial Advisors.

After much deliberation, we collectively have decided to continue with our Valeo relationship in these very uncertain economic times.

It is now a pleasure for me to introduce to you our controller, Tim Bresnahan, who will now go through the detail of the actual budget to year dates highlight summary for as of December 31st. This will also include our investments.

And please feel free to ask Tim or myself any questions that you have. We will project it on to the screen for those of you that don’t have a packet.

MR. BRESNAHAN: Thank you, Nicole.
CHAIRMAN CLAPP: Uh-huh.
MR. BRESNAHAN: Thank you.
Good evening. How is everyone?
VOICES: Great.
MR. BRESNAHAN: Good. Can everybody hear me? Can you hear me in the back?
You can’t hear me? Can you hear me now? Okay. Good.
Tonight I’m going to give an at a glance summary of our financial results for the first quarter ending 12/31/12. And I’ll start off with revenue and you notice I do accounting and audio visual sometimes.

So our first quarter year-to-date actual revenue including investment income was greater than year-to-date budgeted by 792,000 or 21 percent.
CHAIRMAN CLAPP: That’s a woo hoo.
(Applause.)
MR. BRESNAHAN: Thank you.
I didn’t even ask her to do that. That was good.
(Laughter.)
MR. BRESNAHAN: Much of this was due to timing as membership dues came in at a faster rate than we budgeted for them to come in in the first quarter. I expect the revenue to be in line by our fiscal year end. It should be pretty close to budget.

Our expenses for the first quarter year-to-date actual were better than budgeted by 673,000 or 31 percent.
CHAIRMAN CLAPP: That’s a woohoo.
MR. BRESNAHAN: Much of this was due to timing and various activities. We budgeted to pay expenses in the first quarter that we will actually pay for the -- during the
rest of the year. And, again, I expect those should be in line by our fiscal year end as well.

Now, I wanted to go over investments. Mike did say that investments make up a chunk if not most of our assets.

Our investments as of 12/31/2012, the general fund had 21 million in it. The Spirit of Youth Fund had 368,000. Helen Colby Small Fund had 188,000. National President’s Scholarship Endowment Fund had 1.1 million. Our PUFL, Paid Up For Life Trust Fund was 3.4 million.

CHAIRMAN CLAPP: And, Tim, Helen Colby Small for those who may not be aware is the Auxiliary Emergency Fund. It was a donation by Helen Colby.

MR. BRESNAHAN: And that’s my presentation. So does anybody have any questions for me?

(Laughter.)

(Appause.)

MR. BRESNAHAN: I did it quicker than last year.

(Appause.)

(Whereupon, there was no response.)

MR. BRESNAHAN: No questions. May I have a couple more minutes?

CHAIRMAN CLAPP: Yeah, of course.

MR. BRESNAHAN: I did want to thank everybody tonight for your service in helping the ALA fill its -- fulfill its mission. And I did want to take a little time to acknowledge a few other people.

I did actually want to acknowledge Nicole and say she does a wonderful job chairing the Finance Committee.

(Appause.)

MR. BRESNAHAN: And I also wanted to take the time to thank Dubbie for her leadership at National Headquarters and for ALA National.

(Appause.)

MR. BRESNAHAN: And I did really want to take the time to acknowledge Marta who has been your ALA National Treasurer for almost 20 years and who has made sure your National Headquarters has always had good financials. So would you give her a round of applause.

(Appause.)

MR. BRESNAHAN: Thank you.

(Appause.)

CHAIRMAN CLAPP: We can have a little fun with numbers everyone once in a while, I think. And, again, I personally would like to thank Tim for his wonderful presentation and the outcome of the numbers so far this year look very positive for all of us.

So thank you, Tim.

(Appause.)

PRESIDENT THOMAS: Are you done?

CHAIRMAN CLAPP: Yes.

PRESIDENT THOMAS: Excellent report, Nicole. Thank you.

Do you have any motions to bring forward?

CHAIRMAN CLAPP: Yes, Madam President.
The national Finance Committee reviewed three existing policies and are presenting them for renewal. These policies were circulated in advance, the check signing policy, the policy for complimentary tickets, and the President’s National Foreign travel policy.

Madam President, by direction of the National Finance Committee, I move the policy for complimentary tickets be approved. Complimentary tickets, the only change was in number six and that was taking out presidents’ and secretaries’ meeting and changing it to Department Leadership National Conference.

PRESIDENT THOMAS: The question is on the approval of a policy for complimentary tickets. Is there any discussion?
(Whereupon, there was no response.)
PRESIDENT THOMAS: All those in favor of approving the complimentary ticket policy, say aye.
VOICES: Aye.
PRESIDENT THOMAS: All those opposed, say no.
(Whereupon, there was no response.)
PRESIDENT THOMAS: The ayes have it and the motion is carried.
Nicole, please continue.
CHAIRMAN CLAPP: A revised version of the National President’s Foreign Travel policy was on your chairs when you entered the auditorium this evening.
At the National Finance Committee meeting yesterday, that policy was revised to clarify and simply some of the wording.
I would like for you to look at that policy right now. You have in official words a red line copy, but it’s black and white. We’re trying to save a little money, a little expense. So I will go through the changes with you.
The policy statement, we have made a recommendation that all policies take out National Headquarters if it is irrelevant. So you will see that National Headquarters may be in smaller letters in the policy statement and ALA as well.
The changes for material consideration are in the policy under number one, foreign business travel. We have incorporated business in this policy throughout so that there is no perceived influence by the IRS or anyone else to consider how we’re spending your money, that it is for business purposes.
And so with that, the foreign business travel by the ALA national president shall take into account, A, the number of ALA members in close proximity to the business travel destinations, B, opportunities to meet with members in those foreign locations, and we added, C, opportunities to increase awareness of ALA’s mission in these foreign locations.
Number two, foreign business travel by the ALA national president shall take into account current international travel warnings issued by the U.S. Department of State and the health issues for countries on the proposed foreign itinerary.
Number three, foreign business travel by the ALA national president shall be planned in conjunction with that of the National Commander of The American Legion, period.
Number four, foreign business travel by the ALA national president shall be included in the annual budget, the ALA national Finance Committee to -- as proposed by the ALA national Finance Committee to the ALA National Executive Committee for
consideration. Unanticipated foreign business travel by the ALA national president shall be pre-approved by the ALA national Finance Committee.

And we’ve added number five. All expenses related to personal foreign travel by the ALA national president shall be the responsibility of the ALA national president. And that was added by the renumbering of sequence.

With that being said, are there any questions regarding that detailed review?

MS. NEWSOME: Madam President, Linda Newsome.

I just have a couple of clarifications and that is mainly because I’ve worked for attorneys for too darn long.

But in the policy statement where it indicates that the foreign travel shall consider the value of the proposed travel, et cetera, who makes that decision?

CHAIRMAN CLAPP: Weighing of the proposed would come from the budget that is proposed into the budget effective in the summer of the previous -- before the travel occurs. So the Finance Committee would then approve that budget item for the foreign travel.

MS. NEWSOME: All right. And then the NEC --

CHAIRMAN CLAPP: We make the recommendation at -- then they would do that at the summer convention post NEC.

MS. NEWSOME: One other question. In number three, the foreign business travel by the ALA national president shall be planned in conjunction with that of the national commander of The American Legion, that doesn’t always happen. And I can speak to that myself. I did not travel with the national commander. That’s the way it worked out.

I’m not going to get into any other details on it, but what would that -- with this policy, how would that be handled?

CHAIRMAN CLAPP: We would handle that under number one.

MS. NEWSOME: Okay. So --

CHAIRMAN CLAPP: Our goal, as we’ve spoken to Past National Presidents, the concern of traveling alone without the additional safety and security of an entourage.

MS. NEWSOME: And I don’t -- I think that’s a great reason. I just wanted it clarified --

CHAIRMAN CLAPP: Yes.

MS. NEWSOME: -- so they would know what they’re voting on.

CHAIRMAN CLAPP: Yes. So, number one, our goal is if there is foreign departments --

MS. NEWSOME: Safety.

CHAIRMAN CLAPP: -- that we have an opportunity to visit, we want that opportunity to at least be considered.

MS. NEWSOME: Uh-huh.

PRESIDENT THOMAS: Thank you, Linda.

CHAIRMAN CLAPP: Any other questions?

(Whereupon, there was no response.)

CHAIRMAN CLAPP: Madam President, by direction of the national Finance Committee, I move the policy for the national president’s foreign travel be approved.

PRESIDENT THOMAS: The question is on the approval of the policy for the national president’s foreign travel. Is there any discussion?
(Whereupon, there was no response.)

PRESIDENT THOMAS: Hearing none, all those in favor of approving the national president’s foreign travel policy, say aye.

VOICES: Aye.

PRESIDENT THOMAS: Opposed, no.

(Whereupon, there was no response.)

PRESIDENT THOMAS: The ayes have it and the motion is carried.

Nicole --

CHAIRMAN CLAPP: Madam -- yes. Madam President --

PRESIDENT THOMAS: -- please continue.

CHAIRMAN CLAPP: Okay. Madam President, by direction of the national Finance Committee, I move the policy for check signing be approved. Our only change was our next review date will be spring of 2016. This would typically be an item in the future we would add to the consent agenda.

PRESIDENT THOMAS: The question is on the approval of the policy check signing. Is there any discussion?

(Whereupon, there was no response.)

PRESIDENT THOMAS: All those in favor of approving the check signing policy, say aye.

VOICES: Aye.

PRESIDENT THOMAS: All those opposed, say no.

(Whereupon, there was no response.)

PRESIDENT THOMAS: The ayes have it and the motion is carried.

Nicole, please continue.

CHAIRMAN CLAPP: Madam President, this concludes my finance report.

(Applause.)

PRESIDENT THOMAS: Are there any further questions regarding the Finance report?

(Whereupon, there was no response.)

PRESIDENT THOMAS: The Finance report will be filed for audit.

Thank you, Nicole.

Let’s give her a hand.

CHAIRMAN CLAPP: Thank you.

(Applause.)

PRESIDENT THOMAS: Thank you, too, Tim.

MR. BRESNAHAN: Thank you.

PRESIDENT THOMAS: Now we’ll move on to the Membership Development Pod and we will begin with the ALA Foundation, Linda Boone, President.

Linda.

PRESIDENT BOONE: Good evening.

VOICES: Good evening.

PRESIDENT BOONE: All right. So we’re talking money tonight. And that’s the role of the Foundation. For some of us, the Foundation might be a new tool to use for the American Legion Auxiliary.
But the goal of the Foundation is to help provide some financial security for the future of the organization, that we will go out and we will raise money. This is a -- you know, it’s the -- and that’s the reason it was found -- formed.

So those of you NECs, you’re Kris Nelson’s department presidents and you got educated pretty well on the Foundation last year. So I’d ask you to continue that role of promoting -- everyone to promote contributions and support of the Foundation.

We want to make sure that we have enough resources to work our programs in future years. And the way we’re going to be able to help do that is by making sure the Foundation is strong and that we have money in the Foundation.

Some education pieces that are going on is at the -- the -- on the back of the Auxiliary magazine, a couple of times in the -- in the last ish -- two -- four issues we had two back covers. And so that’s a real opportunity to maybe bring it up at a unit meeting and talk about, gee, did you see this on the magazine, what does that mean, does everybody understand the Foundation.

Inside this last issue is a really nice article on the planned giving brochure which is now available on the American Legion Auxiliary Foundation website which is alafoundation.org. It’s information directly about the Foundation. We have a separate Web page.

And so the planned giving brochure is on there. You can print it out and it’s a little bit more -- we’re going to be distributing some of these later on in the week with the planned giving guide that Mike showed you.

And that -- but it’s a little bit expanded version of that on the website. So you can print them out and maybe have a discussion at one of your unit meetings about the Foundation.

And we have a frequently asked questions on there. And so there’s lot of information. If you need any more, don’t hesitate to call Madison at National Headquarters, the staff member that’s assigned to us, or, you know, contact me. We’d be glad to help you on anything that would help promote the American Legion Auxiliary Foundation.

The -- one of the things that I’ve talked about before is that philanthropy, you know, that’s a big word and it tends to get -- everybody tends to think you only have to be rich in order to be a philanthropist.

Well, I consider myself a philanthropist and I don’t give, you know, huge amounts. I’m -- you know, I live on a fixed income like all of us, you know, or a majority of us do and -- but I have chosen to focus my philanthropy on the American Legion Auxiliary. And I give at the unit, department, and national level.

And that’s what we’d like everyone to try to do is to think about how, if you have so many dollars each year, how do you want to spread that out so that you can support your unit, your department, and the national organization so that we have an organization to be here.

Planned giving is really a good tool. And, Dubbie, if you can correct -- I think it was if everybody that has passed away in the last how many years?

VOICE: Four.

PRESIDENT BOONE: Four years. If everybody that passed away in the last four years gave a hundred dollars, we’d be at $4.3 million in donations. A little bit from everybody really helps out. So think about that. It doesn’t have to be, you know, big, big
checks. It needs to -- you know, I would think that you’d want to leave a little bit of remembrance to the American Legion Auxiliary. So think about that and the planned giving guide will give you help on how to do that.

One of the promotions we did was the ornament which is -- features our window at the National Cathedral and that was a gift to those who donated $250. We still have some ornaments left. And we had some departments that did a really good -- used them as a really good gift to recognize certain people.

So I thought that was really good. They give it as, you know, recognition gifts to different people in their department. So I thought that was really well. So if you -- if you’re interested in looking at it, come by and see me, and they’re still available that you can get.

Okay. So one of the original intents of having the Foundation was to be able to help departments, in order to give grants out to departments.

So we’re doing a little bit of that now by departments that are able to get grants locally but they don’t -- they don’t have (c)(3), a 501(c)(3) that the grantor wants to -- you know, needs to use.

So some departments are using the Foundation to funnel the money through so that they can have ax to -- access to funds that they wouldn’t normally have.

And we’re still -- it takes a long time to develop relationships and to -- with potential grantors, investors. So we’re trying to develop those relationships and research foundations and corporations that might be willing to help fund some of the programs of the American Legion Auxiliary on a national level and then so we can do that at department level.

But we’re still a ways away from making that happen. It takes a long time and -- but we’re work -- we’re still working on that ‘cause that was my goal. My personal goal is to make that happen. So know that we’re still working on that.

But we did do one thing. One of the budget items that you approved in the -- in this year’s budget was a membership for the American Legion Auxiliary, the corporate membership to an organization called Board Source. And Board Source provides lots of resources and materials around nonprofit management and governance and fund raising.

So we have got -- we have purchased a corporate membership and probably in about a -- within the next month, you will be getting -- your departments will be getting information about how to access that. You’ll be able to go on line. You’ll be able to purchase things at a discount. You’ll be able to get free webinars. You’ll be able to get on free webinars for your department officers, your DEC members, and a whole host of things will be available to you as being part of the American Legion Auxiliary.

So that will be available. So watch for that big announcement. It will come through your department office, your secretaries, but that’s an organization called Board Source.

I’ve used their resources for many, many, many years and they’ve -- they’re very helpful in giving you guidance about what needs to be done in terms of governance and management and fund raising. So --

SECRETARY BUCKLER: Take a note from Nicole Clapp. That is a woo hoo.

PRESIDENT BOONE: Yeah.

(Laughter.)
PRESIDENT BOONE: It’s really a good opportunity for us. And so, anyway, I would encourage you when it’s available, go on line and start checking it out and see what you can get because it’s just great information.

Okay. So where is the Foundation in terms of money? In the last year and a half, we have been able to meet the federal requirement, the federal threshold for how much money that a foundation has to have.

And we have -- right now we have $300,000 in assets and that money is in an endowment. Most of you I would hope know what an endowment is. That’s where you put the money in the bank and it can’t ever be touched. And you hope the pot gets big enough so the interest from that pot of money will pay for the programs or whatever you want to use it for.

So we have a ways to go. This year, we are going to have to give away a little bit of money. It’s not going to be much, but it’s going to be a little bit we’re going to be giving away or granting out.

So that’s where we are. We have a long ways to go. We’re -- the Foundation is new and it takes a while to really build it up when we’re starting from zero. So it will be a while. Stay tuned.

Okay. Madam President, at the direction of the American Legion Auxiliary Foundation, I move that the resolution for the ratification of the American Legion Auxiliary Foundation Bylaws be approved. You all had that in your packet that was mailed to you or e-mailed to you.

PRESIDENT THOMAS: Okay. The question is on the ratification of the amendments made to the ALA Foundation bylaws. Is there any discussion?

(Whereupon, there was no response.)

PRESIDENT THOMAS: Hearing none, all those in favor of ratifying the amendments made to the ALA Foundation Bylaws, say aye.

VOICES: Aye.

PRESIDENT THOMAS: All those opposed, say no.

(Whereupon, there was no response.)

PRESIDENT THOMAS: The ayes have it and the motion is carried.

Linda, please continue.

PRESIDENT BOONE: Okay. That concludes my report, Madam President.

PRESIDENT THOMAS: Thank you, Linda.

PRESIDENT BOONE: Uh-huh.

PRESIDENT THOMAS: That was an excellent report.

(Applause.)

PRESIDENT THOMAS: I would ask one of the pages to bring Counsel General Phil Onderdonk to the platform, please.

We welcome Counsel General tonight to bring us some words of wisdom.

It’s all yours. Carry it away.

COUNSEL GENERAL ONDERDONK: Well, thank you, Madam President.

I’m not sure about the wisdom.

Let’s just say it this way. A lady went to a meeting in a hotel like this one, walked out of the meeting, looked in her purse for her car keys, no keys. Gave herself a TSA pat-down in every pocket looking for her keys. No keys.
Ran back into the meeting room. No keys. Now she’s getting worried because she likes to leave her keys in the ignition so she knows where they are. But her husband always tells her don’t do this because you get a car stolen that way.

So she runs out to the parking lot. No car. Uh-oh. Calls the cops, tells them. Then she calls her husband and confesses as to what happened. And he says after a dead silence, said, Dear, I dropped you off. Oh, good, come pick me up.

(Laughter.)

COUNSEL GENERAL ONDERDONK: I will as soon as I convince this cop I didn’t steal this car.

(Laughter.)

COUNSEL GENERAL ONDERDONK: Now, that’s funny, but it also has a serious side to it and that’s what I’m going to talk about tonight.

Conflicts of interest, it’s a very serious subject. It can bite you when you’re not looking. It can catch you unawares. And it is an issue of integrity.

Now, I’m counsel to the national American Legion and national Auxiliary. And the Auxiliary has signed a contract saying we will never disagree with the Legion. And when the Auxiliary wanted to have its own Legislative program and the commander and adjutant said, no, it’s going to be The American Legion Family program, I was not part of that. I recused myself because I’m counsel to both sides of that issue. I can’t be part of it. Okay? And it’s very, very serious.

You as directors and members of the NEC are directors, corporate directors owe a fiduciary obligation to the corporation. You put the corporation first, last, and always, no if, ands, or buts. That’s the rule.

And everybody is going to say, well, wait a minute, all these SEC rules on conflict of interest don’t apply to tax exempt organizations ‘cause we’re not under the SEC.

Well, that last part is true, but we are under the regulations because the IRS by regulation applied them to every tax exempt organization and that includes the American Legion Auxiliary. So you’ve got a very serious issue there of integrity. Do not get involved in it. It destroys you.

And I have to tell you this. The appearance of a conflict is worse than actually having one. It’s very serious.

For example, I’m a member of The American Legion Retirement Committee, but when my retirement comes up or on the 401(k) Committee and my 401(k) account comes up, I say let the record show that I’m leaving the room and will take no part in this discussion and I leave the room.

I have recused myself just like judges do when they have a family member or, say, a former partner is one of the counsel in a case. You cannot win on these issues. They will come back to haunt you.

And the appearance is worse than the evil. For example, another one, a post, no one wants to come to the meeting because outside is nothing but drug dealers and bums and downtown area all depressed.

And they want to buy a nice 20-acre parcel on the outskirts of town. It takes a $50,000 down payment and a nice big mortgage. And they can build a Taj Mahal post with an outside dance floor, bull pit for bull roasts, baseball field for their baseball games, you know. Sounds pretty good, right?
But they need 50 grand. Joe’s a member of the post sitting in a meeting says, you know, we paid 50 grand for this building in 1919. I’ll pay you 50 grand tonight. He’s a hero. They make him a life member.

Three months later, they want to take his -- three months -- three years later, they want to take his life membership away. Why? ‘Cause he’s retired to Florida with three million bucks.

Now, the post is having a great time, running all kinds of programs, growing because they’re working so hard, having parties and every kind of thing to raise money to pay the mortgage and they’re ahead on the mortgage.

But Joe’s got three million bucks and they want it. Can they get it and take his life membership? No. He was just a member. But if he’d been a trustee, member of the Executive Committee, or an officer, they could get every dime plus interest.

Okay. That’s how it works. It’s the position you hold and the obligation you have to the corporation. And you’ll see in profit-making corporations people will be directors of more than one corporation. Yeah, but they’re not in the same business and they don’t do business with each other. Very, very careful rule. So think about it.

Now, there’s another issue that comes up with conflicts of interest. That’s disclosure. You can disclose too little, but you cannot disclose too much.

Example, Ted Stevens, Senator from Alaska. He disclosed his interest and his campaign funds. The opposing party said it wasn’t enough and caused a big stink and tried to bring him up on trial and then later dropped the charges because they were false.

But he lost his election as a result. He was on a fishing trip on a plane that crashed and he got killed. If he had won his election, he wouldn’t have been on that fishing trip. He’d have been in the Senate doing his job.

That’s how these little things can come back to bite. I’m not saying he died because of that, but I’m saying this is the way the world works. Okay?

Now, there’s a disclosure form that’s filled out by every NEC member for The Legion, alternate officers who have a vote and I strongly recommend it to the past national commanders like I do here to the past national presidents. Put it down.

I have people who say, well, my wife’s secretary for the department. It’s not a conflict, but put it down. That way, you cannot be charged with it. That’s what we’re talking about. Appearance is worse than the evil itself.

And there have been some issues, so I want to remind everybody about how serious it can be. We’re talking jail time if you actually have one and profit from it. And it’s not going to the Auxiliary that’s going to be bringing the charges.

It’s going to be the federal government because, as I said, the IRS made those rules apply to all tax exempt organizations. And guess what, ladies? We are one, right? So we don’t have a choice.

Are there any questions on that issue? And I apologize for my voice. I’m getting over a cold.

(Whereupon, there was no response.)

COUNSEL GENERAL ONDERDONK: Next issue, Ride 2 Recovery. Stay out of it. The American Legion Auxiliary withdrew its support for good and sufficient reason after review of the records and on the advice of counsel. Anybody who gets into it and starts talking about it is just building a lawsuit against the Auxiliary and against them individually.

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So you want to get into it and you want to start talking about it, hire a lawyer first quick. You’re going to need it. Okay?

Now, people have said that the American Legion Auxiliary never told Ride 2 Recovery they weren’t throwing support. False. I’ve got the letter that I wrote. Okay? Anybody wants to see it, they can. But all I will say is for good and sufficient reason, after review of all the records and the advice of counsel, the American Legion Auxiliary withdrew its support.

You realize, of course, The American Legion had withdrawn its support eight months before, also for good and sufficient reason on the advice of counsel. Okay?

Any questions on that one?

(Whereupon, there was no response.)

COUNSEL GENERAL ONDERDONK: You don’t want to go there because you’re making yourself personally liable and starting one very large lawsuit.

Now, there also have been comments that this was done based upon information from an employee of Ride 2 Recovery. Absolutely false. I don’t know who started that one, but that’s nonsense. And anybody who’s spreading that is only building a case for them which won’t work, but they’re going to get themselves personally involved.

This is a non-topic. I’m serious. I don’t tell anybody the ins and outs of this. But it’s extremely serious and you don’t want to go there. And as I said earlier on conflicts of interest, the appearance of a problem is worse than the problem.

And if this one blows, there will be an appearance. You don’t want to be there. Bad publicity would pretty much destroy the Foundation and your profit-making entities trying to raise money to support veterans and their families and their children. Don’t go there. Okay?

Any questions?

(Whereupon, there was no response.)

COUNSEL GENERAL ONDERDONK: They say they were never notified. I wrote the letter. It’s right here. Now, they wrote back, so they know -- we know they got it even though it was certified mail with a receipt.

And their questions were designed to start a fight, start a problem. I did not answer them and I will not answer them. I am not going to start a lawsuit that hurts my client. That would be a conflict of interest on my part. That’s why I started with that area. Okay? I don’t go there.

Okay. Any questions on that one?

(Whereupon, there was no response.)

COUNSEL GENERAL ONDERDONK: I hate to come down so hard, but I have to on these issues because they’re extremely serious and if these lawsuits come, the publicity is terrible and the expense is horrendous. Win or lose, the expense is horrendous. You got to pay for the lawyers and that’s not me. That’s the trial lawyers.

Any questions? Any questions on anything while I’m here? I’m the target. Have at me. All right. Here comes one.

MS. NELSON: Kris Nelson, Past National President.

Our NEC has approved the Girls State guide and many departments have also approved that guide.

Can you tell me what our responsibilities are to become compliant with that guide including the departments who are separately –
COUNSEL GENERAL ONDERDONK: Okay. Well, if the departments approved it, the Girls State program has no choice. If the departments haven’t, it is a strong recommendation from the national organization because the National Auxiliary like National Legion doesn’t control the departments and posts.

But if they’ve adopted it, now it’s law in the department and they do have the power to enforce it. And if we’re talking about a Girls State program that’s separately incorporated with its own board of directors, they are nothing more than a subsidiary corporation. They do what the Auxiliary tells them, period.

There are five rules that every subsidiary must follow and if they don’t, we take away the trademark. Who owns the Auxiliary trademark? American Legion. But the Auxiliary has a license and can re-license. Who owns the Girls State emblem? American Legion Auxiliary. And you can file suit and take it away from them and protect it.

I’m already suing American Legion Riders in two states. One of them, they folded and they dissolved the corporation in the middle of the case which I do not understand because that made the individuals personally liable. Now they’re fighting the attorneys’ fees which we’re going for and their trouble damages. They’re not going to win. They dissolved the corporation. We didn’t.

But what are the five rules? Number one, the American Legion Auxiliary will approve all officers’, directors’, trustee appointments, period.

Number two, the American Legion Auxiliary will fill any vacancies. Now, they can nominate, but the American Legion Auxiliary, the Executive Committee at the appropriate level must approve. And people say wait a minute now, we’re taking control of the units. No, we’re not. It’s a trademark rule, a constant and continuous control and protection of your trademark.

Number three, there will be monthly reports including financial reports. And say it’s American Legion baseball. Nothing happened in January. Secretary of that corporation sends a letter to the department adjutant or the post adjutant as the case may be.

We didn’t do anything this month. Is that a report? Yes, it is. It’s a negative report. But it shows the constant and continuous control.

The fiscal officer, treasurer, finance officer, whatever, of the appropriate level will be a signatory on every account. Why? It doesn’t mean you have to sign all the checks, but you will be a signatory. Why? So you can get the records if you need them. And are you going to need them? I guarantee at some time you will.

My wife took over a Brownie troop when our daughter was what, six or seven. It was supposed to have a treasury of 498. It didn’t. It had left town with the prior leader. It happens.

So you need to get the records. You need somebody who’s a signatory on the account or the bank secrecy and privacy laws won’t let you get it, period. And even a lawsuit won’t get it for you.

And, five, the corporate charter, Bylaws, Constitution, whatever, of the subsidiary will be approved by the Auxiliary and any amendments thereto. And we don’t have a choice on those. It’s constant and continuous control to protect the trademark. If you don’t protect the trademark, you lost it.
And I’ve said many, many times trademark law is absolutely nuts. It’s crazy. Why? Because most businesspeople want to protect their own and mess up the competition’s trademark. So the law zig zags all over the place.

So what you need to do is be on the straight and narrow. As we used to say in the infantry, take the high ground. And that’s what you have to do. We don’t have a choice on that.

Now, people will say, oh, we didn’t have to do that in the past because we had letters patent. That’s true. You didn’t. But letters patent only last 14 years. In fact, they’re coming up again and we’re going to have to go back to Congress to get them reinstated.

But in 1984, on the last day for the letters patent for that term, and Congress was getting bulky and wasn’t going to pass them, I filed for trademark on the Legion, Auxiliary, and SAL emblems. Why? It’s not going to happen on my watch if the emblem gets out in the public domain, right? I’d get fired real quick. Also I’d probably lose my license for not protecting my clients’ interest. And people would say, well, you didn’t have a resolution to do it. I didn’t need one. Canons of ethics of a lawyer tell me I had to do that.

So now we have to follow the trademark rules. It doesn’t hurt. It’s another level of protection. In fact, a little additional protection to the letters patent. But that’s the way it works.

So if you want to shoot on me for anything on the trademark or shoot at anybody, shoot at me, but I would do it again.

Okay. Does that answer your question, ma’am?

MS. NELSON: Yes. Thank you.

COUNSEL GENERAL ONDERDONK: Okay. But if the -- if it’s a program or set of rules adopted by the department, the Girls State has no choice. And it’s strongly recommended. Now, if they get into conflicts of interest to Girls State, that’s federal law, guys. I hate to -- ladies, I hate to tell you. Okay?

Any other questions?

(Whereupon, there was no response.)

COUNSEL GENERAL ONDERDONK: Well, it’s been a great pleasure to be among so many beautiful ladies. Believe me, I enjoy it thoroughly. So thank you.

(Applause.)

PRESIDENT THOMAS: Thank you, Phil.

He has been advising us since 1983. He’s been advising the entire American Legion Family and he does it on all legal matters and on the interpretation of the National Constitution & Bylaws.

And we really appreciate his time and expertise. Let’s have another round of applause for the judge advocate.

(Applause.)

PRESIDENT THOMAS: Thank you very much.

And now we’ll get back to the agenda. We will now hear from Jan Pulvermacher-Ryan, national chairman of the Long Range Strategic Planning Committee.

Jan.

CHAIRMAN PULVERMACHER-RYAN: Good evening.

VOICES: Good evening.
CHAIRMAN PULVERMACHER-RYAN: I am going to read to you the proposed Code of Ethics for the ALA and also for the ALA Foundation.

Whereas, the leadership of the national organization including the American Legion Auxiliary National Executive Committee, national officers, national leaders whose appointments are confirmed by the NEC, American Legion Auxiliary Foundation Board, and National Headquarters’ staff are expected to adhere to the highest standards of ethical conduct,

And, whereas, it is the corporate duty of the National Executive Committee as the governing body of the national corporation and the ultimate governing body for the ALA Foundation to establish the rules by which the national corporation’s officers, directors, and appointed leaders operate and conduct themselves as representatives of the National American Legion Auxiliary,

And, whereas, the American Legion Auxiliary NEC, national officers, national staff, national chairs, and national committee members and American Legion Auxiliary Foundation Board comprise the corporate officers covered under the organization’s national directors and officers liability policy,

And, whereas, a Code of Ethics is the behavior and performance expectation of the corporation for its corporate officers, the ALA, and the ALA Foundation,

And, whereas, the NEC has previously adopted policies relative to the expectations included in a Code of Ethics,

Now, therefore, in the spirit of national -- of the national organization’s heritage of Service Not Self, and ongoing commitment to charitable service and corporate conduct deserving of the public’s trust, be it resolved that the NEC at its February 23, 24, 2013, meeting adopt the attached National Code of Ethics for publication in dissemination,

And be it further resolved that the NEC urge affiliated American Legion Auxiliary entities at the department and unit levels to demonstrate their pride in the American Legion Auxiliary and adopt similar codes of ethical conduct.

Madam President, by direction of the Long Range Strategic Planning Committee, I move that the resolution establishing the Code of Ethics be approved.

PRESIDENT THOMAS: The question is on the adoption of the resolution establishing a Code of Ethics. Is there any discussion?

(Whereupon, there was no response.)

PRESIDENT THOMAS: All those in favor of adopting the resolution, say aye.

VOICES: Aye.

PRESIDENT THOMAS: All opposed, say no.

(Whereupon, there was no response.)

PRESIDENT THOMAS: The ayes have it and the motion is carried.

Jan, please continue.

CHAIRMAN PULVERMACHER-RYAN: Thank you, Madam President. That concludes my portion of the report. But at this time, I would like to call on National Secretary Dubbie Buckler to report on governance reform and the timeline for updates to our national Constitution & Bylaws.

Dubbie.

SECRETARY BUCKLER: Thank you, Jan.
In your chair, you should have a piece of paper that looks like this and it just says American Legion Auxiliary timelines. So we’re not going to discuss the meat of this. I just want to make you aware of when things are expected to happen.

At Convention 2013, we will be presenting a revision, revamping of our Constitution & Bylaws, moving some things from the Constitution & Bylaws into standing rules to allow for more flexibility. We’ve been talking about this now for going on a couple of years.

I want to take the opportunity to thank Counsel General, he’s not in the room any longer, and our National Parliamentarian Chris Dickey because she is volunteering her time to help us do this.

How many of you were at the last Presidents & Secretaries Conference?
(Hands raised.)

SECRETARY BUCKLER: A whole lot of you. You remember the presentation she gave? And at the same time, a lot of heads were nodding. It started to make sense.

The issue is simply this. You cannot keep amending your Bylaws every year. It is a red flag to the IRS. It shows that the organization is not stable because your Constitution & Bylaws are your bone structure. You don’t go in and get bones replaced every year. Well, maybe Michael Jackson did, but most of us don’t. You don’t go in and get bones replaced every year.

You can do cosmetic surgery every year. Your cosmetic surgery is what should be happening in your standing rules. That stuff that you want to change frequently, move it to the standing rules because if you change that every year, you don’t have to report that to the IRS.

So what will be happening, we will be just moving. Things that are currently in the Bylaws, we’ll move over to the standing rules.

Now, the key point is this. The big concern has been, well, but with it being in the Bylaws, it has to be approved by the convention body and most of the stuff has to take a two-thirds vote.

You can move things to the standing rules and still require the same voting authority. In other words, you can have a standing rule that says the dues of the American Legion Auxiliary shall be $9 per senior member. Any change to the dues structure shall require a two-thirds vote of the national convention body. That can be in your standing rules.

That’s what we’ve got to help our voting members at convention understand. So I guess I want to be real clear. We are not pulling a fast one. Can we please have that general sense that we’re not trying to pull a fast one? We’re just trying to reposition things so that what you have in your bylaws can be left alone for 10 to 15 years because your bylaws should not be changing any more frequently than that.

I’m seeing heads nodding, so, okay. So at the Department Leadership National Conference coming up, we hope to have a document that is easy to follow. And let me also say that has not been the easiest thing to put together because it has meant retyping everything and highlighting in a way -- you know how you do the strike and then -- okay. You start doing that in an entire document and your eyes start glazing over after about section three.

So we’re trying to take that and put it into a format that’s easy to follow. And Chris is helping us do that.
Madam President has appointed -- reappointed a Governing Documents Review Committee and that includes Madam President, Past National President Kris Nelson, Sharon Conatser, Priscilla Imburgia who is Constitution & Bylaws chair. Nancy Brown-Park is vice president and me. I’m forgetting you and me. I know there are two others, oh, you and me, who are on that committee and Marta who has been helping.

And it’s just a lot of work, but we really think we’re going to have it in good form for you to consider that. So that’s what will happen this year.

What we will be adding to that this year will be a provision in the Bylaws to allow, to allow, not to establish, to allow the organization to establish an intermediate or a smaller governing board, not to establish it. I know I’m being redundant, but I’m being redundant on purpose -- to allow you to do that so that in 2014, next year, that’s when the governing reform proposal will be brought back forth to the convention body.

So the sequencing is this: Let’s get the Constitution & Bylaws this year in an acceptable format where the -- where you can be making all your changes and standing rules and you don’t have to keep amending your bylaws for things you want to do in the future.

The way to do that is to allow in the bylaws like we did with allowing departments to establish districts -- did we say in the bylaws departments had to establish districts, counties, and councils? We gave the departments the authority to do that.

So the bylaws would include the authority to do that, but authority would rest with the convention body in 2014 to actually do that.

So then the timeline is in 2014, the national convention would be voting on a governance reform proposal that will be brought forth. It will be similar to what you saw at the convention last year.

Then at the DC Conference in 2015, if that were adopted, that’s where you would start to populate that board and then the board would not actually -- or vote on who would be the candidates for those spots. And then your actual elections to the new governing board would take place in 2015.

So you are two years away minimum for any kind of governance reform as far as the structure is concerned.

But what we want to happen this year, please -- I don’t ask often, but, please, I hope you will pass it this year -- is to change the -- your -- the makeup of your Constitution & Bylaws, so you just shift things around and move a lot of things over into standing rules.

So that’s all I’m going to say on this. I just wanted you to have the timeline. Any questions on that?

(Whereupon, there was no response.)
SECRETARY BUCKLER: Thanks.
CHAIRMAN PULVERMACHER-RYAN: Thank you, Madam President. That concludes my report.

PRESIDENT THOMAS: Thank you, Dubbie.
At this time, the Chair --
(Applause.)
PRESIDENT THOMAS: She really was brief.
SECRETARY BUCKLER: I was.
PRESIDENT THOMAS: You were. You were. I applaud you. Thank you.
At this time, the Chair calls on the Auxiliary Emergency Fund National Chairman Ann Rehbein.

Ann, you’re on.

CHAIRMAN REHBEIN: The mission of the Auxiliary Emergency Fund is to assist members in need by promoting awareness and knowledge of the program, raising funds, and disseminating information about its application process.

Brochures and guides are available for your use on the national Auxiliary website under the member resources tab. You can also find information on fundraising ideas, appreciation citations, contribution forms, and the application.

If you are applying for a natural disaster grant, there is an abbreviated application.

All of us at one time or another has experienced a shortfall in our banking account, but it is not usually dire enough to force us to seek assistance from the many resources available.

The AEF Grant program is there for our members after they have sought help within their communities and states. It is also there for members in need of food, shelter, or utilities when a natural disaster strikes.

This is a hypothetical situation, but could very well pertain to our members in New York, New Jersey, Mississippi, Iowa, anywhere we have members.

Once upon a time on a dark and dreary night, Mother Nature delivered its worst blow: a hurricane, tornado, flood, ice storm, you get the idea, unleashed its horrific powers and my next door neighbor, Mary, lost the roof off her house and the damage was compounded by pouring rain soaking everything.

To make matters worse, Mary’s place of employment also suffered substantial damage and would not be able to reopen for many months. Now Mary has no home and no job.

And so she turns to the American Legion Auxiliary for help and receives a grant of up to $2,400 to take some of the anxiety and pressure off.

This was a made-up story, but I can tell you that since October 1, the AEF program has awarded $90,750 in disaster grants and $51,369 in assistance grants.

Now, this is where you come in since we’ve been talking about money all night. The awards have totaled $142,319, but the income has only been $53,391. Now, you did hear we have the Helen Colby Small Fund of $188,000. That’s not going to last very long at this rate if we have very many more Hurricane Sandys.

While the year is young, if we are to achieve our 10 percent increase over last year, we still need about $86,000. You all know what works best in your departments to raise funds, so please choose one of those great ideas and hopefully send some of those monies to the American Legion Auxiliary Emergency Fund.

Members helping members, me helping my next door neighbor, Mary, or your next door neighbor, Sue, it’s the right thing to do.

I would now like to present Trish Ward, Public Relations Chairman for her remarks.

(Appplause.)

CHAIRMAN WARD: Madam National President, things have sure changed. In the good old days, we cabled, wired, used something called a mimeograph machine,
clouds were just puffy things in the sky and tweet was a sound that birds made. We put 6-cent stamps on letters, and if someone called and you weren’t home, they called back.

(Laughter.)

CHAIRMAN WARD: Yes, things have changed in the way we communicate, but so, too, has much stayed the same. It can be said that our challenges related to public relations are twofold, a matter of informing the organization about itself and a matter of informing the public about the organization.

Although that statement may sound incredibly innovative, in actually it was this observation that faced the 1927 administration and was immediately addressed by National President Walbridge at the Paris Convention in 1928 when publicity became a primary focus.

And for more than 90 years, we continue to work diligently to make sure we empower our members to communicate about their good work for the purpose of informing the public why we mattered then and why we matter now.

The 2012-2013 Public Relations Committee was specifically tasked to work closely with the Membership Committee to support in every way possible our membership efforts.

At the national level, the committee is cohesively working on a team task, developing 15-minute training modules on topics such as Facebook, photojournalism, and event planning for use at the department and unit levels.

In addition, we are assisting the national staff in reviewing items for the public relations toolbox currently in development.

We have committed to submissions in the biweekly eBulletins and continue to provide feedback and support to the members in the trenches and at the grassroots level.

Thanks to Google Alerts, we see every day the amazing work accomplished by our unit members across the country, like Unit Number 8 in Las Vegas who stocked toiletries in the USO lounge at McCarran International Airport and got local news to publicize their good work and Unit Number 6 in Portsmouth, Maine, who made sure National President Thomas’ visit was the highlight of the Portsmouth News Day.

Bravo to the many new Facebook pages, Twitter accounts, and creative means that are being used to highlight, celebrate, and articulate everything we do on behalf of our veterans, military, and their families.

So whether you are cabling, wiring, handwriting, posting, blogging or tweeting, keep up the shouting, chatter, and chirping.

Thanks to Public Relations Chairman Margo Forcer (phonetic) from the Department of Michigan and her great callout PR, it’s where you are.

So wherever you are, make PR for our Auxiliary a priority and you will be doing your part to assure we remain as viable and relevant today as we were in 1927.

As many of you know, public relations is the jelly to membership’s peanut butter. Chairman Britton and I determined that it would be beneficial to create an association of our programs with something simple and fun so that when members thought of public relationships, membership also came to mind and vice versa.

Like peanut butter and jelly, individually they’re good, but together they’re great. Well, apparently the jelly concept wasn’t original either.

Back in 1934, Mrs. Witt Y. McCue (phonetic) from the Department of New York, Chairman of the National Rehabilitation Committee, came up with the idea to
create a goal of one million glasses of jelly to be distributed to needy families. At least 100 glasses of jelly from every unit was their slogan. By year’s end, 800,500 glasses of jelly had been made.

        Gratefully the PR team is not proposing this as a project this year --
        (Laughter.)
        CHAIRMAN WARD: -- but who knows? Everything old is new again.
        At this point, I would like to introduce the peanut butter to public relations jelly
        from the Department of New York, National Membership Chairman Sue Britton.
        (Applause.)
        CHAIRMAN BRITTON: Good evening, everyone.
        VOICES: Good evening.
        CHAIRMAN BRITTON: I am so pleased to be here to bring you the report on
        the National Membership Committee for 2012-2013.
        But, first, before I began, I have to say that it’s been a real pleasure working
        with my committee members, and some of them are here this evening. The cooperation
        and dedication of these ladies has been tremendous.
        And, second, I have to say, Marta, that I have to thank Marta Hedding, Kelly
        Cochran, and the entire membership team staff for their assistance since I signed on as
        chairman of this committee. They are always ready with answers at the drop of a hat.
        Thank you, ladies, one and all.
        I am very happy to report to you that as of February 14, 2013, which was
        Milestone 2, we had 51 out of 52 departments at 70 percent, having achieved a Milestone
        award.
        (Applause.)
        CHAIRMAN BRITTON: Madam President Peggy and I will be holding the
drawing for the six membership category department winners during the opening
ceremony tomorrow night. Each of those six winning departments will receive their $70
check for 70 percent membership.
        I am also happy to report that as of yesterday, February 22, we have a total of
27,563 new senior members and 3,664 new Junior members for a grand total of 31,227
newly recruited members.
        (Applause.)
        CHAIRMAN BRITTON: Who has Peggy’s patriotic pin? Stand if you’ve
received her recruit one pin. If you don’t have it on, that’s all right. If you -- but if you --
okay.
        Peggy, look at all these people sitting here.
        PRESIDENT THOMAS: I know.
        CHAIRMAN BRITTON: Peggy -- Madam President Peggy would like
everyone to have one of her recruit one pins. So I urge each of you to go home and get
that new member recruited so that we can be where we want to try to be by the end of the
year.
        Divisional chairmen have completed two of the scheduled four divisional
conference calls with their departments. Madam President Peggy asked us to have a real
concerted effort this year to have conference calls with all of the departments to really get
down to the grassroots like they were talking about before.
The third round of calls will take place over the next few weeks. And my divisional chairmen have reported that these calls have been very well received and considered extremely helpful by many of the departments.

A special highlight that I would like to report on is that to date, National Headquarters has received approximately 2,200 recruit one forms. Now, we have -- for new senior members, we have over 27,000 new senior members, but we’ve only -- they’ve only received 2,200 recruit one forms which tends to lead you to believe that the recruit one form information has not gotten to everyone and they have not been encouraged to complete that form.

A cash drawing was held with the forms that had been received into national office prior to December 31\textsuperscript{st}, 2012. So I would like to announce those winners to you. There was one winner drawn from each division from all entries submitted. And those winners are in the Central Division, from the Department of Iowa, Unit 290, Karen Johnson.

(Applause.)

CHAIRMAN BRITTON: From the Eastern Division was the Department of Maryland, Unit 82, Rita Sexton.

(Applause.)

CHAIRMAN BRITTON: In the Northwestern Division, the Department of Nebraska, Unit 167, Lillian Linfer (phonetic).

(Applause.)

CHAIRMAN BRITTON: And in the Southern Division, Department of North Carolina, Unit 103, Zoey Mosberg (phonetic).

(Applause.)

CHAIRMAN BRITTON: And lastly, the Western Division, Department of New Mexico, Unit 44, Elizabeth Nellis (phonetic).

(Applause.)

CHAIRMAN BRITTON: Congratulations. Each of these members will receive a $100 check from National Headquarters following the close of this conference.

As of this past Wednesday, membership report as of 2/20/13, nationally we are at 82.848 percent.

(Applause.)

CHAIRMAN BRITTON: You know, I’ve kind of -- you know, as you watch the numbers come in every week, it’s been very encouraging because usually it’s -- we’re about approximately 2 percent a week is what we’re increasing the total national membership.

So as you watch that grow each week, it’s like we’re going to be at a hundred percent by what, May, well before national convention, so -- but things do tend to slow down a little bit right about now, so let’s keep the momentum going. I know we would all like to have a goal nation this year, so let’s keep soaring to new heights.

And now I’d like to present to you National Leadership Chairman Kathy DauDISTEL (phonetic).

(Applause.)

CHAIRMAN DAUDISTEL: Good evening.

VOICES: Good evening.
CHAIRMAN DAUDISTEL: John C. Maxwell said a leader is one who knows the way, shows the way, and goes the way. Departments are utilizing this concept in their leadership programs to help members understand that the leaders both current and past are there to help. Texas has embraced this idea by appointing all past department presidents to their Department Leadership Committee. Department chairmen are also using this opportunity to lay out a foundation for successfully carrying out the ALA mission. Arizona lets members know that leadership is practiced not so much in words as in attitude and actions. In Maine, they show that with a little bit of an attitude adjustment, we can all work together. In Iowa, the goal is to educate and in some instances reeducate the members of the basics of our great organization. To help spread this knowledge to all members, Leadership chairmen are hosting leadership conferences at both the department, unit, and district levels. Senior and Junior members both new and seasoned are encouraged to attend. Chairman are promoting the leadership courses and using it as a basis to learn the history of the Auxiliary. Hawaii and Kansas created mini courses that are used to introduce the information in shorter presentations. Members are then encouraged to take the full course. In Georgia, members are encouraged to take new members under their wings during meetings. And Alabama reports that mentoring has helped their members learn the programs and its goals. South Dakota units have senior members buddy up with Junior members at chairmanships. That way, they all can learn. Many departments assemble and distribute new member packets. Kentucky, Indiana, and California reported they find new members are more likely to come back if they have basic information at their fingertips. In Michigan, the Auxiliary hosts joint leadership conferences with the Legion and they are reporting great success with that. Chairmen are using the mission training DVDs as starting points in aiding their own information to round out the discussions. Ohio added in history pertinent to their state to make it more personal. Arizona and Wisconsin are using the games from the training DVDs and many other states are coming up with their own versions or new games. Oregon creates handouts and samples of reports so that members can see exactly how something is done. They include specific contact information in case there are questions. Chairmen are also referring back to the Auxiliary reference materials such as the unit handbook, Robert’s Rules, and, of course, the Auxiliary national website. In conclusion, the department chairmen feel that the use of leadership conferences is helping to spread the word about the mission of the American Legion Auxiliary and its programs.
I would encourage all members to attend a leadership conference in their department and to take the senior leadership correspondence course because in the words of Kansas Department Leadership Chairman Dolores Schugart (ephemeric) who passed away this December I am still learning every day and that is what it takes to be a good leader.

On behalf of the National Leadership Committee consisting of Vickie Koutz, Martha Arnold, Toni Gimpel, and myself, I want to thank you for everything you do every day for the ALA.

Madam President, that concludes the Membership Development Pod reporting.

(Pause.)

PRESIDENT THOMAS: Thank you, ladies. Very good. Thank you. Thank you all.

And now I would like for National Secretary Dubbie Buckler to speak briefly on district charters. Key word here is briefly. I asked her to speak on this.

SECRETARY BUCKLER: I am the Sominex portion of the program or let’s see if I can do Elmo. This portion of the program is brought to you by the numbers nine, zero and the letters IRS.

(Laughter.)

SECRETARY BUCKLER: That’s about as much fun as you’re going to have with this topic.

(Laughter.)

SECRETARY BUCKLER: Are we piped up?

PRESIDENT THOMAS: It’s warming up.

SECRETARY BUCKLER: It’s warming up. Okay.

Well, on your chairs, before we get to the things I’m actually going to go through, I am not going to go through this dart by dart, line by line except that I want you to look at it and as you have questions, we’re here to help get you through this.

So let me put some background into this while we’re still warming up down there and that is this represents -- well, I’m going to get ready to tell you this represents a big change.

Two or three years ago when the new 990 came into being, and we talked a lot about what had to be done to get -- to be compliant to get the report done and at the time, the 990 information applied to departments and to units.

Districts, counties, councils, and will you indulge me that I can use the word districts and mean all of those things without constantly saying districts, counties, councils, districts, counties, and councils, were out there not acknowledged by the national organization and, therefore, the legal advice at the time which was relevant at the time was they just -- departments take care of districts and counties. And districts and counties would be included in the department’s 990. And everybody thought that was great advice.

Then we noticed that some districts, counties, and councils were incorporated and some had their own letter of determination from the IRS. And that meant that we had entities out there using the name, trademark, emblem of the organization that were not recognized by the national organization.
So remember at convention last year you amended your National Bylaws to give departments the discretion -- I’m paraphrasing, but this is what you did -- to give departments discretion to establish districts, counties, councils.

Now here’s the deal. They have to be chartered if they are handling money. So let me explain.

For a district, county, council -- are we up now? Okay. Okay. This will be -- I talk with my hands and I have this little device in my hand, so this is going to be fun. So let’s go -- I’m clicking. Yeah, okay.

So what we found is that we had districts, counties, councils out there who were now not in compliance with trademark rules because they weren’t recognized by the national organization.

They also were not included in the national group exemption number, and this is the big driver for why we’re having to make these changes, and they weren’t -- therefore, they weren’t required to be chartered.

Well -- okay. This is really -- I can see now why -- this is -- okay. No. Next one. Okay. I’m going to ask you to --

VOICE: Okay.
SECRETARY BUCKLER: Okay.
VOICE: That’s fine here.
SECRETARY BUCKLER: All right. Okay. So the now, what is now, we have to charter them. So -- okay. Now we’re caught up.

So remember your section four of your Constitution gives you the authority to create intermediate bodies -- that’s that section of the Bylaws that you passed -- between the units and the department to act as a liaison between the units and the departments for the purpose of promoting the programs of the American Legion Auxiliary.

Okay. So now what? So now we go to the next slide. Districts, counties, councils now need to obtain a charter. So I want to be real clear about why.

The departments and units that operate under the group exemption of the American Legion Auxiliary are granted that exemption because the national organization has the group exemption and every year, we file a list with the IRS of what entities are included in that group.

Previously we have listed departments and all of the units, the appropriate units. Well, what have we just done? We’ve now created intermediate bodies that are handling money, raising funds sometimes, spending money in the name of the American Legion Auxiliary, and they want to do that under the umbrella of the organization’s tax exempt status.

In other words, most, most districts, counties, councils want to be included in the national group exemption. The only way we can do that, to include them on the list that we send to the IRS is to charter them. Believe you me, that was not what our preference was going to be, but we have to do it.

So this is how we do it, this is how we do it. We’ve got forms for you ‘cause we love forms. So what you will need to do is at the -- the district would fill out a charter application form. You know how you did -- it’s going to be similar to what you do when you’re chartering a unit, just not quite so cumbersome.
The district will submit that to your department. Your department then will submit a letter to -- and included in that will be the letter requesting that the district be included in the national group exemption and the supporting documentation.

Districts will have to have -- to verify that they have a tax identification number or an employer identification number, a TIN or an EIN. That information then will -- let’s go on to the next one. The department then will submit those charter applications to the National Headquarters by April 30th of each year.

Now, what are the key documents again? The completed charter application -- you’re going to have these forms -- the inclusion letter and that’s a letter that the districts will send to the department saying we want to be included in the group exemption, and then documents that just verify and we can legitimately be included because we already have our TIN or our EIN.

Now, because there’s going to be a flurry of these, we think, we are going to at the national level, the national organization is going to -- not going to be imposing any chartering fees for this fiscal year and next fiscal year.

There’s just -- there’s going to be a lot to be done and we just decided we’re not going to mess with money with this right now. This would be a woo hoo moment.

VOICE: Woo hoo.

SECRETARY BUCKLER: Okay. So what will then happen is the national organization will then issue a charter to the district, county, council very similar to how a charter is issued to the unit except it’s not going to be the great big ta-da one. It’s not going to be the great big fancy one. It will be a smaller one. Remember we’re doing this free.

(Laughter.)

SECRETARY BUCKLER: Then we will submit the letter to the IRS to include that chartered district, county, council in the national group exemption. And then, ta-da, we have now complied with trademark laws. I’ve done my job as your national secretary.

(Applause.)

SECRETARY BUCKLER: And you have districts, counties, councils that are operating legally and tax exempt-ly because they can accept donations and spend money as a federal tax exempt entity.

So is that clear?

VOICES: Yes.

VOICE: Thank you, thank you, thank you.

SECRETARY BUCKLER: Okay. So, so what are we doing? We’re staying legal. The district, county, council will continue to promote and conduct activities that support the national mission.

They -- your departments -- the national organization will maintain our group exemption through compliance because we will be following all of the federal, state, and local government regulations and we will be abiding by the trademark laws that say that their National Secretary has to authorize the use of the name, emblem, or trademark materials to be used by the district, county, council.

So this is how we’re going to do it. So the key forms will be the charter application, the inclusion letter, and the IRS assignment letter. And that’s what a district would get when the IRS assigns them a TIN or an EIN.
Most of you know what those documents are. This information is going to be up on the website. What you have on your chairs -- would you like to go through that line by line?

VOICES: No.

SECRETARY BUCKLER: Okay. But let -- so let me just tell you in general what this does. What we’ve tried to do is take if this, then that. So, and I’m not going to go through the whole thing, is your district incorporated. If yes, then go down these questions. Is your district not incorporated. If no, then go down these questions.

Either way, the important -- the -- hello. Did you like that little frog? Either way, the important thing is that now -- listen up as my late mother would say -- now a chartered district will have to file its own 990.

So that’s the key difference from what we had told you in the past. They’re chartered. They have their own -- they’re part of our group exemption. They have their own TIN. They have to file their own 990.

Now, they still have to provide any and all reports to the department that the department requires. They’re still a subordinate entity to the department, but they have to file their 990 independently because they’re a chartered entity with their own tax identification number and listed separately as an entity that the IRS has granted them the privilege to operate as a tax exempt entity under the national organization’s group exemption.

So I hope this has been helpful. The other thing that’s attached to the handout that you have were some frequently asked questions. I’m not going to go through those, but we’re going to be around.

So any -- in general, any questions about this?

MS. THOMPSON: Linda Thompson, Minnesota.

And I have a question. For example, if a district, county, council, or whatever they are have a TIN or an EIN number, but they don’t have the original letter that the IRS -- where the IRS assigned them that number, what else could they use? Could it be a bank statement with that number on or what could they use?

SECRETARY BUCKLER: Anything that shows -- anything that documents that they have that. And that will -- those situations will be case by case.

Do we have Kelly’s picture up here with wings? Okay. No.

We were going to put -- they -- I asked that her picture be put up there with little -- with Peggy’s angel wings on there because Kelly Cochran back at National Headquarters has become our point person for the district 990 questions.

So those kinds of questions would be one on one. If somebody -- you know, what will -- what is appropriate documentation, they can contact Kelly and get that.

But it’s basically like if you go to get a driver’s license, you have to prove you live somewhere. And if you don’t have, you know, a lease or your, you know, mortgage statement, you have to take something that has your address on it. It’s a similar thing. You have to have something that shows you -- that you have it.

CHAIRMAN TAYLOR: Dubbie, just to quickly answer her question, check with your department secretary to see if she has a copy of that letter. Some departments do, some don’t.
SECRETARY BUCKLER: Okay. Melanie just said that some department secretaries retain copies of those letters when a TIN would have been issued. So that would be a place to check if you think the district doesn’t have it.

MS. WELTON: Alcyne Welton, NEC, Department of Connecticut.

If our seven districts become chartered and then in two years our department decides to redistrict the whole department, do we have to continue -- cancel all those charters and re-charter? Is that what we need to do then?

SECRETARY BUCKLER: That would be -- yes.

MS. WELTON: Okay.

SECRETARY BUCKLER: In general, yes.

MS. WELTON: Okay. Thank you.

SECRETARY BUCKLER: I can be brief, yes.

MS. MONTANEY: Jane Montaney from the Department of Washington.

SECRETARY BUCKLER: You can move the microphone up instead of bending down.

MS. MONTANEY: Matter of clarification. You used the term a couple times where each year and every year and for right now we’re not going to do this. I’m assuming, which is something you’re not supposed to do, but we’re chartering the district. The submission is only done once. Once they’re chartered, they’re chartered just like a unit, right? So the --

SECRETARY BUCKLER: Yes.

MS. MONTANEY: -- only thing that that district is going to be doing on an annual basis is fulfilling the requirements of whatever their department gives them plus submitting the 990 which would be the 990 postcard?

SECRETARY BUCKLER: Well, it -- well, the 990 that they would use would depend on the size of the assets of that entity.

MS. MONTANEY: Right.

SECRETARY BUCKLER: If they’re -- if they’re small enough, if the assets or the money -- the cash is small enough to use a 990 postcard, they can do that. But if they -- they’re a big district with a lot of money, they --

MS. MONTANEY: It would be the bigger one?

SECRETARY BUCKLER: -- that will drive which 990 they have to file.

MS. MONTANEY: Thank you.

SECRETARY BUCKLER: But, yes. Once chartered, always chartered until you revoke a charter and, otherwise, it’s the same process of just renewing, getting, you know, the list -- we have to provide the list to the IRS each year, so we need to make sure that we’ve got those things on there.

MS. MENKE: Joyce Menke, Department of Wyoming.

First, I’d like to ask, since my husband makes me run heavy equipment, I’m losing my hearing, and if we could not cut down on the visiting so those of us in the DEC can hear what is being said, I would appreciate it.

My second question is, is if our department has taken these steps to issue our assessments to the units that the districts use to conduct their spring conferences, the money comes to the department. The department then issues the money to the district president to conduct spring conference and that’s the only thing they do, do -- is that independent or is that not independent?
SECRETARY BUCKLER: Well, I’m going to refer back to the chart. Here would be the catch or here would be the key points to consider in what you just described.

Does the district have a bank account?

MS. MENKE: I will have to check that out.

SECRETARY BUCKLER: If they have a bank account, then they’re going to have to be chartered and go this route.

MS. MENKE: Okay.

SECRETARY BUCKLER: Really the only ones that would not have to be chartered are those that handle no money, handle no money --

MS. MENKE: Okay.

SECRETARY BUCKLER: -- handle no money. Those are the three that would not have to be chartered.

(Laughter.)

MS. MENKE: Okay. That clarifies it. Thank you.

SECRETARY BUCKLER: Okay. I think, Madam President, I see no one else at the microphone, that concludes my report on this. Thanks so much, everybody.

PRESIDENT THOMAS: Thank you, Dubbie.

And we will be here tomorrow if you --

(Applause.)

PRESIDENT THOMAS: -- think of anything else. I want to thank all of you for your attentive participation this evening. Please remember to view all documents for tomorrow morning’s meeting.

And the Chair calls on our national secretary for announcements.

SECRETARY BUCKLER: Thank you, Madam President.

On your chair, you’re going to find a document entitled “The Reach Of The ALA’s Mission Is Big,” and it looks like this. This is something I pulled together in one of my insomniac nights and I just thought it was helpful for everybody to have this.

You remember we’re right in the middle of a national public awareness campaign, developing one. The big issue is we’re a big organization. We do a lot of good stuff and a lot of people don’t know that.

And one of the ways we can help make people aware of what we do is ourselves -- make ourselves aware of just how important our organization is. This is why we exist. These are the big numbers that make us relevant.

So I’m not going to go through them, but I just thought it would be good for you to have that. We have 22 million veterans. That’s a number that everybody ought -- that ought to -- that ought to be an instant recall number.

How many veterans in the United States, 22 million. How many members of the American Legion Auxiliary, 800,000. There’s a lot of veterans out there that need the kind of services and support that this organization provides.

Another one I thought that was interesting, that of that 22 million, about 75 percent of them served during a time of war. That’s a lot of members eligible -- a lot of veterans eligible for The American Legion and a lot of mothers, daughters, wives, everybody eligible for this organization.

So just look through that. This is something that’s handy for -- I just think it would be handy for you to have. You’re all leaders. You’re all champions of this
organization. So these are -- this is why we matter. These are just the big numbers, so
that’s what that is.

Okay. Oh, they’ve taken away the need a ticket, want a ticket, have a ticket. I no
longer will be announcing that.

VOICE: Woo hoo.

(Laughter.)

SECRETARY BUCKLER: There are lists located at the registration area. So if
you need a ticket to something or have a ticket to something, go to the list board and take
-- and handle it yourselves, ladies. You’re grown up.

Okay. Tomorrow morning -- tomorrow is Sunday, right? This is still Saturday.
Tomorrow morning, the NEC breakfast will be at the -- on the concourse level, that’s this
level, in the Georgetown Room and doors will open at 7:15. All NECs, Past National
Presidents, national officers, and national chairmen are invited.

The Department of Connecticut and the Department of Illinois invite you to their
Monday night reception beginning at 6 p.m. in Room 5100. And I think the important
information there is 5100.

And National Vice President Nancy Brown-Park has invited the 2013-14
department presidents to a continental breakfast Tuesday morning in Suite 5105
beginning at 7:15.

VICE PRESIDENT BROWN-PARK: Five one zero one.

SECRETARY BUCKLER: Five one zero one. Your five looked -- your one
looked an awful lot like a five. Okay, 5101, 5101. That would be real close to 5100,
wouldn’t it?

Okay. Okay. And then the luncheon hosted by National Vice President Nancy
Brown-Park will also be in Suite 5101. So everybody know where you’re going?

And, Madam President, I think -- was there a hand up?

VOICE: (Indiscernible.)

SECRETARY BUCKLER: Which one, breakfast?

VOICE: All.

SECRETARY BUCKLER: Do them all?

VOICE: Yes.

The NEC breakfast tomorrow morning, 7:15, Georgetown Room. We good on that?

Which other one? Connecticut and Illinois’ reception, Monday night, six p.m.,
5100, Suite 5100.

National Vice President department presidents’ breakfast, Tuesday, 7:15, 5101,
same place where the P&P luncheon will be hosted. We good?

Thank you. Now I really do think that concludes my -- the announcements.


SECRETARY BUCKLER: 2013-2014 what?

PRESIDENT THOMAS: Breakfast, department presidents.

SECRETARY BUCKLER: 2013 -- I have down --

PRESIDENT THOMAS: 2013-2014 presidents to attend.

SECRETARY BUCKLER: Oh, okay.

PRESIDENT THOMAS: Is that clear?
All right. At this time, I would -- at this time, I would like to present Dubbie Buckler her 100 hour bar pin.

(Appplause.)
SECRETARY BUCKLER: Oh. Oh, thank you.
PRESIDENT THOMAS: She earned it, 100 hours. Thank you.
SECRETARY BUCKLER: Thank you very much.
PRESIDENT THOMAS: The National Executive Committee meeting will adjourn until 8:30 a.m. in the morning.

(Ringing of the bell.)
PRESIDENT THOMAS: Have a pleasant night.
(Whereupon, at 9:43 p.m., the above-entitled meeting was concluded.)

SUNDAY, FEBRUARY 24, 2013
PROCEEDINGS

PRESIDENT THOMAS: Take your seats. Please take your seats. We’re over time.
The National Executive Committee meeting with now come to order.
(Ringing of the bell.)
PRESIDENT THOMAS: Please rise for the invocation by National Chaplain Rosemarie Hauck.

CHAPLAIN HAUCK: Let us pray.
Heavenly Father, we thank you and we praise you for this first day of a new week. As we continue the work of this Executive Committee meeting, remind us of our commitment to you and country.
Please bless us as we go about the tasks of this meeting. Guard our words so they might bless and not offend, build up and not tear down. Show us ways to serve and help others and be a reflection of your love and goodness.
We thank you in advance for the many, many blessings you will send throughout the day. This we pray in your name. Amen.
VOICES: Amen.
(Ringing of the bell.)
PRESIDENT THOMAS: Before we go into the pods, there’s two things that I wanted to tell you. One is Coral May Grout had to leave yesterday. Her mother is critically ill in Florida in intensive care. And Coral was sick and they called her to come down there. So keep Coral in your prayers.
The second thing I wanted to tell you is our National Secretary Dubbie Buckler is very sick this morning with some sort of virus and is unable to attend. So you might want to keep her in your prayers as well.

So that being said, we will now move into our pod reports and the first one, we will begin with our Youth Development Pod. Leading our report is Girls Nation Chairman Martha Corriher.

CHAIRMAN CORRIHER: Good morning.
VOICES: Good morning.
CHAIRMAN CORRIHER: Your Girls Nation national committee has been hard at work this year keeping the departments and units informed of new ideas, updated information regarding the program, and just finding out what each department is doing to promote their individual Girls State program, our veterans, and active duty military, support that they can give to them.

This committee takes your concerns to heart and is willing to work hard to get resolutions or answers to most of your concerns. More importantly, you, the members, are giving this committee many great ideas and we’re able to share this with each other throughout the country.

I want to highlight a few of the ideas the departments are using during Girls State Week.

Illinois is introducing electronic voting on a limited basis and are developing a staff shadowing program that it will allow some of the more junior staff to experience the entire session planning process. They hope this will answer many questions on the how and why things are done during their session.

Massachusetts reports a good problem to have. They have more delegates, so they have to create more cities and counties to accommodate their numbers.

Several departments already use electronic voting and online registration to get this job done.

At the fall’s Girls State conference, the hows and whys of these procedures were in -- were shown how they are used and giving the other departments that aren’t currently using online registration the information to create their own.

Many more departments are going to this procedure for the 2013 Girls State sessions with the hopes to become more effective and efficient and be able to use their time wisely.

Just like anything else, these new procedures are a work in progress and so you will have growing pains. And, yes, with a little bit of patience and the willingness to work through it, your program will become a bigger and better success. And you will afford these young ladies attending your sessions an experience of a lifetime.

At Girls Nation this July, again we will host a barbecue picnic at the Walter Reed Medical Center so that the delegates attending the Girls Nation session will be able to see firsthand the effects that has been ravished upon our soldiers there. They will also be able to perform a USO style program to -- for the entertainment of those in attendance.

This outing affords the Girls Nation senators the opportunity to visit, to share, and to learn not only what it’s like to have been in battle but to hear some of their heartfelt thanks for the support of our American Legion Auxiliary.

Madam President, this concludes my report. And I would like to introduce to you the Girls -- the Junior Activities Chairman for her report, Marie Goede.

(Applause.)

CHAIRMAN GOEDE: Good morning.

VOICES: Good morning.

CHAIRMAN GOEDE: The divisional chairmen worked diligently to obtain their department reports for this year’s mid report. All nine departments reported in the Central Division.

In that division, the Juniors have been working with the senior chairmen to promote the programs of the American Legion Auxiliary.
Iowa’s Junior president is collecting used cell phones to help our troops call home. Juniors in this division have participated in parades, memorial service, and district conferences. They have attended workshops at schools of instruction and are included in their mid winter programs.

Juniors have helped with Halloween parties, Christmas parties, decorate legion halls for the Veterans Day dinner and programs.

The Central Division is very proud of the Juniors’ good works and will continue to support them.

The Eastern Division is hard at work with the Junior girls. Up and down the East Coast, Junior members are actively engaging with senior members and veterans.

Some activities include collecting and distributing food items, folding pocket flags for troops, participating in OMK and learning all about our Auxiliary programs. The Juniors are striving to earn patches on all three levels of the program.

In Maine, Juniors involved with one particular post service office -- officer to promote information about women veterans by stuffing envelopes and assisting with refreshments at an award ceremony specifically for women veterans. As a whole, the Juniors across Maine have donated 680 hours of work to support the veterans.

In the Northwestern Division, Colorado collected pennies for homeless veterans and adopted three veterans overseas to write to. They also worked with the Sweet Dreams Soldiers organization.

Minnesota held a Junior fund weekend.

Nebraska, home of the honorary National Junior President Amanda Washburn, has raised the flag and led the National Anthem at sporting events. Amanda has spoken on how to keep Juniors involved in unit activities, promoting the Junior Patch program and the National President’s scholarship patch.

North Dakota Juniors, the Junior girls sing the National Anthem at all home sporting events and have been asked to sing at other functions.

In South Dakota, they prepared a meal for the Ronald McDonald House in Sioux Falls.

Juniors in the Northwest Division that have completed and collected their patches wear them proudly at all functions.

The Southern Division, the Junior angels of the Southern Division are meeting the challenges of the National -- of National President Peggy assisting our homeless veterans in a variety of ways.

In doing so, they are creating a new program, Homeless Not Hopeless, by involving community and business resources to assist them in collecting perishable foods, clothing, and other items.

Juniors also support the slogan soaring to new heights, honoring our veterans past, present, and future.

Members collect drink tabs for the Ronald McDonald House, snacks for the hospice wards at the VAMCs throughout their division and generally became the little angels that -- the little engines that could in their determination to move forward in implementing the objectives of the ALA.

A cookie drive was held and the cookies shipped to our soldiers along with thank you cards. These dedicated Juniors have involved their communities, tapping into
their friends at school, helped educate students and adults about who we are and what we do.

The Junior members of the Southern Division are very proud that National President Peggy is a member of their division.

Western Division, one of ten departments reported, service projects centered around helping servicemembers and their families during the holidays such as veterans’ gift shop, adopt a deployed company, babysit for deployed soldiers, spouses, et cetera.

And on D Day at a welcome home celebration recognition that helped -- they helped make cake pops to give out. They also went to several of the booths and handed out pocket cards to the veterans.

They led the Pledge of Allegiance during the Memorial Day ceremony and participated in Fourth of July activities, assisted in creating department and unit Facebook pages. This is one department accomplishing all of that.

And now a quote by Mary McClude (phonetic). Our children must never lose their zeal for building a better world. Our Juniors are without a doubt doing just that. They are our future and the ALA is teaching them to be leaders that we need.

Madam President, that concludes my report.

And now I would like to present to you from the Department of Illinois Sharon Conatser, Children & Youth Chairman.

(Appause.)

CHAIRMAN CONATSER: Good morning.

VOICES: Good morning.

CHAIRMAN CONATSER: Madam National President Peggy, the members of the Children & Youth Committee have been working very hard.

If there are any members of the national Children & Youth Committee in the room, would you please stand. Good job, girls. Thank you so much.

(Appause.)

CHAIRMAN CONATSER: Once again this year, the Good Deed Award and the Youth Hero Award are a big part of this program. To date, we have presented 20 Good Deed Awards and three Youth Hero Awards.

I’m asking you to go back and work with your department to search out these young people and recognize them. We are hoping to recognize at least one from each department. Will you join the team to recognize these well-deserving young people?

I have a couple of stories for you. Michele Potter was recognized during the Maricopa City Council meeting for winning a state award for volunteerism from the American Legion Auxiliary. She’s a Junior member and works tirelessly to help other organizations in her community.

I would like to share a quote made by the second vice commander of The American Legion and president of her Auxiliary unit. Michele is willing to go anywhere and everywhere on behalf of the Auxiliary. Congratulations, Arizona.

Another story, Damien Munoz of Idaho received the Youth Hero Award for performing the Heimlich maneuver on his cousin when he saw her choking on popcorn in the lobby of the movie theater. Damien learned the maneuver from his grandmother who had helped an individual in a restaurant who was choking. I do want to tell you that Damien is 6 years old.
It is important to check newspapers, Internet, with your local police departments and fire departments to see if they can give you any recommendation for this award.

Military children continue to be a huge focus of The American Legion family. The members hosted Halloween parties, Christmas parties, and shared gifts with military children in the area.

Another department raised $10,000 for military family camping. The purpose of this event is to provide a fun environment for families to learn together and practice skills that will help them be more resilient in dealing with the stresses of family reintegration upon return from a deployment. What an awesome program that is.

This department has planned a special children’s project for Landstuhl Hospital in Germany. The Neonatal Unit there has about 90 to 120 high-risk births each month. Newborn items are in need, receiving blankets, newborn mittens, caps and onesies. So far, six packages have been sent to Landstuhl totaling just over a thousand dollars.

One Junior group adopted three soldiers who are serving overseas in Afghanistan. They worked on a program Sweet Dreams Soldiers. You just heard about that. They are decorating regular sized pillows with fabric markers, usually a patriotic theme. So far, they have sent 400 pillows to active duty servicemen and women.

Another department provides a Christmas gift to every child in a state-funded facility as long as it is not a detention or judicial facility. Each child is allowed a $5.00 gift. This year, they have 33 homes, 184 children, and spent $9,205.

Operation: Military Kids, the pillow case project, Child Welfare Foundation, helping military children continue to be important to our members across the nation.

One department reported distributing over 9,000 hero packs for military children over the age of 7 years.

April is Children & Youth Month. What are you planning? I hope that many units will plan a special event and send me pictures and information.

One department is going to host a You’re My Hero event. Plan a hero party with military kids and your Juniors. Give hero certificates. What a great idea.

One unit will be sponsoring a military kids challenge baseball team. I hope to see pictures and have more information on that at the end of the year report.

Many units reported supporting their eligibility and other veterans by hosting open houses near Veterans Day. It is always a good day to recognize our veterans, the reason we are here and the reason we should all continue to serve.

I have asked you as NECs to take information back to your department chairmen and presidents. Please share this information with them so that our end of the year report and numbers will show how proud we are to help our community and military children.

Herbert Hoover said children are our most valuable resource. Not only are they a valuable resource, the y are our future. Let’s help one child at a time.

Madam President, that concludes my remarks.

(Appause.)

PRESIDENT THOMAS: Thank you, Sharon.

A big thank-you to the Youth Development Pod. Let’s give them another big round of applause.

(Appause.)

PRESIDENT THOMAS: Good job.
Presenting next is our Family Support Pod. National Americanism Chairman Diane Duscheck will start us off with her report.

Diane.

CHAIRMAN DUSCHECK: Americanism and school children. Can you think of a better pair? Units have had much success promoting the Americanism program, respect for the flag and civic responsibility in schools. In fact, schools are very receptive to free educational assemblies for their students.

The year began with elections. Not only did units encourage Auxiliary members and neighbors to vote, they went inside schools to encourage civic responsibility among students.

In high schools, unit members held registrations for students who are now going to be old enough to cast their first votes and be part of the democratic process.

Not to be left out, elementary school students participated in kids voting USA campaigns and cast their own votes in mock elections.

Next came Veterans Day when members of The American Legion Family visited local elementary schools to help children learn what it means to be a veteran and why we celebrate Veterans Day.

At the end of the presentation, both patriotic comic books and small American flags were handed out to the children.

Nimble fingers that are capable of working on small items came in handy when Auxiliary members spent a couple days instructing students on the intricacies of folding pocket flags.

Students enjoyed folding the miniature flags and stuffing them into the tiny plastic zip lock bags, but that wasn’t the end of the fun project. Once the flags were folded, they were packed with other items and shipped to deployed troops. Like all of us, children love the sense of accomplishment.

Patriotic days are not necessarily days off from school. Presidents Day, Martin Luther King Day, Washington’s and Lincoln’s birthdays were ideal times for presenting flag history and Americanism programs in the schools.

Units donated copies of “Let’s Be Right On Flag Etiquette,” “For Which It Stands,” and our country’s flags to schools.

One unit president dressed as Betsy Ross and told the story of the first flag.

Even Uncle Sam gave a talk about patriotism and he’s getting old.

Other skits told the story of writing the Constitution and the Bill of Rights and all the challenges in penning such significant documents. And writing is an activity that school children just can’t get enough of.

After getting to know school staff and children, unit members have promoted the Americanism essay contest. Since essays are not due yet, units are still lining up judges for the contest and are awaiting the submission of many outstanding essays.

And last but surely not least, units have left their mark on schools by donating both classroom flags and outdoor flags. So it looks like it’s time for all of us to go back to school.

Madam President, that concludes my report. And now from the Department of Alaska, National Community Service Chairman Lisa Williamson.

(Applause.)

CHAIRMAN WILLIAMSON: Good morning.
VOICES: Good morning.
CHAIRMAN WILLIAMSON: Real quickly, if I could get the national Community Service Committee to please rise, I’d like to recognize you. We are a team. (Applause.)
CHAIRMAN WILLIAMSON: Thank you.
American Legion Auxiliary members are very busy working on community service projects that benefit our veterans, our military, and their families, falling right in line with our mission.

Recently the Community Service program and the American Legion Auxiliary in general took a turn in the focus back to our mission. The feedback hasn’t all been favorable, but as our membership numbers dwindled, we must pull back, reevaluate, and refocus our efforts. We just could not continue to dilute our volunteer force while working other programs.

However, participating with like-minded organizations keeps within our mission and has proven very successful.

In keeping with our mission, departments are reporting they are successfully collaborating with organizations such as the Missing in Action project in Arizona that locates and identifies the unclaimed remains of veterans.

Operation Sweet Dreams provides pillows for deployed soldiers, Freedom Feet which sends foot care kits to women soldiers in Iraq and Afghanistan in Colorado, Home of the Brave which is a -- sorry -- a transitional homeless center in Delaware.

Quilts of Valor makes and presents handmade quilts to combat veterans who have been wounded in Idaho, Operation Troop Support and Canines for Combat Veterans which pairs up trained service dogs with wounded soldiers in Massachusetts.

Maryland has the House of Hope which is also a transitional facility for homeless veterans and the Valor House in Montana, also a transitional facility. They also support Honor Flight. For those of you who don’t know Honor Flight, it provides transportation for our heroes to here in D.C.

Operation Holiday Cheer allows the community a chance to give back to the troops who are serving abroad and this is done in Rhode Island.

Blue Star Families, of course, is a big concentrated effort in Texas which are real military families who are committed to supporting one another.

Rolling Thunder publicizes the POW/MIA issue and that’s in Virginia.

And Operation Guardian Angel provides anonymous gift giving to children of National Guard members who might need some extra assistance during the holidays in Wyoming.

And a standout which I found quite interesting was Beyond the Yellow Ribbon in Minnesota which provides resources, support, and opportunities to servicemembers and their families which closely parallels our mission.

We realize that we all have time constraints with work, home, and health, but a community service project needn’t be anything that requires months and months of planning.

In Delaware, a special request was received to help a Marine and his young family this past Christmas. This veteran was not only experiencing the effect of three tours in Afghanistan but dealing with serious health issues of his 2-year-old daughter.
Help was given through donations of both the Legion and the Auxiliary. It was a very simple, quick project but with huge results.

During moments of emergency such as Superstorm Sandy and the tragedies at Sandy Hook Elementary, we may have to momentarily put aside our focus on the veterans and the military population and just help the community.

Does that make us fuzzy in our focus? No. It makes us a caring, compassionate organization that others can turn to in a crisis situation. And they will remember the American Legion Auxiliary was there for them.

Regardless of our individual contributions, together we can make a difference. Working hand in hand with other American Legion Auxiliary members, our entire Legion family, and other like-minded organizations, we can combine our skills, talents, and resources in achieving our mutual goal, our mission.

It’s an honor to support our military and veteran population as we soar to new heights.

Thank you, Madam National President. That concludes my report.

And I would like to introduce to you our National Education Chairman Kathy Dungan from the great Department of Mississippi, a 36-year member.

(Applause.)

CHAIRMAN DUNGAN: Madam National President Peggy, ladies, good morning.

VOICES: Good morning.

CHAIRMAN DUNGAN: I would like to take this opportunity to introduce my committee, those that are here.

Education Committee, would you please stand. Thank you for your wonderful job.

(Applause.)

CHAIRMAN DUNGAN: Units and departments have been busy carrying out the mission by promoting educational and scholarship opportunities. Many acts of kindness and thousands of good deeds have been done to honor our servicemen and their children in the Education program.

Supporting local schools is a top priority. The Gift Into Education program is very successful. Our veterans in the classroom is another popular program.

American Education Week was also successful with information being publicized and National Education cards sent to teachers, administrators, school employees, all thanking them for helping to educate our children.

The Department of Missouri reported that they distributed scholarship information to local schools about National Department and Unit scholarships.

One unit gave a $750 scholarship and another unit gave three $250 scholarships.

During National Education Week, teachers and staff were thanked with treats and a hundred dollars was donated to each of the five local schools. They collected school supplies and money for the Gift Into Education program. They collected box tops for education.

The Department of Missouri also volunteered as math and reading tutors as well as volunteering at school libraries. And they distributed the Need a Lift Guide.

The Department of Missouri has been hard at work on education. Thank you for a good job.
Their work is just one example that I have. I had many great reports from other departments working the Education program.

In December, The American Legion decided to discontinue the “Need A Lift?” handbook and CD. Their decision was financially based as it is now possible for individuals to easily search the internet on their own for available scholarships and college information.

The “Need A Lift?” has been removed from the Legion’s website, but the 2013 version is still available at needalift.org.

Another objective of the Education program is scholarships. This year, National President Peggy has chosen the Children of Warriors National Presidents’ Scholarship as her project. A $30,000 goal has been set. This scholarship was established to acknowledge the sacrifices of our servicemembers and the sacrifices of their children.

We can express our gratitude by financially supporting this scholarship so that funds will always be available. This Monday, tomorrow, a write checks for the scholarship will be held. I hope all of you plan to participate in this parade.

Madam National President, this concludes the Family Support Pod reporting.

(Applause.)

PRESIDENT THOMAS: Thank you, Kathy. Excellent report.

Thank all the chairmen in the Family Support Pod. Let’s give it to them.

(Applause.)

PRESIDENT THOMAS: Now we will move into the next pod which is Veteran/Military Support & Advocacy. Presenting next is our Veteran/Military Support & Advocacy Pod. Leading off will be Melanie Taylor standing in for Coral Grout who I announced earlier had to leave.

Thank you, Melanie, for standing in.

CHAIRMAN TAYLOR: Good morning, ladies.

VOICES: Good morning.

CHAIRMAN TAYLOR: I am pleased to provide you with an update on this year’s Legislative program. The American Legion’s priority sheet has been distributed via the eBulletin and through our division chairmen to all departments.

Several departments have taken this information along with what was included in the plan of action and mission training information and flown to new heights.

One shining example of how the program has been implemented comes from the Department of Wisconsin. Chairman Joan began her year by developing her own Plan of Action for the department using the National Plan Guide.

The department held an information forum where Joan facilitated a workshop. The workshop materials were made available to attendees in two formats, a CD and a hard copy.

This included Senate and assembly maps, the plan of action, and legislative hints. The workshop included an exciting piece on teaching students about the election process.

There was a skit to inform members about how not to show partisan opinions when discussing elections and/or the issues. Joan also included this skit in a presentation to the Auxiliary’s Juniors at their membership rally.
Joan sees the opportunity of providing articles in the department mailings to units also. In these articles, she encouraged districts, units, and individual members to advocate for veterans within their own communities.

She offered many alternatives for members to use in this area including letters to the editor, writing newspaper articles, and keeping legislators informed about the needs of the veterans.

The Plan of Action was posted on the Department of Wisconsin’s website. Copies of the Advocacy Guide were ordered in time to provide a copy to attendees at the fall informational forum. Additional copies of the advocacy guide were distributed at district fall conferences and Veterans Day programs.

Chairman Joan was the Veterans Day speaker at two school programs. She discussed how and why to be an advocate for veterans. As a result of one of these speeches, Unit 326 purchased and donated copies of the Light of Liberty comic book for the school library.

Many departments’ offices including the Legislative chairman subscribed to The Legion’s weekly Legislative update to learn about current Legislative activities.

In addition, officers and members read The Dispatch online. Monthly articles are included on the Legislative program through the monthly unit mailings which are distributed to the unit presidents, district presidents, and department chairmen.

Interested members can download these mailings as well and everyone in the room can check out these mailings on their website.

The Legion and Auxiliary have worked with the governor through the year. The year 2012 was declared as the year of the veteran. The department chairmen accompanied other officers on the official VA hospital visitations. Through this, she has gathered information which will be used when The Legion and Auxiliary complete visitations to Capitol Hill in February.

Joan has volunteered at veterans’ job fairs and Wisconsin Department of Veterans Affairs women veterans’ expo. By participating in such activities, Chairman Joan identified that this is a way we can advocate for our veterans by showing them our personal support.

Wisconsin has encouraged members to attend meet and greet sessions with their local, state, and national leaders. Phone calls and emails have also been encouraged. According to reports, many members have been involved at all levels in communication.

The department has identified several awards to provide encouragement to units and districts to become involved with the program. There is a form for reporting Legislative activity that units and districts can use to memorialize their Legislative participation.

Reports from those departments submitting a mid-year report indicate that our departments are involved in legislation. Some are more involved than others.

Now that the national, state, and local elections have been completed, our committee is looking forward to much more involvement by departments as we seek to fulfill the objectives of our Plan of Action by one-on-one communication with our legislators on the priorities of The American Legion.

Madam President, this concludes Coral’s platform remarks.

And at this time, I’d like to present Mary Davis, the National Security chairman, from the Department of Washington.
CHAIRMAN DAVIS: Madam National President Peggy, when a citizen takes the oath of office to defend our country, their foremost thoughts are not likely on questions such as how will my family cope if I am deployed or how homesick will I feel. However, these realities come to fruition -- when these realities come to fruition, that is when our members can make a difference.

Extraordinary is the word that comes to mind as I report on the work being accomplished by the ALA in support of national security.

Two units in the Department of North Carolina demonstrated dedication to making a difference in the lives of military personnel in their area.

North Carolina Department Chairman Teresa Weybrew has kept in close contact with all the units throughout her department and was pleased to present an in-depth report of these two particularly special units.

Members of Cary Unit 67 made welcome home posters and welcomed home four Guard units and Air Force squadrons. They served refreshments at the Air Base golf tournament, supported approximately 1,400 children of military personnel through crafting events, fund raisers, family days, back to school celebrations, a carnival, a fall festival, a breakfast with Santa, and not one but six Christmas parties.

They have helped 300 children write letters to the troops during a special salute to the USO and military and they served Thanksgiving dinner to 1,500 troops.

The ladies of Benson Unit 109 sponsored a class field trip to Fort Bragg for South Johnston High School’s exceptional mind students. That’s a mouthful.

The purpose of this trip was to present the 18th Airborne Corps with a 13 star American flag which had been hand sewn by the students to thank the soldiers and let them know that their sacrifices and service were appreciated.

After a tour of the Airborne Museum, a concert by the 84th Airborne chorus and a walk-through of the Airborne Hill, the unit treated everyone to lunch at the mess hall.

The unit also supplied school supplies to children of National Guard family members. They dressed as Santa’s helpers at two National Guard company Christmas parties and distributed presents and helped approximately 75 National Guard children complete their holiday crafts.

Members grilled hamburgers and hotdogs for the National Guard troops on Family Day and provided child care for parents so they could attend two FGR -- FRG meetings.

I also was impressed by a report from the Department of Minnesota. Chairman Shirley Frederick presented a thought-provoking two-hour program entitled Beyond the Yellow Ribbon.

During the program, three National Guardsmen shared their stories of deployment, their personal experiences, and thoughts of families left behind.

By doing this, not only did we identify the National Guard that we really appreciate the work that they do, but it also allowed our members that opportunity of understanding what needs that they will have from us and how we can fulfill those needs.

ALA units across the country including California, New Mexico, and West Virginia and others participated in CERT training and shared the importance of disaster preparedness with their fellow members.
The Department of Mississippi went one step further by identifying members who volunteered to open their homes to victims of disasters.

Ladies, we are off to a soaring start as we educate and prepare ourselves and our communities to be prepared for disasters and as we continue our unfailing support of our troops and their families.

The National Security Committee is an awesome group of members who are dedicated to our mission. Many thanks to my committee.

And for those that are here, could you please stand.

(Applause.)

CHAIRMAN DAVIS: Now I would like to present the National VA&R Chairman Janet Jefford.

(Applause.)

CHAIRMAN JEFFORD: I must be getting thin.
Madam National President, if we ever end homelessness, we will end it first for homeless veterans. This is a quote --

(Applause.)

CHAIRMAN JEFFORD: Thank you.
This is a quote I heard last Friday at a Legion sponsored roundtable on homeless veterans. I really hope it comes true.

Although most of us can’t actually provide housing for homeless veterans and their families, what we can do and what we are doing is helping to make their lives a little easier.

Whether working with the homeless on the streets, in a shelter, in transitional housing, or finally in a home of their own, your angels, Madam President, are making a difference.

A unit in North Carolina conducted a homeless veterans program by collecting items each month at their meeting. Their Juniors held a fund raiser and a fun weekend by hosting a camp-out even, collecting nonperishable food items, clothing, toiletries, tarps, and money. This overnight project enabled them to make an in-kind donation of over $17,000 to the homeless veterans director at their local VA medical Center. In Florida, as in many departments, stand downs for homeless veterans are a popular project. Members not only gave their time but donated clothing, food, toiletries, and assisted with food and transportation.

Boynton Beach Unit 164 held a get them out of the buff and cover their duff collection for veterans at their stand-down.

Why, Lehigh Acres Unit held a show you care, bring underwear toga party.
Middleburg Unit 250 loaded four trucks with food and household merchandise for Cabins in the Woods, a facility for homeless veterans in transition.
While a Jacksonville unit purchased bicycles with locks so four veterans in transition could have transportation to work.

Thank you, Department of Florida.

Another great report came from the Department of Texas. It demonstrates how the Auxiliary can partner with community members to serve our homeless veterans and how one member can make a difference.

One member of Unit 521 in Pasadena who taught at San Jacinto College involved her students in various activities at the De George of Union Station, a former
hotel in downtown Houston that now provides permanent housing for 90 homeless veterans.

They played bingo with the veterans and gave cooking demos in the kitchen. Members from the unit helped with canned goods for the food pantry, bingo prizes, and art and pictures for the walls to make the living accommodations seem more like a home than a hotel.

In September, that same unit contacted the VA Medical Center in Houston to express the unit’s wishes to adopt female veterans and their children for Christmas. Well, you know that old saying, ask and you shall receive. Well, a case manager for the homeless veterans program provided that unit with a list of 97 veterans, female veterans, and their children.

Because the number was too large for the unit to handle alone, they reached out to other units and members, to friends and family, and thankfully all were adopted.

I have shared with you some of the great things that our members are doing. I challenge each of you to return to your communities and find out what you can do to improve the quality of life for all those that have served us so well.

I would like to close with the following words written by Texas Department Chairman Paula Raney. I could not have said it better.

She wrote reading the narratives I received only reemphasized what I already knew. The ALA does so much for our veterans and their families. Countless hours and countless dollars are spent on making their lives better. We do so much and, yet, so much is not reported or written and submitted.

Can you imagine the enormous number of hours, dollars, and veterans served if everything that every unit member did for our veterans was accounted for and reported? It boggles the mind.

Now, please welcome back Poppy Chairman Melanie Taylor from the Department of California.

(Applause.)

CHAIRMAN TAYLOR: Good morning again.

Madam National President, your theme of Soaring to New Heights for God and Country reminded me of my year as department president and my theme, Soaring to New Heights for the ALA.

These themes show our Auxiliary members that there are no limits to what you can do. The sky is the limit.

The mid-year reports received by this chairman are showing that the Poppy Committee is soaring with new and inventive ideas promoting our memorial flower to the nation.

Our members have embraced the idea of offering the poppy year round and not just Memorial Day and Veterans Day. They have reported offering poppies on the Fourth of July, at 9/11 remembrance ceremonies, for Chaplains Day services, Pearl Harbor Day, and POW/MIA Observance Days just to name a few.

The poppy is included with pocket flags and care packages sent to our troops serving overseas and centerpieces, memorial wreaths, Girls State citizen corsages, poppy hat parades, and used to decorate the Christmas trees in their post homes.

Units throughout this nation are contacting their schools in their communities promoting the poppy poster contest.
The Department of Nebraska reported they utilized a speaker at their leadership school to tell of the ways to involve more students in the poppy poster contest and to make sure that the rules of the contest were understood. This speaker has had many winning posters in her unit and really helped the members to understand the contest.

Chairman Elizabeth Pace (phonetic) from Nebraska also reported that she spent her summer making magnets of the memory memorial poppy and bookmarks. Now, these bookmarks contained In the Flanders Field poem on one side and the deadline dates for the poppy contest on the other side.

She made these for each of the 334 units in the Department of Nebraska and these were distributed to each of the units through their district presidents.

Little Miss Poppy and Miss Poppy programs are still being promoted around the country and I encourage all units to make that effort to work with their special girls, providing assistance in promoting our poppy flower and what it stands for.

I would like to see more Little Miss Poppy and Miss Poppy entries this year than we have had in the past.

Poppy fields across America is gaining popularity this year. The Department of Iowa reported at their mid-winter conference they will be promoting poppy fields across America and that Earl May Seed & Nursery has donated 500 poppy seed packets.

Please, please take into consideration your climate zone, ladies, when planting these seeds as some units planted in the fall and the first freeze wiped them out.

Wouldn’t it be lovely to look out into your communities and see the sea of red poppies waving in the breeze? Make it a community beautification project and place a sign in the planted area that notates that the area was planted by the American Legion Auxiliary.

Departments have reported that they are promoting the poppy usage contest and are raising funds for the Veterans Creative Arts Festival. Please don’t forget to download the transmittal form off the Auxiliary website www.alaforveterans.org. The departments are to submit the money collected to the national office in one check by June 1st, 2013. The department raising the most money will be recognized in national communications.

And, finally, at the American Legion Auxiliary National Convention in Indianapolis in 2012, a resolution was presented to the delegation body with regards to The American Legion allowing the use of poppy funds to be used for active military.

The delegates approved the resolution asking it to be presented to The American Legion for their review and enactment by the American Legion National Executive Committee.

Since that time, our National Secretary Dubbie Buckler has been in communication with The American Legion National Judge Advocate, Mr. Phillip Onderdonk Jr., and they are working together to draft an amendment to The American Legion poppy resolution and will present it to The American Legion Finance Commission in May.

So with that said, poppy funds still cannot be used for active duty military. Please refer to the National Plan, Poppy Plan of Action on the Auxiliary website if you have any questions as to how the poppy funds can be used or you can even read the new
unit handbook on page 82 where it gives you the complete list so there is no question as to what these funds can be used for.

At this time, would all members of the National Poppy Committee that are in attendance please stand for recognition.

(Appause.)

CHAIRMAN TAYLOR: Thank you, ladies.
Madam National President, thank you for allowing me to serve as your National Poppy Chairman this year. I have truly enjoyed the first half of this year and look forward to the end of year reports and all that our departments will have accomplished this year.

This concludes my report.

PRESIDENT THOMAS: Thank you, Melanie.

(Appause.)

PRESIDENT THOMAS: A great big thank-you to all of the pods and chairmen that presented yesterday and today. It’s been so exciting to see the pods come to fruition and witness all the important work that you have accomplished.

Is there any new business?
(Whereupon, there was no response.)

PRESIDENT THOMAS: Hearing none, I have some new business.
We have one person in attendance here today that needs some recognition. She thought she got by without it. It’s Jan Pulvermacher-Ryan. Today is her birthday.

(Appause.)

PRESIDENT THOMAS: I wanted to wait ‘til the very last so that I could surprise her.

Did you want to say something or were you just taking a bow?
MS. PULVERMACHER-RYAN: I’m going to get you for that.
(Laughter.)

PRESIDENT THOMAS: Let’s all sing happy birthday to Jan.

VOICES: Happy birthday to you, happy birthday to you, happy birthday, dear Jan, happy birthday to you.

(Appause.)

MS. PULVERMACHER-RYAN: Thank you. I was hoping to be spending my birthday with you many years at this time.

PRESIDENT THOMAS: Okay. Since we had all that excitement, Kris Nelson has something to report to you from the awareness campaign before we adjourn.

MS. NELSON: Good morning.

VOICES: Good morning.

MS. NELSON: Today I am honored to be able to share with you some exciting news and to update you on the public awareness campaign that you approved at the national convention in Indianapolis this past August.

For several years, our members have shared their concern about the public’s lack of knowledge of who we are, what we do, and why we matter.

The national public awareness campaign is moving full steam ahead to make the American Legion Auxiliary a household name. President Peggy has appointed a core review team and chosen to serve on this team are Nancy Brown-Park.

Can you stand so people know who you all are?
Monique Batiste and Susan Lee, and I don’t know if Susan is here or not, and myself.

The vendor chosen to move the campaign forward is Publicis. They began research immediately following the national convention. As a result, five research test markets have been established.

These were based on geographic and market diversity with both -- both with and without a VA Medical Center and with a strong military presence. Those five markets also have a key Auxiliary member.

And if they’ll stand when I read them.


So we’re excited to have these teams begin their work. These five ladies are all active Auxiliary members who are positive role models and they’re all very excited to assist us in moving this market forward.

Research has been conducted in the five markets regarding the awareness and familiarity and the favorability of the American Legion Auxiliary. Results were disheartening but not surprising. They are very similar to what we’ve heard from our members. Most surveyed are not aware of our organization.

But when they were told who we are and what we do and why we matter, they showed great support in supporting our efforts. In fact, the majority of those contacted also were not aware of The American Legion, but they were well aware of the Wounded Warriors program and what they do.

When they were asked if they would support the American Legion Auxiliary and their efforts, they were receptive.

The primary goal of this campaign is to generate awareness of the American Legion Auxiliary and its purpose, to create volunteer opportunities for women to help support our veterans and to obtain new members for the American Legion Auxiliary.

The insight that they have found was very hard to hear, but it was nothing new. They report that the American Legion Auxiliary is a 90-year-old organization and in many years -- many ways we act like one.

Members -- membership has been dramatically declining in the past ten years, so much so that if it continues, the organization will not have members to provide service to our veterans.

Essentially the majority of our members who are currently not in tune with the needs and aspirations of younger women aged 35 to 55 who don’t have the time or patience for meetings and such but understand the volunteer need for them.

Publicis’ goal is, number one, to convince young women with direct or extended family connections to the military that joining the American Legion Auxiliary or volunteering with the American Legion Auxiliary to help veterans make a difference is a noble and much needed purpose and will make a difference in communities they live in because the young men and women of the military have sacrificed so much for us and now these veterans deserve and need our help as they return to the U.S. to live in our communities.
Publicis will conduct webinars with the test market members and will be instructing them on how additional researches will be conducted.

In addition, members of these five test markets will be challenged to call and engage volunteers in their communities and to help with service projects so those that we are asking to join us will have something to do and will be engaged immediately upon joining.

Media buys which are advertising space and commercials are taking -- are right now being developed and will begin this spring airing via electronic media and print media.

We are very excited about the plans and look forward to the launch of the campaign. We’ll share the findings and copies of what we’ve done at the Houston convention.

God bless each of you for making this a reality.
Thank you, President Peggy. This concludes my report.

(Applause.)

PRESIDENT THOMAS: Thank you, Kris.

I look forward to seeing all of you at skill building workshops this afternoon beginning at 1 o’clock and at our special opening session this evening beginning at 7:30 in the International Ballroom.

Don’t forget the opening session is free and everyone is encouraged to join the festivities, so I’m looking forward for all of you being there.

The Chair now calls upon the national treasurer for announcements.

The chair is yours.

TREASURER HEDDING: Well, I’m not the entertainer Dubbie is, so please bear with me. I’ll just try to be brief.

(Laughter.)

TREASURER HEDDING: Does anyone want to sing the announcements?

(Singing.)

TREASURER HEDDING: Thank you.

The Departments of Ohio, Texas, and Wisconsin invite you to a casual reception for the 2013-14 candidates for national chaplain on Tuesday at 6:30 p.m. in Room 5100, five one zero zero. That’s Tuesday at 6:30 p.m. in Room 5100.

Marie Goede, the national Junior Activities chairman, asked that members of her committee meet her at the front of the room over by the water station immediately following this meeting.

I need to repeat an announcement from last night just to make a clarification. National Vice President Nancy Brown-Park invites the incoming 2013-14 NEC, so that would be most of you being this year’s department presidents, to a continental break -- oh, excuse me. The national division VPs, the incoming national division VPs to a continental breakfast on Tuesday morning at 7:15 in Suite 5101.

Finally, we have a message for the NEC. Yesterday you found on your chairs a conflict of interest form and you were supposed to complete that and turn that in, I believe to the staff table. Yeah. There are a few of you that haven’t done that yet and so I’m going to ask that the following NECs complete the conflict of interest form and take it to the staff table.
Arizona, Arkansas, Georgia, Missouri, South Carolina, Maine, and Washington. Do I need to repeat that? Take it to the staff table in the back of the room, please. Okay? I don’t see the District of Columbia here, so -- okay. That completes the announcements, Madam President.

CHAIRMAN CONATSER: Madam President, just a point of clarification on an announcement from last night, and I forgot to get it to you, Marta. I apologize. The Department of Connecticut and Department of Illinois is an open house tomorrow evening, so everyone doesn’t have to be there right at 6 o’clock. It’s 6-9 and we will wait for those of you that are attending the State reception. That’s a point of clarification that it is an open house in Room 5100.

PRESIDENT THOMAS: Thank you, Sharon. Did everybody get that, or do you need her to repeat it ‘cause you all want to get there at the same time? Just kidding. Just kidding.

I now call upon the National Chaplain Rosemarie Hauck to offer the Benediction.

Please rise.

(Ringing of the bell.)

CHAPLAIN HAUCK: Let us pray.

Thank you for the tasks at this meeting that were accomplished. Oh, God, we thank you for the men and women who have sacrificed their lives and their health to preserve the freedom we often take for granted. May their efforts not be in vain.

We humbly pray your blessings and protection for this great nation. Please keep our active military personnel who are in harm’s way safe. Protect their families as they face unseen problems.

God, please help us to feel another person’s hurt and be concerned so that we may shed the light of your love to our veterans, active military personnel, their families, and our communities.

These things we ask in your wonderful comforting joy. Amen.

VOICES: Amen.

PRESIDENT THOMAS: Will our pages please retire the colors?

(Colors retired.)

PRESIDENT THOMAS: Hand salute.

This meeting of the 2013 National Executive Committee meeting is now adjourned.

(Ringing of the bell.)

(Applause.)

(Whereupon, at 9:37 a.m., the above-entitled meeting was concluded.)
APPENDIX A

National Mid-Year Reports: National Chairmen
Objective # 1 Promote Americanism through community education and support of our country and our military.
The Auxiliary year began with an all-out effort in the "Get Out The Vote" campaign as local, state, and national elections took the spotlight. Members helped transport the elderly and disabled to the polls and served as poll workers. In visits to high schools, 18-year-olds received assistance as they registered to vote. Senators were solicited to support the flag amendment. Members made presentations to educate American Legion Family members and the community to properly display the flag and to respectfully dispose of worn flags. Even Uncle Sam and Betsy Ross made guest appearances to speak on patriotism and the flag. In Massachusetts, Unit 195 held a mock election in a school. Voting booths were constructed, certificates of appreciation were presented, and flag stickers and "thank you for voting" cards were given out.

Objective # 2 Encourage Americanism in our youth through flag education and loyalty to our country.
Encouraging Americanism among our youth is a top priority, and asking which freedom they enjoy the most gives children the opportunity to evaluate how fortunate they really are. Promoting the essay contest has been doubled up with teaching flag education and flag etiquette. Junior conferences have been used as opportunities to compare the freedoms Juniors have as Americans and the lack of freedoms in other countries. Both classroom and outdoor flags have been presented to schools. Pocket flags have been a special project in numerous units. In New Mexico, two Auxiliary members from Unit 72 spent several days instructing students how to fold Pocket Flags. Once the flags were folded, they were packed with additional items to be sent to deployed troops.

Objective # 3 Promote participation in The American Legion's Americanism programs.
Units partnered with The American Legion to promote Legion Americanism programs. Gun safety classes, baseball, and the oratorical contests have received a boost from local units. Auxiliary-sponsored fundraisers aided the success of Legion programs. Not only supporting the Oratorical Contest, but judging, helping to recruit judges and serving as escorts for participants, Auxiliary members have helped ensure the success of the contests by working during the contest and behind the scenes.
Objective # 1 Familiarize Units and Departments with Purpose of AEF and where to locate the most current application and tools.
Departments have utilized Schools of Instruction, fall meetings, mailings, newsletters, department publications and challenges to inspire donations and distribute information. Links to the ALA website have also been provided. The American Legion and Sons of The American Legion Posts have been made aware of the program in several states. Many departments plan displays at their midwinter and spring conferences to distribute information and collect money. Several departments are also offering awards and prizes to those Units in their departments that meet their specified requirements

Objective # 2 Have departments submit three resources to AEF program coordinator.
A few departments have submitted resources and an email was recently distributed to remind the chairmen to do this.

Objective # 3 Each department to increase their AEF donations by the first Friday in June to more than the previous years' donations.
Just a few of the ways units and departments report how they raise funds: raffles, meals of all kinds, collections, selling candy bars and crafts, talent shows, silent auctions and special events. The Minnesota Department had a silent auction which included theme baskets that raised $2,144.5. They also had competition between their ten districts with an Avenue of Flags. Their Department President Raleen Tolzman's symbol is the American Flag and each district was charged with getting the most donations for their district for the Avenue of Flags. The raised a total of $1,645.50 with this project. In the fall they also had a Cookie Sale that raised $356.65 and a “Mystery Bag” that alone brought in $111.00. The Idaho Falls, Idaho unit has challenged all units to contribute $100 to the fund; to date the Department has collected $900.

Information as of 12/31/2012: Income $38,266, Disbursements $ 92,211.
AEF Grants = $39,961, Disaster Grants = $52,250.
CAVALCADE OF MEMORIES
CHAIRMAN: KENYA OSTERMEIER

Objective # 1 Research accomplishments of members in the past & present.
A charter unit president's daughter is writing a complete history and scrapbook of their unit's formation & activities.

Objective # 2 Help units/depts improve their preservation & presentation techniques.
Several have started new Cavalcades for their units; some have added new plaques for all Past Honorary Dept Jr Pres & Girls State Governors to the Cavalcade in their dept office; one dept is using Facebook to communicate with members and those having questions about the Aux; adding pictures of Past Unit Presidents to the walls of their Post Homes along with Past Commanders. Another dept has opened their Post Home to the public with an art exhibit by a veteran whose work is of his combat experiences.

Objective # 3 Honor people in your American Legion Family, current & past "heroes".
Individual units and depts honored long time members and those contributing greatly to the Aux programs with festivities & plaques. One dept is honoring their Gold Star Mothers at this year's convention. Reports were received from CT, IA, IL, MO, MS.
Objective # 1 Develop, implement and monitor programs and activities that contribute to the health and wellness of Children & Youth of military families.

In December they held a Christmas party for 80 veteran’s children and grandchildren; they had two military families they gave presents to; another unit adopts a Veteran’s family for Christmas every year. This year, the family had eight children. They bought gifts and provided food for their Christmas dinner. Many Departments are official "Operation Military Kids" partners and reported many activities in this area. Over 1000 backpacks have been filled this year in the Eastern Division. Over 9,000 Hero Packs for military children over the age of seven years. One Dept. Chairman attended a 4.5 hour training session for “Military Connections Training” hosted by Network of Child Care & Referral Agencies.

Objective # 2 Department or Unit Innovative activities.

One Department adopted a unit being deployed to Afghanistan and assisted the Family Readiness Group distribute "All the Way Kits" for their children. One unit received a grant of $500 from the City of Bloomington in order to honor military children. One Unit plans to put together “Comfy Cozy Packets” for 60 National Guard families to let them know we honor their commitment to their soldier’s career. One Department does a Christmas Gift Program and this provides a Christmas gift to every child in a state funded facility. Sometimes the facility requests one large gift. Some are military children that receive the gifts. Following the Sandy Hook Tragedy the members worked to help those families not knowing how many were military. They purchased copies of "Chicken Soup for the Grieving Soul" and included an angel that bears the name of the family member lost. One Unit had a special children's project for Landstuhl Hospital Neonatal Unit. Units donated backpacks to the Marine Corps Recruit Depot and Armed Forces YMCA.

Objective # 3 Support the implementation of Children & Youth programs of The American Legion.

Halloween Parties and Safety for members and Military Children. Passed out Halloween Safety pamphlets. Support the Child Welfare Foundation. Trick or Treat bags were distributed to a Family Readiness Center; worked as an American Legion Family to make sure that military children were taken care in their area; hosted a Christmas party at a local reserve center for 81 children of active duty men and women.

Promote Youth Hero and Good Deed Awards -Youth Hero - 3 Good Deed -16
COMMUNITY SERVICE
CHAIRMAN: LISA WILLIAMSON

Objective # 1 Develop, implement and monitor Community-wide Service activities that aid veterans, servicemembers and their families.

Our members have been busy! All Departments report that they organized and participated in Community-wide Service Projects that focus on the veteran and military population. As well, all have participated in most of the National Days of Service, such as Make A Difference Day, Veterans Day, Pearl Harbor Day and Martin Luther King, Jr. National Day of Service, and let's not forget about the traditional holidays. Thousands and thousands of Christmas cards and care packages were sent to servicemembers and veterans at military installations, in National Guard and Reserve units, and Veterans Affairs medical facilities across our country and around the globe.

Our members were also proud to report that they were instrumental in all aspects of hosting a visit by the Vietnam Traveling Memorial Wall, if their community was honored by such a visit. This can be such a healing experience for our veterans as well as an eye opener for the community. In December, Maine Unit 112 held a tree lighting ceremony for the entire town of Oxford. It was held at The American Legion Post, with the lighting of the tree held on the front lawn. In honor of individuals serving in the military, veterans (alive or deceased) and family members of military personnel, this Legion Family sold Christmas lights for the tree, and it was an overwhelming success! Santa and Mrs. Claus presided over the lighting, followed by a short ceremony by the Post and Unit, reading the names of those honored. Santa also gave out gifts, and everyone enjoyed holiday goodies. This annual event benefits the entire community, but focuses on our Mission of supporting our military, our veterans and their families.

Objective # 2 Develop, implement and monitor Community Service activities that promote economic security for veterans, servicemembers, and their families.

Every Department reported participating in Stand Downs or similar events throughout their states. Also, all Departments boasted that they made donations - volunteers, in-kind or monetary - to Veterans Homeless Centers within their communities. Providing Buddy Baskets and meal preparation was a common contribution in helping the homeless veterans with our Auxiliary members. One Junior member, with the assistance of senior members, provided goody bags, filled with a variety of hygiene items, candy and cookies, to 30 veterans at a local Veterans Outreach Center "to make them special". In the Department of Iowa, a veterans job fair was held, and 56 veterans attended as well as 28 different employers. The Legion offered a lunch to the vendors. Once concluded, employers were very happy with the location and turn out. It was noted that manufacturers are still feeling a shortage of a particular type of tradesman, and this provides them information to expand on next time.

Nationally, The American Legion partnered with the US Chamber of Commerce to host local job fairs across the country for our veterans. In scheduling fairs for 2013, the Legion worked to bring these fairs to Legion Posts. Legion Posts and ALA Units able to provide a location and volunteer power made these events a success! First announced in August 2012, Auxiliary members have already expressed interest in hosting and participating in these jobs fairs in their community, particularly Unit 260 in Portage, IN. In a country with 8.9% unemployment, the Legionnaires stepped up and said they want to
help as well. Committed to trying anything to help veterans and their community, everyone is really excited to work with the US Chamber of Commerce to get the veterans in their community hired.

Two more of these job fairs with assistance from the Auxiliary are scheduled in Dayton, OH on March 26, 2013, and one in Portsmouth, OH was held just a couple of days ago. The Department of Mississippi has also expressed an interest in the near future. Members of the Community Service committee have also volunteered their help at the job fair to be held in Houston in conjunction with the upcoming National Convention. The possibilities going forward are endless.

Community Service is a difficult program to understand as it isn't worked all by itself. Many other components are touched on when performing a Community Service project that includes our ALA programs of Veterans Affairs & Rehabilitation, Children & Youth, National Security and Junior Activities. Without question, we always include Public Relations, which in turn leads to more Membership. All together, as a community, We Soar To New Heights.
Objective # 1 Focus attention on educational and scholarship opportunities for military children.

Scholarships, including our three National Scholarships, are being promoted. Units and departments are having fundraisers for scholarships on unit, department and national levels. The Give 10 to Education continues to be very successful with many school supplies and other articles being distributed. Box tops for education are being collected. American Education Week was promoted with a special thank you card designed by ALA member Paula Ross that was distributed to teachers in November. Members volunteered to tutor, participated in reading to students, and promoted literacy programs. One department provided over 550 dictionaries to schools. The Department of Iowa has a "4-P" plan for education. They stress that each unit PLAN their project, PARTICIPATE in their plan, PROMOTE all awards and scholarships and PUBLISH their recipients through pictures.

Objective # 2 Educate school administrators about the unique mental health issues facing military children.

Our Junior members are being mentored to act as peer support for the military children in their schools. They are encouraged to be a friend and help military children integrate into a new school. Units and departments are encouraged to promote Mental Health Awareness Day. May 9th is National Children's Mental Health Awareness Day. Departments are asked to help raise awareness of programs for children's mental health needs.

Objective # 3 Enhance respect for the sacrifices of our military heroes among school children by scheduling Veterans in the Classroom programs at schools.

Our Veterans in the Classroom project is being promoted and publicized. Many units invited a veteran to speak in the classroom and asked them to share their military careers. Some veterans were given the opportunity to speak with students and answer questions. Units asked their post members to be guest speakers at meetings and other events. The Department of Nebraska created a pamphlet for Education and highlighted "Veterans in the Classroom" project in their program.

National President Peggy Thomas has chosen the Children of Warriors National President's Scholarship as her project. Units and departments are asked to promote and make a contribution to this scholarship. Working together we can meet the $30,000 goal set for this year.
Objective # 1 To utilize the Internet and social networking sites.
Departments have realized that in order to keep up with the world more efficiently they have to utilize these media forums. Many department have now gone to online registration and invite registrants to check out their Facebook page to learn more about their ALA Girl State session and more about the American Legion Auxiliary as an organization. Departments reported a record number of visitors to their websites and added many new "Likes" to their Facebook pages. They have reconnected with past Girl State citizens and some reported gaining new members from visitors to their sites.

Objective # 2 To instill volunteerism and the Auxiliary's mission to the Girl State Citizens.
Departments are explaining the need to volunteer in their communities to assist our veterans, active military and their families through their ALA Girls State Programs. They have urged citizens to take part in their local projects by asking for monetary donations, collecting non-perishable foods and toiletry items for the homeless veterans, veterans in VA Medical Centers, nursing homes and state veterans homes. Many departments are including field trips where citizens help in the delivery of the items they collected. Departments are holding "Thank You" signing parties to make cards to distribute to the veterans. Pocket Flag folding events are being held during the week so the citizens understand how much the flag means to those serving our country.

Objective # 3 To continue to participate and grow the Girl State program through scholarships.
Departments are getting creative in raising money for their programs. Departments report applying for grants that fund their weeks events, supply scholarships and supplement funds for tuition for their citizens. Several departments report starting scholarships for the first time, while others are finding ways to increase their scholarship amounts. They are advertising with posters placed in schools and other community venues that encourage young ladies to apply for a chance to attend their session. Participating departments support the ALA Girls Nation program by sending wonderful young ladies to represent their departments. Departments also raise money for the ALA Girls Nation mission-based service project which allows senators to visit with wounded hero's. There they learn what veterans have gone through and how much their country means to them.
JUNIOR ACTIVITIES
CHAIRMAN: MARIE GOEDE

Objective # 1 To encourage participation in service projects that serve our military, veterans and their families.
Following Hurricane Sandy on the east coast, departments enlisted the junior's assistance and energy to collect for local food banks, visit and assist homeless veterans and take care of fellow members. Juniors are striving to earn patches on all three levels of the program. Members are visiting VA hospitals and senior centers in their local communities. During these visits Juniors are taking time to teach our veterans the basics of using a computer, beginning Veteran History Projects, reading aloud, and just being companions. Our Juniors are promoting Americanism and proper care of our flag. Young ladies are participating in flag folding demonstrations and even protecting the flag from being stomped on by a young boy. During the holiday season, Juniors signed Christmas cards and made ornaments for troops, made over 200 neck pillows for veterans on their way in or out of the airport, put together food baskets, participated in nativity scenes, took veterans to school, helped out at Toys for Tots drives, and participated in some mid-winter conferences. One department is planning to hold a Junior meeting EVERY month in a particular unit, as they had a great turn out for their holiday meeting; the first meeting in a number of years! A Letters from Home table set up so military families and the community could make greeting cards for deployed troops.

Took the Adopt a Military Family (while dad was on special assignment) July 4th – to movie night (Spiderman).

Haunted Armory/Halloween – the Juniors set up a craft table where the military families could make greeting cards which would be sent to deployed troops. This two part project got the military families involved to help let the deployed troops know what they are doing is important.

Collecting used cell phones to help our troops to call home. Making “ditty bags” for our veterans in hospitals and senior homes. One president's special project is “Wag for Warriors”, where dog collars, dog leashes and dog treats are collected to give to dogs to help our veterans with PTSD or traumatic brain injuries. Other special projects are collecting pop tabs for Ronald McDonald house, making no sew blankets for homeless veterans and collecting DVD's for those in the Veterans' Facilities. Have collected pennies for Homeless Veterans and adopted veterans overseas to write to. They also work with the Sweet Dreams Soldiers Organization. (Started in Texas - You decorate a pillow and send to a soldier.) Posters were made for schools and groups to spread the word on this program. The local churches help with the supplies for the care packages.

Juniors have raised the Flag and lead the National Anthem at sporting events along with promoting Americanism and flag etiquette in schools by giving presentations to the Student Body.

Juniors are meeting the challenge of National President Peggy Thomas, “Assisting our Homeless Veterans,” in a variety of ways. In doing so, community and business resources to assist them in collecting perishable foods, clothing and other items. Juniors demonstrated an awareness of the plight of the homeless by getting media support to publicize their outdoor sleep-out in make-shift homes (cardboard boxes) and took in over
4,500 cans of food in seven days. Other donated goods included tarps, tents, and anything needed for inclement weather.

**Objective # 2 To promote the Children of Warriors National Presidents’ scholarship peer-to-peer, by raising awareness of the rules and applications process in schools, communities and on military bases.**

In Nebraska, National Honorary Junior President Amanda spoke on how to keep Juniors involved in unit activities, promote the Junior Patch Program and the National President's Scholarship patch. Having the National Presidents’ Scholarship information listed on the unit and department Facebook is the best way to promote the scholarship — there are very few young ladies who do not face book and technology is where they look to seek information on any subject.

**Objective # 3 To empower our Junior members by seeking their assistance to increase the use of technology (such as email, Internet, Facebook and other social networking sites) in promoting Auxiliary programs.**

Facebook and web pages are being created for Juniors to be in contact with each other and share ideas of how to support the ALA while learning about the history of our veterans. Senior members are stepping up to the plate more and more to assist in getting these young assets involved in every program in which the ALA participates. Juniors are using facebook and web pages to seek the information they need about programs and to communicate with each other.
LEADERSHIP
CHAIRMAN: KATHY DAUDISTEL

Objective # 1 Promote the history, programs, organization and growth of the Auxiliary by utilizing programs, activities and curriculum such as the Senior and Junior Leadership Courses.
Departments are hosting Leadership conferences at the unit, district and department level. During these conferences, organizers are either giving the Leadership exam as a group or sending it home with attendees. Many departments are reporting that the juniors are participating as well in the conferences or they are hosting Junior specific conferences. Units and Departments have created their own incentives both at the Junior and the Senior level. Some departments are also awarding plagues and prizes to districts and units that participate in Leadership training.

Objective # 2 Advocate the utilization of Auxiliary reference documents and materials, such as the Unit Handbook and Constitution & Bylaws. These documents provide guidelines on the basics of protocol, parliamentary rules, meeting procedure.
Departments are hosting mini-workshops to discuss the reference materials with Junior members, Senior members and new members. A few departments have created a 'new member orientation' course to give new members an idea of what the ALA is and how it works.

Objective # 3 Cultivate leadership capacity by upholding cohesion, teamwork and civility amongst all Auxiliary members and everyone we interact with.
Departments make it a point to include more senior members in training sessions so that the newer members can understand that everyone is valuable. In some departments, a list of members to contact for information on certain programs in provided in case new chairman or new members have questions. Training programs are focusing on using members as resources and trying to instill a concept that everyone has something to offer. We just need to ask.
To date - 237 members have taken and passed the Correspondence Course.
LEGISLATIVE
CHAIRMAN: CORAL MAY GROUT

Objective # 1 To assist Auxiliary members in advocating at the local, state and national levels for The American Legion’s legislative priorities.
Departments have distributed bulletins and e-Bulletins to their Unit chairmen. Members volunteered at the polls. Many Departments have held workshops on the legislative program and how it applies to them. "Get Out the Vote" was encouraged in several Departments, given the national election year. Members attended "Meet and Greet" campaign meetings throughout the election season. Our members contacted their local, state and national legislators through various methods, including telephone calls, personal visitations, emails, Facebook posts, and regular US mail. In the Department of Minnesota, Chairman Chris Ronning developed a year-long program plan to work with Unit members at all levels. In August, she presented a workshop on the legislative program. She discussed the Plan of Action and how it specifically applied to the Department and its Units. She published an article in their Unit Guide with websites and information on how to stay in touch with legislators. She provided a full report at the Department's Fall Conference and members were able to ask questions. She distributed brochures and provided lots of encouragement. She shared information as it was received from the Northwestern Division Chairman in her Unit Mailings. She encouraged members to maintain contact with local and state officials, in addition to national legislators. By ordering a sufficient number of directories and handbooks, she ensured that each District Legislative Chairman received a copy. She discussed the Day on the Hill events and encouraged Auxiliary members to "stand side by side with Legionnaires to let our voices be heard and let them know that we are here for veterans." She is also visiting Districts throughout Minnesota to make sure that everyone understands the importance of ensuring veterans receive what they deserve. And, she has provided members with numerous ways to reach her, in case they have any questions.

Objective # 2 To organize Auxiliary members to take action on legislative priorities of The American Legion.
Department Chairmen are encouraging members to attend the Washington Conference and spend time on Capitol Hill. Members are using email and Facebook as new ways to communicate with their legislators. Department Chairmen have encouraged members to subscribe to The Dispatch, which is now also available online, and several Departments achieved great success with this. Information on The American Legion's legislative priorities has been distributed throughout Departments, along with suggestions on how to ensure that members of the Legislature are made aware of where we stand on these issues. The Department of Washington chairman, Eva Wallace, urged each member to become an informed grassroots activist, regarding issues related to veterans, their families and their communities. She designed an Auxiliary Legislative Action sheet which was distributed through Department mailings to Units prior to the election. It stressed the importance of contacting national legislators and contained phone numbers and email addresses of legislators. Members were asked to keep the sheet near their telephones and computers so the numbers and emails were always readily available. And, the sheet was made available to members of The American Legion as well. The members of the legislative committee have worked to complete the Legislative...
Council roster. Monthly information is included in the e-Bulletin with articles being written by all members of the committee.
MEMBERSHIP  
CHAIRMAN: SUE BRITTON

**Objective # 1 Engage to Retain Current Members.**  
Methods being used to retain our current members include a "Fallen Angel Award" requiring a member to bring in 3 fallen angels who have not paid their dues in a year or more, holding a "Boot Camp" for program chairmen, using placards to wear that say "Check Out My Caboose" for anyone with "Zero" Units, using the Mission Training DVD, the creation of dues renewal notices sent out prior to those from National, allowing members to pay just the Dept. and National per capitas if dues are paid early, offering members the option of paying their dues on a payment plan, holding a luncheon for those receiving the Recruit 1 Angel pin, membership challenges for the Legion Family with the loser wearing a pink ballet tutu to the Mid Winter Party, substituting a Unit Christmas gift exchange for a paid gift membership to someone on a fixed income, cash awards to anyone cracking "Goose Egg" Units, "FREE" breakfasts/dinners for those with dues paid early and the creation of Facebook pages.

**Objective # 2 Attract New Members.**  
Creative methods are being used to attract new members including the creation of a poster entitled "WE NEED YOU" with tear off tabs showing contact information, newspaper article highlighting "Honor Their Service" buttons resulting in information being posted to the paper's website allowing visitors to order buttons directly, team competitions for greatest renewals with the winner being treated to a dinner with china/silverware/linen napkins and the losing team using paper plates/plastic silverware/paper napkins and handling clean-up, net-working with other community organizations, having kids ask their parents to join, chance to win ALA jacket with entry for every 3 new members, personal invitations to Legionnaires asking if a Unit could "sign up their daughter?", promotion of the Recruit 1 Angel Pin, a "Rocking Around the Christmas Tree for Veterans" parade float thanking veterans for the gift of freedom while passing out flags, and visits to Fort Riley and Fort Leavenworth for Army Wife's Network explaining the ALA programs.

**Objective # 3 Start an E-Unit.**  
While there are new Units being formed, no new "E-Units" have been started and reported. However, many Units are handling business and sharing information electronically.  
As of 1/30/13 national is at 77.134% with 45 Departments already reaching Milestone #2 of 70% due at 2/14/13. One Department has even reached Milestone #3 of 85%. Calls have been made to Departments with low stats offering assistance. Many Departments have noted that they are using the national "Angel Skit" presented at the May 2012 Membership meeting in Indianapolis, IN.
Objective # 1 Develop, implement and monitor programs and activities that contribute to the practical, emotional and social well-being of military servicemembers and their families.

American Legion Auxiliary Units across America can take pride in having looked to the needs of active duty servicemembers and veterans as they implemented a variety of different aspects of the National Security Program. In doing so, they have made the days brighter for many of our fellow citizens unselfishly serving our nation both at home and around the world.

Units in the Department of Mississippi adopted a military unit. They ascertained the most pressing needs of the soldiers at Camp Shelby and took action to address those needs. They provided financial assistance, where possible, and supplied food items for when the soldiers return from their overseas deployments.

JROTC and ROTC programs are comprised of high school and college students who are exploring the option of a future military career. By honoring and supporting these programs, we are also helping these young cadets know that our great organization stands ready to support them now and will remain ready in their future as they pursue their military careers. To this end, Mississippi Unit 26 hosted both active duty servicemembers and veterans to a POW/MIA breakfast on Veterans Day. In Louisiana, ROTC cadets from several schools were invited to participate in Veterans Day ceremonies. Their National Security Chairman, Monique Batiste, reported that a ceremony honoring Cadet Major Taylor Ransom, a Legion of Valor Award recipient, was conducted at Louisiana’s Mid-Winter meeting. And, JROTC groups were also supported by local Units in Virginia. One such project included preparing pre-game meals for the ROTC Color Guard at both football and basketball games.

Family support for deployed troops is going strong! For example, in Maine Units are providing military families with food baskets as well as phone cards to help them stay in touch with their deployed loved one. New York has donated monetarily to the family of a severely wounded Marine to help pay bills. They have also had fun preparing for ‘soon to be new’ family members; they crocheted baby blankets and hosted a baby shower for the pregnant wives at Ft Drum. A surprise baby shower for a returning servicewoman in Kansas took a surprising ‘twist’ when the baby arrived the day the shower. Undaunted by the unexpected change in events, the Unit shifted course and helped set up the nursery while mom was in the hospital.

Mother Nature has, again this year, reminded us of her fury in the form of natural disasters throughout the country. Additionally, some man-made disasters reminded us of the need to stay ever vigilant and prepared for the unexpected. The American Legion Auxiliary, through our association with Citizen Corps, works hard to achieve that goal. In Ohio, Chairman Denise Conrad encouraged all Units to develop a plan of action to prepare them for any type of disaster, ranging from something as simple as a home escape route to checking on elderly neighbors in the event of an emergency. In New Mexico, several Units received CPR, first aid and CERT training; one Unit exceeded all expectations when five of its members volunteer as EMTs.
Family readiness supports families while their servicemembers are deployed overseas. The American Legion Auxiliary’s involvement in this program provides the cornerstones for support to those deployed and returning from deployment today and in the future. Other Departments across the nation reporting activities in support of family readiness programs include: New York, North Carolina, South Carolina, and Washington.

Welcome Home! What a great way to thank someone for their service! Kansas members participate in both farewell ceremonies and welcome home ceremonies. In Colorado, returning troops are given a warm hero’s welcome along with flags and goodie bags. The Units also provide ongoing support to families while they readjust. And, Delaware reported that one Unit attended a homecoming for 164 returning troops.

These are just a few of the great National Security accomplishments of Departments and Units this year. Certainly there are many more. Keep in mind that the year is only half over and there is a lot of work yet to be done. There is plenty of time to start new projects. Take a look at some of the great ideas shared here and ask yourselves what you can do for our great service men and women. As Michael Peterson has so eloquently sang, “It’s not just what we do, it’s who we are.”
Objective # 1 Active service by Past Presidents.
The Department of Kentucky reports that one of their Units has implemented a new program where the president mentors all new members. Immediately upon the recruitment of a new member the president has a one-on-one meeting with her welcoming her to the unit, explaining in detail the programs and activities of the American Legion Auxiliary and encouraging the member to become active. What a great way to mentor new members and make them feel welcome from the get-go, great idea Kentucky!

Objective # 2 Selection and Recognition, Unit Member of the Year.
Departments have reported that they are working with their units to encourage each of them to submit a member to be honored as member of the year.

Objective # 3 Honoring Servicewomen.
South Carolina honors their female servicemembers by sending care packages to those who are currently serving in Afghanistan. These packages bring a little bit of home to them and let them know that those at home have not forgotten them and are praying for their safety.

Objective # 4 Nursing scholarships.
Members in the Department of Arizona have been busy fundraising for their nursing scholarships through silent auctions and fashion shows, not only raising funds but also community awareness. Mohave Community College included the Auxiliary in their publication thanking them for their generous scholarships for health occupational careers, reminding them that their gifts change lives.
Objective # 1 Promote/circulate the history of the poppy and significance of its distribution.

799,432 poppies were ordered by departments who reported ordering them. California alone ordered 320,000 poppies so I am sure there were more, but some departments did not provide figures. Departments reported distributing poppies year round, not just Memorial Day and Veterans' Day. They were offered on the 4th of July, at POW/MIA ceremonies, 9/11 Remembrance ceremonies, Pearl Harbor Day, The 4 Chaplains Day ceremonies, community parades and state and county fairs. Minnesota Chairman Annette Bray challenged unit members to make a 3-section display board. One section explaining the poppy history, a 2nd section showing how the poppy can be used and the 3rd section for how the poppy funds were used. They were encouraged to bring the display boards with them when they offered the poppies.

Objective # 2 Increase Unit poppy revenues.

The Poppy Useage Contest was promoted throughout departments with their proceeds going to the Veterans Creative Arts Festival. Veterans in and out of uniform wearing their Legion caps at unit distribution days brought awareness to the memorial poppy and what it stands for. Junior members attending tables and community events offering the poppy also showed an increase in poppy revenues. Nebraska Chairman Elizabeth Paes used her summer making magnets of the poppy flower and bookmarks containing the poem "In Flanders Field" on one side and the Poppy Contest deadline dates on the other side. All 334 units in the department of Minnesota received these.

Objective # 3 Increase the number of poppy makers in each Department.

Some departments made visits to the VA Medical Centers and State Veterans' Homes promoting the poppy program to the administrators and the rehabilitative therapy it provides the veterans. They took tool kits to show how to make poppies. Veterans were also recruited in nursing homes and local post members were instructed on how to make poppies by their auxiliary unit members. The department of California reported they have 5 facilities that are making poppies with 4 making poppies year round. The veterans are anxious to make the poppies, asking the Poppy Production Managers "Are they here yet?" Long Beach VAMC just signed on as a new production site.
Objective #1 Public Relations - it means many things with success measured by many different benchmarks. Primarily, the focus of the Public Relations program is to promote a positive image of the American Legion Auxiliary and its mission and goals, through a variety of materials and resources. As technology now plays a greater role in how members communicate, it is apparent that embracing, harnessing and maximizing the ability to articulate a consistent message across a wider platform has yielded exciting results.

Margo Forrester from the Department of Michigan said it best with her slogan: PR Where YOU Are! Encouraging members to weave a PR component into everything they do, "PR Where YOU Are" is a call to arms that empowers every member to recognize that Public Relations and positive communication play a critical role in every activity. Departments utilized a variety of methods to educate both members and nonmembers on all the good work accomplished by the American Legion Auxiliary. Wisconsin hosted a Public Relations workshop to help train and educate members on the benefits of promoting a positive PR campaign. A forum CD was distributed that contained tools and tips to educate others on how best to promote activities. Departments continued to use traditional methods to "get the word out" with many articles, press releases, radio, television and news spots reported. Working both internally and externally to maximize opportunity, Departments utilized patriotic holidays to encourage nonmembers to get involved and stay involved. Keeping it creative and getting innovative inspired departments to try new ideas as they worked diligently and cohesively to better promote and educate about the Legion Family. The Department of Maryland, in coordination with their state Motor Vehicle Administration, continued to promote their "ALA License Plate" program with over 500 being issued. Unit #168 in Patterson, Calif., took advantage of www.fundrazr.com to post about their small unit, the work they accomplish and how any citizen can easily donate online. Units in Louisiana have presented more than 2,000 column inches of articles to newspapers and magazines and launched a Facebook group called LA ALA Public Relations as a means to share, support and encourage units to actively promote and publicize every event and activity. Consistency of message is utilized by Unit 44 in Elephant Butte, New Mexico, to make sure the community is fully aware of their good work. Two articles are drafted and submitted weekly to local news outlets for the purpose of announcing how their programs are positively impacting their communities. This year the Public Relations team has been specifically tasked to work closely with the membership committee to help promote the organization's membership efforts and provide greater opportunity to reach eligible women for the purpose of joining. In support of this priority, the commemorative honor button program continued to play a role. Highlights include two articles published in South Carolina and Virginia discussing the American Legion Auxiliary's mission of supporting veterans and their families and how any citizen can honor a special veteran in their life with a custom button. The article in Virginia highlighted and showcased Theodora Daniels Ruffin, a dual member and the face of the button flyer for 2012-2013. Promoting membership through a PR presence of making eligibility visible continued to play a role in reaching
new members and empowering current members to continue their good work and commitment to cause.

The National Public Relations team is working closely with the communications team at Headquarters for support, review and input for a new National Public Relations toolkit currently in development. In addition, the team has been drafting and developing 15-minute modules on important Public Relations concepts for the purpose of providing a training component to departments to educate members on how an effective Public Relations campaign can make a difference at the unit level.
Objective # 1 To increase the number of Auxiliary and community members that provide volunteer service at VA Medical Centers (VA Volunteer Service or VAVS), at Veterans State Homes and Hospitals, in community settings (Field Service), and from their homes (Home Service).

I am pleased to announce that many Departments reported an increase in the number of VAVS volunteers as well as an increase in Field Service volunteers and reported hours. Members have been working diligently to help our veterans at VA hospitals, state homes and outreach clinics. They have hosted birthday parties, coffee hours, bingos and pizza parties. They have been busy shopping, cooking, cleaning homes, driving veterans to doctors appointments, helping them with their income tax and even, giving hair cuts. They have attended memorial services and funerals, shared laughter and tears, and helped to improve the quality of life for our veterans and their families. By far, the most reported activity continues to be the Auxiliary Christmas shops. Members have raised money and worked countless hours buying items, helping veteran to shop and then wrapping and delivering gifts. Around this country, mebers have raised money and donated their time to allow our heroes to send Chrismas presents to their families. In Minnesota, their hospital and state veteran's home representastives have been busy planning birthday, halloween, and Christmas parties, arranging for rides to church and a trip to the state fair, planning a river boat cruise, picnics, and dinner outings. West Virginia is most proud of their Department Comfort Item Drive where they collected over $10,000 worth of items to distibute at the four veterans facilities in their state. Many departments report doing special projects for women veterans such as supplying toiletries and hosting a day to "get your nails done." A Unit in Colorado hosted a "beauty make-over day" at the State Veterans Nursing Home. Units in Kansas tailgate with veterans in the VA nursing home for Kansas City Chief's football games. The units provide pizza and pop and all have a good time cheering on the home team.

Objective # 2 To assist our homeless veterans and raise awareness about the ever-increasing numbers of homeless veterans, especially women veterans and their children.

From hosting Standdowns to distributing buddy baskets, units and departments continue to help our homeless veterans. The Department of Wisconsin works with the Vets Center, the Red Cross and the Veteran and County Service Officer to take care of their homeless veterans. To date they have donated over $25,500 to the "Homeless Veterans Grant Fund." The money helps with security deposits, rent, clothing and household items. Connecticut's special project has been puchasing sleeping bags for homeless veterans. Unit 131 in Arizona hosted a Christmas party for homeless veterans. Each received a wrapped gift to take with them. In Washington, both a homeless shelter and Santos Place, a 42-unit transition housing project, continues to flourish due to the support of the American Legion Family. According to the Department Chairman, "Our support has been crucial in helping homeless veterans turn their lives around. We continue to supply needed items such as blankets, sheets, towels, pots and pans, and silverware to veterans as they transition from the shelter into Santos Place. We host parties and events to show we care. We have helped these veterans secure permanent housing and meet various
educational and vocational goals." In Massachusetts, the Sterling Unit donated items and money to 9 women veterans living in shelters. They have also designated funds from their Past President's Club to be given to needy women veterans.

**Objective #3 Support rehabilitation of veterans through art therapy and by fulfilling the Auxiliary’s annual financial obligation as a presenting co-sponsor of the National Veterans Creative Arts Festival (NVCAF).**

To date, 17 Departments have contribute $13,485 to the National Veterans Creative Arts Festival (NVCAF) with the Department of Wisconsin leading the way. Three Departments, New York, New Jersey, and Vermont have applied for the Auxiliary's NVCAF Grant program. Maryland is busy planning their 3rd annual Creative Arts Show with the help of staff from the Washington, DC Medical Center. Hawaii assists the local creative Arts program by helping to purchase the awards for festival winners.
Governance Reform

The Strategic Planning committee met in late January 2013 to review Governance documents developed to support the initial resolution presented at the 2012 National Convention recommending a change to the Auxiliary’s governance structure to form a smaller National Executive Board. The resolution was referred back to the Strategic Planning committee at the convention with the recommendation to develop all documents necessary to clarify roles and responsibilities of the smaller board. Because of the number of documents that the committee felt was necessary to provide the needed clarification, the committee voted to delay moving forward during this administrative year to allow both time for the committee to fulfill the development responsibilities and also to give departments additional time to study and discuss. The Strategic Planning committee will meet in October 2013 to finalize these requirements and all materials will be sent to departments in December, thus giving time at mid-winter conferences, spring conferences and department conventions to discuss and understand the suggested new board structure and requirements for service.

A process for submission of resumes for service on this Executive Board will be developed and shared with departments. Many of the required documents such as Position Descriptions defining the roles and responsibilities of members of the board, as well as those serving as officers of the board, and the election process have been completed and are presently in a process of review by members of the committee. The resolution to form a new smaller board will be presented at the National Convention 2014 for discussion and adoption. If approved, the submission of applications for service will take place during the 2014/15 administrative year with final action, the election of members to serve, on the agenda for the 2015 national convention.

Authority and power will still be vested in the National Executive Committee as a whole. Actions taken by the smaller board will be reported to the entire NEC for affirmation and approval. Actions taken can be overturned by the entire NEC. But members with longer terms of experience can provide oversight and expertise which is lacking in a board that turns over every year. This smaller National Executive Board will serve as a resource, providing research capabilities and the opportunity for greater study of opportunities to be considered by the NEC as a whole. The NEC bears fiduciary responsibility for the organization and is the steward of the organization’s financial positions and other resources. Having an additional set of eyes on the financial statements and the annual budget will be a helpful addition to the NEC’s oversight role.
APPENDIX B: Financial Statements
AMERICAN LEGION AUXILIARY
NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY
FOUNDATION, INC.

CONSOLIDATED FINANCIAL STATEMENTS
AND
SUPPLEMENTARY INFORMATION

SEPTEMBER 30, 2012 AND 2011

Alerding & Co., LLC
Consultants • Certified Public Accountants
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**SEPTEMBER 30, 2012 AND 2011**

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<td>Schedule of Expenditures of Federal Awards (2012)</td>
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AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

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SEPTEMBER 30, 2012 AND 2011

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| Schedule of Findings and Questioned Costs | 37-38 |
| Summary Schedule of Prior Audit Findings | Omitted |
INDEPENDENT AUDITORS’ REPORT

National Executive Committee
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, 2012 and 2011, 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 2011 audit in accordance with U.S. Generally Accepted Auditing Standards and the 2012 audit in accordance with both U.S. Generally Accepted Auditing Standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. 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, 2012 and 2011, 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.

In accordance with Government Auditing Standards, we have also issued our report, dated February 2, 2013, on our consideration of AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS and AMERICAN LEGION AUXILIARY FOUNDATION, INC.’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters for the year ended September 30, 2012. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

1
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information included on pages 27 through 32 is presented for purposes of additional analysis and is not a required part of the 2012 and 2011 consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. Generally Accepted Auditing Standards and Governmental Auditing Standards for 2012. In our opinion, the supplementary information is fairly stated in all material respects in relation to the 2012 and 2011 consolidated financial statements taken as a whole.

February 2, 2013
## AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2012 AND 2011

### ASSETS

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$633,778</td>
<td>$940,610</td>
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<tr>
<td>Investments</td>
<td>23,419,722</td>
<td>19,926,426</td>
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<tr>
<td>Investments - PUFL</td>
<td>3,351,116</td>
<td>2,806,803</td>
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<tr>
<td>Prepaid expenses</td>
<td>122,060</td>
<td>165,274</td>
</tr>
<tr>
<td>Furniture and equipment, net</td>
<td>762,951</td>
<td>926,668</td>
</tr>
<tr>
<td>Other assets</td>
<td>196,910</td>
<td>299,688</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$28,486,537</td>
<td>$25,065,469</td>
</tr>
</tbody>
</table>

### LIABILITIES AND NET ASSETS

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$495,944</td>
<td>$536,593</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>288,285</td>
<td>289,113</td>
</tr>
<tr>
<td>Accrued scholarships</td>
<td>72,500</td>
<td>81,000</td>
</tr>
<tr>
<td>Deferred revenue - dues</td>
<td>1,928,989</td>
<td>2,187,899</td>
</tr>
<tr>
<td>Deferred revenue - PUFL</td>
<td>3,422,026</td>
<td>2,811,333</td>
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<tr>
<td>Deferred revenue - other</td>
<td>85,684</td>
<td>66,476</td>
</tr>
<tr>
<td>Liability for pension benefits</td>
<td>740,513</td>
<td>621,910</td>
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<tr>
<td><strong>Total liabilities</strong></td>
<td>7,033,941</td>
<td>6,594,324</td>
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</tbody>
</table>

### Net Assets:

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>19,784,470</td>
<td>17,005,136</td>
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<tr>
<td>Other unrestricted funds</td>
<td>1,392,745</td>
<td>1,261,279</td>
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<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td>21,177,215</td>
<td>18,266,415</td>
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<tr>
<td>Temporarily restricted net assets</td>
<td>132,401</td>
<td>80,817</td>
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<tr>
<td>Permanently restricted net assets</td>
<td>918,290</td>
<td>780,195</td>
</tr>
<tr>
<td>Total net assets before accumulated other comprehensive loss</td>
<td>22,227,906</td>
<td>19,127,427</td>
</tr>
<tr>
<td><strong>Accumulated other comprehensive loss</strong></td>
<td>(775,310)</td>
<td>(656,282)</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>21,452,596</td>
<td>18,471,145</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$28,486,537</td>
<td>$25,065,469</td>
</tr>
</tbody>
</table>

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, 2012 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, Gains &amp; Other Support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$1,561,441</td>
<td>$932,415</td>
</tr>
<tr>
<td>Membership dues</td>
<td>3,757,076</td>
<td>3,860,702</td>
</tr>
<tr>
<td>Advertising</td>
<td>443,047</td>
<td>479,535</td>
</tr>
<tr>
<td>Other</td>
<td>1,226,302</td>
<td>1,139,756</td>
</tr>
<tr>
<td><strong>Total revenue, gains, and other support</strong></td>
<td>6,987,866</td>
<td>6,412,408</td>
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<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member services</td>
<td>4,474,112</td>
<td>4,468,823</td>
</tr>
<tr>
<td>Youth education services</td>
<td>749,937</td>
<td>749,925</td>
</tr>
<tr>
<td>Veteran and military family programs</td>
<td>1,821,961</td>
<td>1,215,945</td>
</tr>
<tr>
<td><strong>Total program services</strong></td>
<td>7,046,010</td>
<td>6,434,693</td>
</tr>
<tr>
<td>Management and general</td>
<td>536,504</td>
<td>477,250</td>
</tr>
<tr>
<td>Fundraising</td>
<td>227,929</td>
<td>285,103</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>7,810,443</td>
<td>7,197,046</td>
</tr>
<tr>
<td>Change in net assets from operations</td>
<td>(822,577)</td>
<td>(784,638)</td>
</tr>
<tr>
<td><strong>Investment Income (Loss), Net of Expenses</strong></td>
<td>3,923,056</td>
<td>(491,441)</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>3,100,479</td>
<td>(1,276,079)</td>
</tr>
<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</strong></td>
<td>19,127,427</td>
<td>20,403,506</td>
</tr>
<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</strong></td>
<td><strong>$22,227,906</strong></td>
<td><strong>$19,127,427</strong></td>
</tr>
</tbody>
</table>

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, 2012**
**(WITH COMPARATIVE TOTALS FOR 2011)**

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<thead>
<tr>
<th></th>
<th>Management and General</th>
<th>Fundraising</th>
<th>2012 Totals</th>
<th>2011 Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel and related benefits*</td>
<td>$2,316,506</td>
<td>$251,163</td>
<td>$106,669</td>
<td>$2,674,338</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>461,902</td>
<td>94,911</td>
<td>36,605</td>
<td>593,418</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>1,347,798</td>
<td>71,012</td>
<td>230</td>
<td>1,419,040</td>
</tr>
<tr>
<td>Occupancy</td>
<td>211,405</td>
<td>27,698</td>
<td>17,627</td>
<td>256,730</td>
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<tr>
<td>Professional services and fees</td>
<td>321,855</td>
<td>73,108</td>
<td>34,175</td>
<td>429,138</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>891,885</td>
<td>5,441</td>
<td>15,772</td>
<td>913,098</td>
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<tr>
<td>Postage and freight</td>
<td>754,562</td>
<td>11,230</td>
<td>16,851</td>
<td>782,643</td>
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<tr>
<td>Grants and scholarships</td>
<td>390,018</td>
<td>-0-</td>
<td>-0-</td>
<td>390,018</td>
</tr>
<tr>
<td>Other</td>
<td>350,079</td>
<td>1,941</td>
<td>-0-</td>
<td>352,020</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td><strong>$7,046,010</strong></td>
<td><strong>$536,504</strong></td>
<td><strong>$227,929</strong></td>
<td><strong>$7,810,443</strong></td>
</tr>
</tbody>
</table>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of $570,407 in 2012 and $143,609 in 2011 relating to Federal grant awards.

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, 2011

<table>
<thead>
<tr>
<th></th>
<th>Program Services</th>
<th>Management and General</th>
<th>Fundraising</th>
<th>2011 Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel and related benefits*</td>
<td>$1,795,241</td>
<td>$201,199</td>
<td>$78,433</td>
<td>$2,074,873</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>478,533</td>
<td>102,262</td>
<td>21,967</td>
<td>602,762</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>1,245,495</td>
<td>54,073</td>
<td>559</td>
<td>1,300,127</td>
</tr>
<tr>
<td>Occupancy</td>
<td>218,093</td>
<td>24,788</td>
<td>9,915</td>
<td>252,796</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>309,681</td>
<td>78,685</td>
<td>34,391</td>
<td>467,761</td>
</tr>
<tr>
<td>Printing and publications</td>
<td>845,860</td>
<td>6,019</td>
<td>60,533</td>
<td>912,412</td>
</tr>
<tr>
<td>Postage and freight</td>
<td>742,902</td>
<td>9,688</td>
<td>34,391</td>
<td>786,981</td>
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<tr>
<td>Grants and scholarships</td>
<td>452,942</td>
<td>-0-</td>
<td>-0-</td>
<td>452,942</td>
</tr>
<tr>
<td>Other</td>
<td>345,946</td>
<td>536</td>
<td>-0-</td>
<td>346,482</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$6,434,693</td>
<td>$477,250</td>
<td>$285,103</td>
<td>$7,197,046</td>
</tr>
</tbody>
</table>

*Includes AmeriCorps National/VISTA member living allowances and related benefits of $143,609 in 2011 relating to Federal grant awards.

See accompanying Notes to Consolidated Financial Statements.
Cash Flows From Operating Activities:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$3,100,479</td>
<td>$(1,276,079)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>237,244</td>
<td>203,534</td>
</tr>
<tr>
<td>Gain on disposal of assets</td>
<td>-0-</td>
<td>(100)</td>
</tr>
<tr>
<td>Net realized (gain) loss on investments</td>
<td>51,551</td>
<td>(113,413)</td>
</tr>
<tr>
<td>Net realized (gain) loss on investments - PUFL</td>
<td>4,152</td>
<td>(7,594)</td>
</tr>
<tr>
<td>Net unrealized (gain) loss on investments</td>
<td>(3,445,548)</td>
<td>1,364,561</td>
</tr>
<tr>
<td>Net unrealized (gain) loss on investments - PUFL</td>
<td>(512,480)</td>
<td>150,462</td>
</tr>
<tr>
<td>Net periodic pension expense</td>
<td>12,941</td>
<td>(16,532)</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
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<tr>
<td>Prepaid expenses</td>
<td>43,214</td>
<td>49,384</td>
</tr>
<tr>
<td>Other assets</td>
<td>102,778</td>
<td>77,177</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(20,677)</td>
<td>32,013</td>
</tr>
<tr>
<td>Other accrued expenses</td>
<td>(9,328)</td>
<td>8,215</td>
</tr>
<tr>
<td>Deferred revenue - dues</td>
<td>(258,910)</td>
<td>507,842</td>
</tr>
<tr>
<td>Deferred revenue - PUFL</td>
<td>610,693</td>
<td>(205,512)</td>
</tr>
<tr>
<td>Deferred revenue - other</td>
<td>19,208</td>
<td>65,806</td>
</tr>
<tr>
<td>Liability for pension benefits</td>
<td>(13,366)</td>
<td>(11,000)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(78,049)</td>
<td>828,764</td>
</tr>
</tbody>
</table>

Cash Flows From Investing Activities:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed assets purchased or donated</td>
<td>(93,499)</td>
<td>(172,803)</td>
</tr>
<tr>
<td>Proceeds from sale of assets</td>
<td>-0-</td>
<td>100</td>
</tr>
<tr>
<td>Change in investments, net</td>
<td>(99,299)</td>
<td>(266,393)</td>
</tr>
<tr>
<td>Change in investments - PUFL, net</td>
<td>(35,985)</td>
<td>83,465</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(228,783)</td>
<td>(355,631)</td>
</tr>
</tbody>
</table>

Net Increase (Decrease) in Cash and Cash equivalents

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Increase (Decrease) in Cash and Cash equivalents</td>
<td>(306,832)</td>
<td>473,133</td>
</tr>
</tbody>
</table>

Cash and Cash Equivalents, Beginning of Year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, Beginning of Year</td>
<td>940,610</td>
<td>467,477</td>
</tr>
</tbody>
</table>

Cash and Cash Equivalents, End of Year

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and Cash Equivalents, End of Year</td>
<td>$633,778</td>
<td>$940,610</td>
</tr>
</tbody>
</table>

Non-Cash Investing Activity:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forgiveness of accounts payable and reduction in furniture and equipment</td>
<td>$19,972</td>
<td>$-0-</td>
</tr>
</tbody>
</table>

See accompanying Notes to Consolidated Financial Statements.
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 and 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 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.

The accompanying consolidated financial statements only include the accounts of the Auxiliary Headquarters and do not include the accounts of other independent affiliated Auxiliary locations including departments (state-level corporations) and units (community-level corporations).

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.

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 are released from restrictions (Note 5).

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.

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.

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.

Contributions raised through direct mail campaigns by third-party vendors are reported net of the associated cost 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.

**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.
Management of the Organization evaluates all significant tax positions to ensure compliance with the exempt purpose of the Organization as required by U.S. Generally Accepted Accounting Principles, including consideration of any unrelated business income tax. As of September 30, 2012, Management does not believe the Organization has taken any tax positions that are not in compliance with its exempt purpose. The Organization’s Federal and state tax returns remain open and subject to examination beginning with the tax year ended September 30, 2009.

Reclassification

Certain amounts from 2011 have been reclassified herein to conform to the 2012 presentation.

Subsequent Events

Subsequent events have been evaluated through February 2, 2013, which is the date the financial statements were available to be issued.

2. FAIR VALUE MEASUREMENTS

U.S. Generally Accepted Accounting Principles ("GAAP") 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. GAAP 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 GAAP 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, 2012 and 2011.

**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.
Assets measured at fair value at September 30, 2012 include the following:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 633,778</td>
<td>$ 0</td>
<td>$ 633,778</td>
</tr>
<tr>
<td>Investments</td>
<td>21,777,291</td>
<td>1,642,431</td>
<td>23,419,722</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>3,351,116</td>
<td>0</td>
<td>3,351,116</td>
</tr>
<tr>
<td></td>
<td>$25,762,185</td>
<td>$ 1,642,431</td>
<td>$27,404,616</td>
</tr>
</tbody>
</table>

Assets measured at fair value at September 30, 2011 include the following:

<table>
<thead>
<tr>
<th></th>
<th>Level 1</th>
<th>Level 3</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 940,610</td>
<td>$ 0</td>
<td>$ 940,610</td>
</tr>
<tr>
<td>Investments</td>
<td>18,454,115</td>
<td>1,472,311</td>
<td>19,926,426</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>2,806,803</td>
<td>0</td>
<td>2,806,803</td>
</tr>
<tr>
<td></td>
<td>$22,201,528</td>
<td>$ 1,472,311</td>
<td>$23,673,839</td>
</tr>
</tbody>
</table>

The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2012:

<table>
<thead>
<tr>
<th>Fair Value Measurement Using Significant Unobservable Inputs (Level 3)</th>
<th>Hedge Fund</th>
<th>Partnerships</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning Balance, 9/30/11</td>
<td>$ 963,292</td>
<td>$ 509,019</td>
<td>$ 1,472,311</td>
</tr>
<tr>
<td>Additions</td>
<td>-0-</td>
<td>130,000</td>
<td>130,000</td>
</tr>
<tr>
<td>Withdrawals</td>
<td>-0-</td>
<td>(4,935)</td>
<td>(4,935)</td>
</tr>
<tr>
<td>Realized losses</td>
<td>-0-</td>
<td>(43,260)</td>
<td>(43,260)</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>41,155</td>
<td>47,160</td>
<td>88,315</td>
</tr>
<tr>
<td>Ending Balance, 9/30/12</td>
<td>$ 1,004,447</td>
<td>$ 637,984</td>
<td>$ 1,642,431</td>
</tr>
</tbody>
</table>
The following schedule summarizes the changes in assets measured using Level 3 inputs during the year ending September 30, 2011:

| Fair Value Measurement Using Significant Unobservable Inputs (Level 3) |
|-----------------|-----------------|-----------------|
| Hedge Fund      | Partnerships    | Total           |
| Beginning Balance, 9/30/10 | $990,837 | $514,084 | $1,504,921 |
| Additions       | -0-             | 41,433          | 41,433       |
| Realized losses | -0-             | (46,498)        | (46,498)     |
| Unrealized losses | (27,545) | -0-             | (27,545)     |
| Ending Balance, 9/30/11   | $963,292 | $509,019 | $1,472,311 |

3. INVESTMENTS AND INVESTMENT RETURN

A summary of the Organization’s investments and investment returns as of September 30, 2012 and 2011 and for the years then ended are as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market</td>
</tr>
<tr>
<td>Money market funds</td>
<td>$440,142</td>
<td>$440,142</td>
</tr>
<tr>
<td>Common and preferred stock</td>
<td>5,363,786</td>
<td>6,095,197</td>
</tr>
<tr>
<td>Mutual funds and other</td>
<td>15,783,709</td>
<td>16,884,383</td>
</tr>
<tr>
<td>Total investments</td>
<td>$21,587,637</td>
<td>$23,419,722</td>
</tr>
</tbody>
</table>
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, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Unrestricted</th>
<th>Temporarily Restricted Funds</th>
<th>Auxiliary Fund</th>
<th>Foundation Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest (net of expenses of $31,587)</td>
<td>$489,637</td>
<td>$28,990</td>
<td>$518,627</td>
<td>$10,226</td>
<td>$528,853</td>
<td>$206</td>
<td>$529,059</td>
</tr>
<tr>
<td>Net realized gains (losses) on investments</td>
<td>(51,699)</td>
<td>41</td>
<td>(51,658)</td>
<td>107</td>
<td>(51,551)</td>
<td>-0-</td>
<td>(51,551)</td>
</tr>
<tr>
<td>Net unrealized gains on investments</td>
<td>3,197,747</td>
<td>175,866</td>
<td>3,373,613</td>
<td>71,935</td>
<td>3,445,548</td>
<td>-0-</td>
<td>3,445,548</td>
</tr>
<tr>
<td>Total investment income</td>
<td>$3,635,685</td>
<td>$204,897</td>
<td>$3,840,582</td>
<td>$82,268</td>
<td>$3,922,850</td>
<td>$206</td>
<td>$3,923,056</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>General Fund</th>
<th>Other Funds</th>
<th>Total Unrestricted</th>
<th>Temporarily Restricted Funds</th>
<th>Auxiliary Fund</th>
<th>Foundation Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest (net of expenses of $25,609)</td>
<td>$703,419</td>
<td>$44,192</td>
<td>$747,611</td>
<td>$12,096</td>
<td>$759,707</td>
<td>-0-</td>
<td>$759,707</td>
</tr>
<tr>
<td>Net realized gains on investments</td>
<td>108,046</td>
<td>3,707</td>
<td>111,753</td>
<td>1,660</td>
<td>113,413</td>
<td>-0-</td>
<td>113,413</td>
</tr>
<tr>
<td>Net unrealized losses on investments</td>
<td>(1,269,689)</td>
<td>(68,190)</td>
<td>(1,337,879)</td>
<td>(26,682)</td>
<td>(1,364,561)</td>
<td>-0-</td>
<td>(1,364,561)</td>
</tr>
<tr>
<td>Total investment loss</td>
<td>$(458,224)</td>
<td>$(20,291)</td>
<td>$(478,515)</td>
<td>$(12,926)</td>
<td>$(491,441)</td>
<td>-0-</td>
<td>$(491,441)</td>
</tr>
</tbody>
</table>

4. FURNITURE AND EQUIPMENT

The Organization’s furniture and equipment for the years ended September 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture, office equipment and information technology</td>
<td>$1,380,476</td>
<td>$1,316,370</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>38,039</td>
<td>38,039</td>
</tr>
<tr>
<td>Accumulated depreciation and amortization</td>
<td>1,418,515</td>
<td>1,354,409</td>
</tr>
<tr>
<td></td>
<td>(655,564)</td>
<td>(427,741)</td>
</tr>
<tr>
<td></td>
<td>$762,951</td>
<td>$926,668</td>
</tr>
</tbody>
</table>
5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes at September 30, 2012 and 2011:

<table>
<thead>
<tr>
<th>Temporary Restricted Net Assets</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auxiliary Temporarily Restricted Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed endowment earnings</td>
<td>$110,086</td>
<td>$65,818</td>
</tr>
<tr>
<td>Auxiliary Emergency Fund and Veterans Creative Arts Festival</td>
<td>22,109</td>
<td>14,999</td>
</tr>
<tr>
<td>Foundation Temporarily Restricted Net Assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Undistributed endowment earnings</td>
<td>206</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$132,401</td>
<td>$80,817</td>
</tr>
</tbody>
</table>

6. 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:

<table>
<thead>
<tr>
<th>Purpose restrictions accomplished:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emergency Fund grants and related expenses</td>
<td>$232,672</td>
<td>$304,587</td>
</tr>
<tr>
<td>Veterans Creative Arts Festival and related expenses</td>
<td>145,948</td>
<td>162,990</td>
</tr>
<tr>
<td>Scholarship expenses, net of forfeitures</td>
<td>38,000</td>
<td>25,250</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$416,620</td>
<td>$492,827</td>
</tr>
</tbody>
</table>

7. PAID-UP-FOR-LIFE (PUFL) 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 Paid-Up-For-Life (PUFL) Plan, formerly known as the Very-Important-Member (VIM) 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 PUFL Membership trust is recorded as a component of deferred income and is not reflected in the consolidated statement of activities and changes in net assets.
The financial position of the PUFL Membership trust is as follows:

### Assets:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$ 43,215</td>
<td>$ 12,806</td>
</tr>
<tr>
<td>Investments</td>
<td>3,351,116</td>
<td>2,806,803</td>
</tr>
<tr>
<td>Other</td>
<td>27,695</td>
<td>(8,276)</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 3,422,026</td>
<td>$ 2,811,333</td>
</tr>
</tbody>
</table>

### Liabilities:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred revenue - PUFL</td>
<td>$ 3,422,026</td>
<td>$ 2,811,333</td>
</tr>
</tbody>
</table>

The cost and market value of investments in the PUFL Membership trust as of September 30, 2012 and 2011 are as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Market</td>
</tr>
<tr>
<td>Money market funds</td>
<td>$ 131,253</td>
<td>$ 131,253</td>
</tr>
<tr>
<td>Mutual funds and other</td>
<td>2,941,150</td>
<td>3,219,863</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td>$ 3,072,403</td>
<td>$ 3,351,116</td>
</tr>
</tbody>
</table>

The following schedule summarizes the PUFL Membership trust investment income (loss) for the years ended September 30, 2012 and 2011:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends and interest (net of expenses)</td>
<td>$ 71,985</td>
<td>$ 111,295</td>
</tr>
<tr>
<td>Net realized gains (losses) on investments</td>
<td>(4,152)</td>
<td>7,594</td>
</tr>
<tr>
<td>Net unrealized gains (losses) on investments</td>
<td>512,480</td>
<td>(150,462)</td>
</tr>
<tr>
<td><strong>Total investment income (loss)</strong></td>
<td>$ 580,313</td>
<td>$ (31,573)</td>
</tr>
</tbody>
</table>
8. 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.

Significant balances, costs, and assumptions are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Projected benefit obligation</td>
<td>$ (3,174,655)</td>
<td>$ (2,881,226)</td>
</tr>
<tr>
<td>Fair value of plan assets</td>
<td>2,434,142</td>
<td>2,259,316</td>
</tr>
<tr>
<td>Funded status</td>
<td>$ (740,513)</td>
<td>$ (621,910)</td>
</tr>
<tr>
<td>Accumulated benefit obligation</td>
<td>$ (3,174,655)</td>
<td>$ (2,881,226)</td>
</tr>
</tbody>
</table>

Based on actuarial calculations, and in accordance with the provisions of the Employee Retirement Income Security Act (ERISA), there are no payments currently required to be made to the plan.

Amounts recognized in the consolidated financial statements are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liability for pension benefits</td>
<td>$ 740,513</td>
<td>$ 621,910</td>
</tr>
<tr>
<td>Unrecognized losses (Note 15)</td>
<td>(716,257)</td>
<td>(591,935)</td>
</tr>
<tr>
<td>Unamortized prior service cost (Note 15)</td>
<td>(59,053)</td>
<td>(64,347)</td>
</tr>
<tr>
<td>Net periodic pension cost</td>
<td>12,941</td>
<td>16,532</td>
</tr>
<tr>
<td>Employer contributions</td>
<td>13,367</td>
<td>11,000</td>
</tr>
<tr>
<td>Benefits paid</td>
<td>121,687</td>
<td>117,298</td>
</tr>
</tbody>
</table>

Weighted-average assumptions used to determine benefit obligations are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weighted-average assumptions:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discount rate</td>
<td>4.69%</td>
<td>5.16%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>
Weighted-average assumptions used to determine benefit costs are as follows:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discount rate</td>
<td>3.94%</td>
<td>4.69%</td>
</tr>
<tr>
<td>Expected return on plan assets</td>
<td>7.00%</td>
<td>7.00%</td>
</tr>
<tr>
<td>Rate of compensation increase</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

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:

```
2013    $ 129,588
2014    138,453
2015    142,388
2016    148,042
2017    156,433
2018-2021  863,330
          $ 1,578,234
```

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. Plan assets are re-balanced quarterly. The target asset allocation percentages and the actual plan assets by category at September 30, 2012 and 2011 were as follows:

<table>
<thead>
<tr>
<th>Target</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity securities</td>
<td>35 - 45%</td>
<td>31%</td>
</tr>
<tr>
<td>Debt securities</td>
<td>55 - 65%</td>
<td>69%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>3%</td>
</tr>
</tbody>
</table>

The market values of the investments are measured by a Level 1 input in accordance with GAAP.
9. PROFIT SHARING PLAN

The Auxiliary established a 401(k) Profit Sharing Plan subsequent to the freezing of the pension plan in 2008 (Note 8). 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 $33,063 and $34,042 in 2012 and 2011, respectively.

10. OPERATING LEASES

The Auxiliary leases its National Headquarters’ office under an agreement that calls for monthly lease payments ranging from $17,428 to $20,042 through January 2019 plus the Auxiliary’s proportionate share of operating costs. Total lease expense for the National Headquarters’ Office was $223,130 and $219,196 in 2012 and 2011, respectively.

The Auxiliary also leases certain office equipment under terms in excess of one year. This lease requires minimum monthly lease payments of $1,706 expiring in February 2016. Lease expense for this lease and other short-term cancelable leases was $40,153 and $60,823 for the years ended September 30, 2012 and 2011, respectively.

Future minimum lease payments under the terms of all noncancelable operating leases at September 30, 2012 are as follows:

<table>
<thead>
<tr>
<th>Year Ending September 30</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>$248,749</td>
</tr>
<tr>
<td>2014</td>
<td>245,868</td>
</tr>
<tr>
<td>2015</td>
<td>249,353</td>
</tr>
<tr>
<td>2016</td>
<td>239,191</td>
</tr>
<tr>
<td>2017</td>
<td>235,852</td>
</tr>
<tr>
<td>Thereafter</td>
<td>319,504</td>
</tr>
<tr>
<td></td>
<td>$1,538,517</td>
</tr>
</tbody>
</table>


11. 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 to certain Legion programs and affiliates, such as the Child Welfare Foundation. 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.

Activities between the Auxiliary and the Legion for the years ended September 30, 2012 and 2011 are summarized below:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Disbursements to Legion:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conferences and convention</td>
<td>$63,882</td>
<td>$47,473</td>
</tr>
<tr>
<td>Legal services</td>
<td>7,500</td>
<td>7,500</td>
</tr>
<tr>
<td>National emblem sales</td>
<td>9,536</td>
<td>8,352</td>
</tr>
<tr>
<td>Contributions to the Legion and its affiliates</td>
<td>2,500</td>
<td>2,500</td>
</tr>
<tr>
<td>Other</td>
<td>7,315</td>
<td>6,707</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$90,733</strong></td>
<td><strong>$72,532</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Receipts:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National emblem sales</td>
<td>$52,535</td>
<td>$51,141</td>
</tr>
<tr>
<td>Other</td>
<td>60</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52,595</strong></td>
<td><strong>$51,141</strong></td>
</tr>
</tbody>
</table>
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 classified as unrestricted and permanently restricted, respectively, in the consolidated statements of financial position, and the components are tracked separately for the purpose of recording investment income.

Endowment net assets at September 30, 2012 include the following:

<table>
<thead>
<tr>
<th>NEC Designated</th>
<th>Donor Designated</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>312,948</td>
<td>557,155</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>24,070</td>
<td>65,818</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>337,018</td>
<td>622,973</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>-0-</td>
<td>14,865</td>
</tr>
<tr>
<td>Transfers from operating fund</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Scholarships paid, net of forfeitures</td>
<td>-0-</td>
<td>(38,000)</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>6,204</td>
<td>10,226</td>
</tr>
<tr>
<td>Realized gains</td>
<td>61</td>
<td>107</td>
</tr>
<tr>
<td>Unrealized gains</td>
<td>41,383</td>
<td>71,935</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>47,648</td>
<td>59,133</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>384,666</td>
<td>682,106</td>
</tr>
</tbody>
</table>

Historic gift value | 312,948 | 572,020 | 884,968 |
Accumulated earnings | 71,718 | 110,086 | 181,804 |
Endowment net assets, end of year | 384,666 | 682,106 | 1,066,772 |
Endowment net assets at September 30, 2011 include the following:

<table>
<thead>
<tr>
<th>NEC</th>
<th>Donor</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Designated</td>
<td>Designated</td>
<td></td>
</tr>
<tr>
<td>Historic gift value</td>
<td>$312,948</td>
<td>$537,199</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>31,739</td>
<td>103,994</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>344,687</td>
<td>641,193</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>-0-</td>
<td>19,956</td>
</tr>
<tr>
<td>Transfers from operating fund</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Scholarships paid, net of forfeitures</td>
<td>-0-</td>
<td>(25,250)</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>6,615</td>
<td>12,096</td>
</tr>
<tr>
<td>Realized gains</td>
<td>-0-</td>
<td>1,660</td>
</tr>
<tr>
<td>Unrealized gains (losses)</td>
<td>(14,284)</td>
<td>(26,682)</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>(7,669)</td>
<td>(18,220)</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$337,018</td>
<td>$622,973</td>
</tr>
</tbody>
</table>

Historic gift value | $312,948 | $557,155 | $870,103 |
Accumulated earnings | 24,070 | 65,818 | 89,888 |
Endowment net assets, end of year | $337,018 | $622,973 | $959,991 |

**Governing Board’s Interpretation of Relevant Law**

The Auxiliary, incorporated in and governed by the laws of the State of Indiana, has interpreted the Indiana statute Uniform Prudent Management of Institutional Funds Act, enacted in 2007, to require the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to not require the maintenance of purchasing power. As a result of this interpretation, the 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

Endowment draws, net of forfeitures, of $38,000 and $25,250 were made during the years ended September 30, 2012 and 2011 to fund scholarships.

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

The NEC-designated portion of the endowment may be added to or expended by the National Executive Committee at their discretion. At the recommendation of the National Finance Committee, and by approval of the National Executive Committee, the endowment spending policy may be suspended in any given year. However, it is the intent of the Auxiliary that the endowment fund shall be maintained in perpetuity.

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:

<table>
<thead>
<tr>
<th></th>
<th>Minimum</th>
<th>Target</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>20%</td>
<td>38%</td>
<td>60%</td>
</tr>
<tr>
<td>Fixed Income</td>
<td>25%</td>
<td>45%</td>
<td>75%</td>
</tr>
<tr>
<td>Cash and Equivalents</td>
<td>0%</td>
<td>2%</td>
<td>55%</td>
</tr>
<tr>
<td>Other Securities</td>
<td>0%</td>
<td>15%</td>
<td>25%</td>
</tr>
</tbody>
</table>
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.

13. AMERICAN LEGION AUXILIARY FOUNDATION ALA MISSION ENDOWMENT

Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the “Mission Endowment”) in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long-term. The Mission Endowment consists entirely of donor-designated funds and is classified as permanently restricted in the consolidated statements of financial position.

Endowment net assets at September 30, 2012 and 2011 include the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$ 223,040</td>
<td>$ 94,132</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>223,040</td>
<td>94,132</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>123,230</td>
<td>128,908</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>206</td>
<td>-0-</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>123,436</td>
<td>128,908</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 346,476</td>
<td>$ 223,040</td>
</tr>
<tr>
<td>Historic gift value</td>
<td>$ 346,270</td>
<td>$ 223,040</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>206</td>
<td>-0-</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$ 346,476</td>
<td>$ 223,040</td>
</tr>
</tbody>
</table>
Governing Board’s Interpretation of Relevant Law

The Foundation, incorporated in and governed by the laws of the State of Indiana, has interpreted the Indiana statute Uniform Prudent Management of Institutional Funds Act, enacted in 2007, to require the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to not require the maintenance of purchasing power. As a result of this interpretation, the 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

There were no endowment draws during the years ending September 30, 2012 and 2011.

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

14. 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.
15. **COMPREHENSIVE INCOME**

Comprehensive income for the years ended September 30, 2012 and 2011 includes the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change in net assets</td>
<td>$3,100,479</td>
<td>$(1,276,079)</td>
</tr>
<tr>
<td>Other comprehensive income:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrecognized losses</td>
<td>$(124,322)</td>
<td>$(300,950)</td>
</tr>
<tr>
<td>Change in unamortized prior service cost</td>
<td>5,294</td>
<td>5,294</td>
</tr>
<tr>
<td></td>
<td>$(119,028)</td>
<td>$(295,656)</td>
</tr>
<tr>
<td>Comprehensive income</td>
<td>$2,981,451</td>
<td>$(1,571,735)</td>
</tr>
</tbody>
</table>
SUPPLEMENTARY INFORMATION
<table>
<thead>
<tr>
<th>Description</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Membership dues</td>
<td>$410,259</td>
<td>$195,848</td>
</tr>
<tr>
<td>Investment income</td>
<td>$580,313</td>
<td>$(31,573)</td>
</tr>
<tr>
<td></td>
<td>$990,572</td>
<td>$164,275</td>
</tr>
<tr>
<td>Decreases</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distributions to departments</td>
<td>$334,419</td>
<td>$319,534</td>
</tr>
<tr>
<td>Administrative expense</td>
<td>$45,460</td>
<td>$50,253</td>
</tr>
<tr>
<td></td>
<td>$379,879</td>
<td>$369,787</td>
</tr>
<tr>
<td>Net Increase</td>
<td>$610,693</td>
<td>$(205,512)</td>
</tr>
<tr>
<td>Deferred Revenue, Beginning of Year</td>
<td>$2,811,333</td>
<td>$3,016,845</td>
</tr>
<tr>
<td>Deferred Revenue, End of Year</td>
<td>$3,422,026</td>
<td>$2,811,333</td>
</tr>
</tbody>
</table>

See Independent Auditors’ report on page 1.
# AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2012

## ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th>Foundation</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 575,031</td>
<td>$ 58,747</td>
<td>$ -0-</td>
<td>$ 633,778</td>
</tr>
<tr>
<td>Investments</td>
<td>23,209,516</td>
<td>210,206</td>
<td>-0-</td>
<td>23,419,722</td>
</tr>
<tr>
<td>Investments - PUFL</td>
<td>3,351,116</td>
<td>-0-</td>
<td>-0-</td>
<td>3,351,116</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>122,060</td>
<td>-0-</td>
<td>-0-</td>
<td>122,060</td>
</tr>
<tr>
<td>Furniture and equipment, net</td>
<td>762,951</td>
<td>-0-</td>
<td>-0-</td>
<td>762,951</td>
</tr>
<tr>
<td>Other assets</td>
<td>196,910</td>
<td>83,031</td>
<td>(83,031)</td>
<td>196,910</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 28,217,584</td>
<td>$ 351,984</td>
<td>(83,031)</td>
<td>$ 28,486,537</td>
</tr>
</tbody>
</table>

## LIABILITIES AND NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th>Foundation</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 576,529</td>
<td>$ 2,446</td>
<td>(83,031)</td>
<td>$ 495,944</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>288,285</td>
<td>-0-</td>
<td>-0-</td>
<td>288,285</td>
</tr>
<tr>
<td>Accrued scholarships</td>
<td>72,500</td>
<td>-0-</td>
<td>-0-</td>
<td>72,500</td>
</tr>
<tr>
<td>Deferred revenue - dues</td>
<td>1,928,989</td>
<td>-0-</td>
<td>-0-</td>
<td>1,928,989</td>
</tr>
<tr>
<td>Deferred revenue - PUFL</td>
<td>3,422,026</td>
<td>-0-</td>
<td>-0-</td>
<td>3,422,026</td>
</tr>
<tr>
<td>Deferred revenue - other</td>
<td>85,684</td>
<td>-0-</td>
<td>-0-</td>
<td>85,684</td>
</tr>
<tr>
<td>Liability for pension benefits</td>
<td>740,513</td>
<td>-0-</td>
<td>-0-</td>
<td>740,513</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>7,114,526</td>
<td>2,446</td>
<td>(83,031)</td>
<td>7,033,941</td>
</tr>
</tbody>
</table>

## Net Assets:

<table>
<thead>
<tr>
<th></th>
<th>Auxiliary</th>
<th>Foundation</th>
<th>Eliminations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General fund</td>
<td>19,781,408</td>
<td>3,062</td>
<td>-0-</td>
<td>19,784,470</td>
</tr>
<tr>
<td>Other unrestricted funds</td>
<td>1,392,745</td>
<td>-0-</td>
<td>-0-</td>
<td>1,392,745</td>
</tr>
<tr>
<td><strong>Total unrestricted net assets</strong></td>
<td>21,174,153</td>
<td>3,062</td>
<td>-0-</td>
<td>21,177,215</td>
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<tr>
<td>Temporarily restricted net assets</td>
<td>132,195</td>
<td>206</td>
<td>-0-</td>
<td>132,401</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>572,020</td>
<td>346,270</td>
<td>-0-</td>
<td>918,290</td>
</tr>
<tr>
<td><strong>Total net assets before accumulated other comprehensive loss</strong></td>
<td>21,878,368</td>
<td>349,538</td>
<td>-0-</td>
<td>22,227,906</td>
</tr>
<tr>
<td>Accumulated other comprehensive loss</td>
<td>(775,310)</td>
<td>-0-</td>
<td>-0-</td>
<td>(775,310)</td>
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<tr>
<td><strong>Total net assets</strong></td>
<td>21,103,058</td>
<td>349,538</td>
<td>-0-</td>
<td>21,452,596</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$ 28,217,584</td>
<td>$ 351,984</td>
<td>(83,031)</td>
<td>$ 28,486,537</td>
</tr>
</tbody>
</table>

See Independent Auditors’ report on page 1.
<table>
<thead>
<tr>
<th>Activity</th>
<th>Auxiliary</th>
<th>Foundation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, Gain &amp; Other Support:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Operating Fund</td>
<td>Other Unrestricted Funds</td>
<td>Temporarily Restricted Funds</td>
</tr>
<tr>
<td>$609,990</td>
<td>$788,754</td>
<td>$1,198,720</td>
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<tr>
<td>Membership dues</td>
<td>1,460,736</td>
<td>184,834</td>
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<tr>
<td>Advertising</td>
<td>467,047</td>
<td>-0-</td>
</tr>
<tr>
<td>Other</td>
<td>1,210,850</td>
<td>11,836</td>
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<tr>
<td><strong>Total revenue, gain, and other support</strong></td>
<td>5,789,386</td>
<td>820,991</td>
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<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Member services</strong></td>
<td>4,216,262</td>
<td>257,850</td>
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<tr>
<td><strong>Youth education services</strong></td>
<td>591,372</td>
<td>-0-</td>
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<tr>
<td><strong>Veteran and military family programs</strong></td>
<td>729,319</td>
<td>1,092,642</td>
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<tr>
<td><strong>Total program services</strong></td>
<td>5,536,953</td>
<td>1,509,057</td>
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<tr>
<td><strong>Fundraising</strong></td>
<td>188,068</td>
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<tr>
<td><strong>Total expenses</strong></td>
<td>6,301,103</td>
<td>1,509,057</td>
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<tr>
<td><strong>Change in net assets from operations</strong></td>
<td>(555,941)</td>
<td>(271,446)</td>
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<td><strong>Investment income (loss), net of expenses</strong></td>
<td>3,635,685</td>
<td>204,897</td>
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<tr>
<td><strong>Change in net assets</strong></td>
<td>3,079,744</td>
<td>(66,549)</td>
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<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</strong></td>
<td>17,005,136</td>
<td>1,261,279</td>
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<tr>
<td><strong>Interfund Transfers</strong></td>
<td>(303,472)</td>
<td>198,015</td>
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<tr>
<td><strong>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</strong></td>
<td>14,691,664</td>
<td>1,459,294</td>
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See Independent Auditors' report on page 1.
<table>
<thead>
<tr>
<th></th>
<th>General Operations Fund</th>
<th>Other Funds</th>
<th>Total</th>
<th>Temporarily Restricted Funds</th>
<th>Permanently Restricted Funds</th>
<th>Auxiliary</th>
<th>Fund</th>
<th>Total</th>
<th>Unrestricted Funds</th>
<th>Temporarily Restricted Funds</th>
<th>Permanently Restricted Funds</th>
<th>Foundation</th>
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<th>Eliminations</th>
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<tbody>
<tr>
<td><strong>Revenue, Gifts &amp; Other Support</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Contributions</td>
<td>$ 294,516</td>
<td>$ 207,593</td>
<td>$ 502,109</td>
<td>$ 160,687</td>
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<td>$ 862,752</td>
<td>$ 162,195</td>
<td>$ 128,985</td>
<td>$ 231,310</td>
<td></td>
<td></td>
<td>$ 360,752</td>
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<td>$ 502,109</td>
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<td>-</td>
<td>3,660,752</td>
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<td>1,189,556</td>
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<tr>
<td></td>
<td>$ 4,382,167</td>
<td>212,737</td>
<td>$ 3,594,904</td>
<td>$ 18,956</td>
<td>$ 862,752</td>
<td>$ 2,642,015</td>
<td>$ 162,195</td>
<td>$ 128,985</td>
<td>$ 231,310</td>
<td></td>
<td></td>
<td>$ 3,660,752</td>
<td></td>
<td></td>
<td>$ 6,412,408</td>
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<td>Net assets released from initialization</td>
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<td>0</td>
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<td>$ 402,827</td>
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<tr>
<td>Total revenue, gains, and other support</td>
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<td>212,737</td>
<td>$ 3,594,904</td>
<td>$ 18,956</td>
<td>$ 862,752</td>
<td>$ 2,642,015</td>
<td>$ 162,195</td>
<td>$ 128,985</td>
<td>$ 231,310</td>
<td></td>
<td></td>
<td>$ 3,660,752</td>
<td></td>
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<td>$ 6,412,408</td>
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<tr>
<td><strong>Expenses</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>Member services</td>
<td>4,153,271</td>
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<td>4,468,823</td>
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<td>-</td>
<td>4,468,823</td>
<td></td>
<td></td>
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<td>Youths education services</td>
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<td>685,040</td>
<td>10,000</td>
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<td>-</td>
<td>685,040</td>
<td></td>
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<tr>
<td>Veterans and military family programs</td>
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<td>868,532</td>
<td>10,000</td>
<td>-</td>
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<td>-</td>
<td>868,532</td>
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<td>Total expenses</td>
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<td>5,812,393</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>5,812,393</td>
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<tr>
<td>Management and general fundraising</td>
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<td>210,919</td>
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<td>210,919</td>
<td>70,184</td>
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<td>-</td>
<td>281,103</td>
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<td>Total expenses</td>
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<td>6,023,312</td>
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<td>-</td>
<td>6,023,312</td>
<td>170,368</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>6,193,680</td>
<td></td>
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<td>$ 6,193,680</td>
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<tr>
<td>Change in net assets operations</td>
<td>(520,883)</td>
<td>(272,639)</td>
<td>(793,522)</td>
<td>(133,068)</td>
<td>(18,956)</td>
<td>(93,154)</td>
<td>(8,074)</td>
<td>(94,132)</td>
<td>(102,206)</td>
<td>(8,074)</td>
<td>-</td>
<td>(1,071,756)</td>
<td></td>
<td></td>
<td>$ (1,071,756)</td>
</tr>
<tr>
<td>Investment Income (Loss), Net of Expenses</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
<td>(185,441)</td>
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<td>-</td>
<td>(370,882)</td>
<td></td>
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<td>$ (370,882)</td>
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<tr>
<td>Change in net assets</td>
<td>(706,324)</td>
<td>(458,080)</td>
<td>(1,164,404)</td>
<td>(133,068)</td>
<td>(18,956)</td>
<td>(111,298)</td>
<td>(82,146)</td>
<td>(188,268)</td>
<td>(114,308)</td>
<td>(82,146)</td>
<td>-</td>
<td>(1,276,670)</td>
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<td>$ (1,276,670)</td>
</tr>
<tr>
<td>Net Assets Before Accumulated Other Comprehensive Loss, Beginning of Year</td>
<td>18,230,894</td>
<td>1,315,772</td>
<td>19,546,666</td>
<td>225,723</td>
<td>513,199</td>
<td>22,089,374</td>
<td>8,674</td>
<td>94,132</td>
<td>102,206</td>
<td>82,146</td>
<td>-</td>
<td>20,403,506</td>
<td></td>
<td></td>
<td>$ 20,403,506</td>
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<tr>
<td>Interfund Transfers</td>
<td>(238,437)</td>
<td>238,437</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>-</td>
<td>0</td>
<td></td>
<td></td>
<td>$ 0</td>
</tr>
<tr>
<td>Net Assets Before Accumulated Other Comprehensive Loss, End of Year</td>
<td>$ 17,992,457</td>
<td>$ 1,315,772</td>
<td>$ 19,308,229</td>
<td>$ 225,723</td>
<td>513,199</td>
<td>22,061,300</td>
<td>8,674</td>
<td>94,132</td>
<td>102,206</td>
<td>82,146</td>
<td>-</td>
<td>18,403,506</td>
<td></td>
<td></td>
<td>$ 18,403,506</td>
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</tbody>
</table>

See Independent Auditors’ report on page 1.
### Schedule of Expenditures of Federal Awards

**Year Ended September 30, 2012**

<table>
<thead>
<tr>
<th>Federal Grantor/ Pass-through Grantor/</th>
<th>Federal CFDA Number</th>
<th>Federal Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporation for National and Community Service</td>
<td></td>
<td></td>
</tr>
<tr>
<td>AmeriCorps National</td>
<td>94.006</td>
<td>$ 167,829</td>
</tr>
<tr>
<td>VISTA State</td>
<td>94.013</td>
<td>$ 497,028</td>
</tr>
<tr>
<td><strong>Total Expenditures of Federal Awards</strong></td>
<td></td>
<td><strong>$ 664,857</strong></td>
</tr>
</tbody>
</table>

See Notes to Schedule of Expenditures of Federal Awards.
Note 1: Basis of Presentation

This schedule includes the Federal awards activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.
We have audited the consolidated financial statements of American Legion Auxiliary National Headquarters and American Legion Auxiliary Foundation, Inc. (the “Organization”) as of and for the year ended September 30, 2012, and have issued our report thereon dated February 2, 2013. We conducted our audit in accordance with U.S. Generally Accepted Auditing Standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Organization’s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the Organization’s internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization’s financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’s consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to the Organization’s management in a separate letter dated February 2, 2013.

This report is intended solely for the information and use of the governing body, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A. Leding & Co.

Indianapolis, Indiana
February 2, 2013
AMERICAN LEGION AUXILIARY NATIONAL HEADQUARTERS
AND
AMERICAN LEGION AUXILIARY FOUNDATION, INC.

REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

National Executive Committee
American Legion Auxiliary National Headquarters and
American Legion Auxiliary Foundation, Inc.
Indianapolis, Indiana

Compliance

We have audited American Legion Auxiliary National Headquarters and American Legion Auxiliary Foundation, Inc.’s (the “Organization”) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Organization’s major Federal programs for the year ended September 30, 2012. The Organization’s major Federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the Organization’s management. Our responsibility is to express an opinion on the Organization’s compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. Generally Accepted Auditing Standards; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above could have a direct and material effect on a major Federal program. An audit includes examining, on a test basis, evidence about the Organization’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Organization’s compliance with those requirements.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2012.
Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the governing body, management, Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Indianapolis, IN
February 2, 2013
Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? __ Yes X No

Significant deficiency(ies) identified? __ Yes X None reported

Noncompliance material to financial statements noted? __ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? __ Yes X No

Significant deficiency(ies) identified? __ Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with §510(a) of OMB Circular A-133? __ Yes X No

Identification of major programs:

<table>
<thead>
<tr>
<th>Name of Federal Program</th>
<th>CFDA Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>AmeriCorps National</td>
<td>94.006</td>
</tr>
<tr>
<td>VISTA State</td>
<td>94.013</td>
</tr>
</tbody>
</table>

Dollar threshold used to distinguish between Type A and Type B programs: $300,000

Auditee qualified as low-risk auditee? __ Yes X No
## Findings Required to be Reported by Government Auditing Standards

<table>
<thead>
<tr>
<th>Reference Number</th>
<th>Finding</th>
<th>Questioned Costs</th>
</tr>
</thead>
<tbody>
<tr>
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## Findings Required to be Reported by OMB Circular A-133

<table>
<thead>
<tr>
<th>Reference Number</th>
<th>Finding</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>None</td>
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</tr>
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AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(An affiliate of American Legion Auxiliary, Inc.)

FINANCIAL STATEMENTS
SEPTEMBER 30, 2012 AND 2011
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**SEPTMBER 30, 2012 AND 2011**

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<tr>
<td>Financial Statements:</td>
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</tr>
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<td>Statements of Financial Position</td>
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<tr>
<td>Statements of Activities and Changes in Net Assets</td>
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<tr>
<td>Statements of Cash Flows</td>
<td>5</td>
</tr>
<tr>
<td>Notes to Financial Statements</td>
<td>6-10</td>
</tr>
</tbody>
</table>
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, 2012 and 2011, 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, 2012 and 2011, and the changes in its net assets and cash flows for the years then ended, in conformity with U.S. Generally Accepted Accounting Principles.

February 2, 2013

Alerding & Co., LLC
AMERICAN LEGION AUXILIARY FOUNDATION, INC.  
(AN AFFILIATE OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2012 AND 2011

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>$58,747</td>
<td>$344,479</td>
</tr>
<tr>
<td>Investments</td>
<td>210,206</td>
<td>-0-</td>
</tr>
<tr>
<td>Due from related party</td>
<td>83,031</td>
<td>-0-</td>
</tr>
<tr>
<td>Other assets</td>
<td>-0-</td>
<td>4,057</td>
</tr>
<tr>
<td>Total assets</td>
<td>$351,984</td>
<td>$348,536</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LIABILITIES AND NET ASSETS</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$2,446</td>
<td>$121,459</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Net Assets:</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted net assets</td>
<td>3,062</td>
<td>4,037</td>
</tr>
<tr>
<td>Temporarily restricted net assets</td>
<td>206</td>
<td>-0-</td>
</tr>
<tr>
<td>Permanently restricted net assets</td>
<td>346,270</td>
<td>223,040</td>
</tr>
<tr>
<td>Total net assets</td>
<td>349,538</td>
<td>227,077</td>
</tr>
</tbody>
</table>

| Total liabilities and net assets | $351,984 | $348,536 |

See accompanying Notes to Financial Statements.
### AMERICAN LEGION AUXILIARY FOUNDATION, INC.
(A N A N F I L I A T E OF AMERICAN LEGION AUXILIARY, INC.)

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED SEPTEMBER 30, 2012

<table>
<thead>
<tr>
<th>Revenue, Gains &amp; Other Support:</th>
<th>Unrestricted Funds</th>
<th>Temporarily Restricted Funds</th>
<th>Permanently Restricted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributions</td>
<td>$ 78,697</td>
<td>$ -0-</td>
<td>$ 123,230</td>
<td>$ 201,927</td>
</tr>
</tbody>
</table>

### Expenses:

- **Management and general:**
  - Personnel and related benefits: 14,233
  - General operating expenses: 6,884
  - Conventions and meetings: 9,844
  - Professional services and fees: 8,850
  - Total management and general: $39,811

- **Fundraising:**
  - Personnel and related benefits: 25,433
  - General operating expenses: 2,136
  - Professional services and fees: 12,292
  - Total fundraising: $39,861

- **Total expenses:** 79,672

- **Change in net assets from operations:** (975)

- **Investment Income, Net of Expenses:** -0- 206 -0- 206

- **Change in net assets:** (975) 206 123,230 122,255

- **Net Assets, Beginning of Year:** 4,037 206 223,040 227,077

- **Net Assets, End of Year:** $3,062 $206 $346,270 $349,538

See accompanying Notes to Financial Statements.
<table>
<thead>
<tr>
<th></th>
<th>Unrestricted Funds</th>
<th>Permanently Restricted Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue, Gains &amp; Other Support:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$ 102,395</td>
<td>$ 128,908</td>
<td>$ 231,303</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Youth Education Services</td>
<td>10,000</td>
<td>-0-</td>
<td>10,000</td>
</tr>
<tr>
<td>Management and general:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>10,018</td>
<td>-0-</td>
<td>10,018</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>6,631</td>
<td>-0-</td>
<td>6,631</td>
</tr>
<tr>
<td>Conventions and meetings</td>
<td>4,381</td>
<td>-0-</td>
<td>4,381</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>5,218</td>
<td>-0-</td>
<td>5,218</td>
</tr>
<tr>
<td>Total management and general</td>
<td>26,248</td>
<td>-0-</td>
<td>26,248</td>
</tr>
<tr>
<td>Fundraising:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel and related benefits</td>
<td>20,048</td>
<td>-0-</td>
<td>20,048</td>
</tr>
<tr>
<td>General operating expenses</td>
<td>2,436</td>
<td>-0-</td>
<td>2,436</td>
</tr>
<tr>
<td>Professional services and fees</td>
<td>47,700</td>
<td>-0-</td>
<td>47,700</td>
</tr>
<tr>
<td>Total fundraising</td>
<td>70,184</td>
<td>-0-</td>
<td>70,184</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>106,432</td>
<td>-0-</td>
<td>106,432</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>(4,037)</td>
<td>128,908</td>
<td>124,871</td>
</tr>
<tr>
<td><strong>Net Assets, Beginning of Year</strong></td>
<td>8,074</td>
<td>94,132</td>
<td>102,206</td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td>$ 4,037</td>
<td>$ 223,040</td>
<td>$ 227,077</td>
</tr>
</tbody>
</table>

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, 2012 AND 2011

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Flows From Operating Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$122,461</td>
<td>$124,871</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization</td>
<td>4,037</td>
<td>4,037</td>
</tr>
<tr>
<td>Changes in operating assets and liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions receivable</td>
<td>-0-</td>
<td>74,980</td>
</tr>
<tr>
<td>Due from related party</td>
<td>(83,031)</td>
<td>-0-</td>
</tr>
<tr>
<td>Other assets</td>
<td>20</td>
<td>-0-</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(119,013)</td>
<td>104,294</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>(75,526)</td>
<td>308,182</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchase of investments</td>
<td>(210,206)</td>
<td>-0-</td>
</tr>
<tr>
<td><strong>Net Increase in Cash</strong></td>
<td>(285,732)</td>
<td>308,182</td>
</tr>
<tr>
<td><strong>Cash, Beginning of Year</strong></td>
<td>344,479</td>
<td>36,297</td>
</tr>
<tr>
<td><strong>Cash, End of Year</strong></td>
<td>$58,747</td>
<td>$344,479</td>
</tr>
</tbody>
</table>

See accompanying Notes to Financial Statements.
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.
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 case the revenue is recorded as either Temporarily or Permanently Restricted revenue.

Contributions raised through direct mail campaigns by third-party vendors are reported net of the associated cost in the consolidated statement of activities and changes in net assets.

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, 2012 and 2011.

Income Taxes

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

Management of the Foundation evaluates all significant tax positions to ensure compliance with the exempt purposes of the Foundation as required by U.S. Generally Accepted Accounting Principles, including consideration of any unrelated business income tax. As of September 30, 2012, Management does not believe the Foundation has taken any tax positions that are not in compliance with its exempt purpose. The Foundation’s Federal and state tax returns remain open and subject to examination beginning with the tax year ended September 30, 2009.
Subsequent Events

Subsequent events have been evaluated through February 2, 2013, which is the date the financial statements were available to be issued.

2. INVESTMENTS AND INVESTMENT RETURN

A summary of the Foundation’s investments as of September 30, 2012 is as follows:

<table>
<thead>
<tr>
<th>Investments:</th>
<th>Cost</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Money market funds</td>
<td>$50,142</td>
<td>$50,142</td>
</tr>
<tr>
<td>Certificates of deposit</td>
<td>$160,064</td>
<td>$160,064</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$210,206</strong></td>
<td><strong>$210,206</strong></td>
</tr>
</tbody>
</table>

The fair market value of the Foundation’s investments is measured by a Level 1 input in accordance with U.S. Generally Accepted Accounting Principles, defined as quoted prices in active markets for identical investments that can be accessed as of the measurement date.

Investment income for the year ended September 30, 2012 includes interest of $206. There were no investments held or investment income during the year ended September 30, 2011.

3. RELATED PARTY TRANSACTIONS

During the years ended September 30, 2012 and 2011, the Foundation received contributions of $75,352 and $181,640 from the Auxiliary to fund certain organizational and other costs incurred by the Foundation.
## Composition of Endowment Net Assets

The Foundation created the ALA Mission Endowment Fund (the “Mission Endowment”) in 2007 to generate and maximize funds available to benefit and assist in carrying out the educational, charitable and similar programs of the Auxiliary over the long term. The Mission Endowment consists entirely of donor-designated funds and is classified as permanently restricted in the statements of financial position.

Endowment net assets at September 30, 2012 and 2011 include the following:

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$223,040</td>
<td>$94,132</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>-0-</td>
<td>-0-</td>
</tr>
<tr>
<td>Endowment net assets, beginning of year</td>
<td>$223,040</td>
<td>$94,132</td>
</tr>
<tr>
<td>Additions to endowment</td>
<td>123,230</td>
<td>128,908</td>
</tr>
<tr>
<td>Interest and dividends</td>
<td>206</td>
<td>-0-</td>
</tr>
<tr>
<td>Change in endowment net assets</td>
<td>123,436</td>
<td>128,908</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$346,476</td>
<td>$223,040</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Historic gift value</td>
<td>$346,270</td>
<td>$223,040</td>
</tr>
<tr>
<td>Accumulated earnings</td>
<td>206</td>
<td>-0-</td>
</tr>
<tr>
<td>Endowment net assets, end of year</td>
<td>$346,476</td>
<td>$223,040</td>
</tr>
</tbody>
</table>
Governing Board’s Interpretation of Relevant Law

The Foundation, incorporated in and governed by the laws of the State of Indiana, has interpreted the Indiana statute Uniform Prudent Management of Institutional Funds Act, enacted in 2007, to require the preservation of the fair value of the original gift as of the date of the gift of the donor-restricted endowment funds absent explicit donor stipulations to the contrary, and to not require the maintenance of purchasing power. As a result of this interpretation, the 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

There were no endowment draws during the years ending September 30, 2012 and 2011.

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